



Insight

Trump's Executive Order on Climate Addresses at Least \$14 Billion in Regulation

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Recently, President Trump signed a landmark [executive order](#) (EO) largely curtailing the climate change initiatives of President Obama. According to American Action Forum (AAF) research, this order addresses \$14.6 billion in past rulemakings and more than one million paperwork burden hours.

Designed to promote domestic energy, “with particular attention to oil, natural gas, coal, and nuclear energy resources,” the order directs federal agencies to “suspend, revise, or rescind” past regulations, mainly from EPA and the Department of Interior. The order also states that these efforts may work in conjunction with [EO 13,771](#), which established a regulatory budget in the United States.

The table below shows the regulations addressed in President Trump's EO and corresponding costs and paperwork burdens. [Two rules](#) did not contain costs and were excluded from the table.

<u>Regulation</u>	<u>Cost (in millions)</u>	<u>Paperwork Hours</u>
Clean Power Plan	\$11,900	821,000
Natural Gas Flaring on Public Lands	\$1,800	82,170
Fracking Emissions Standards	\$890	98,438
Fracking Standards on Federal Lands	\$50	50,758
Federal Plan for Greenhouse Gases	\$1.7	17,133
New Sources of Greenhouse Gases	\$0.06	651
<u>Totals</u>	<u>\$14.6 billion</u>	<u>1 million paperwork hours</u>

Combined, if these rules are “rescinded” as contemplated in the EO, it could produce \$14.6 billion in total regulatory cost savings and \$9.2 billion in annual savings. Critics of the order will note, however, the listed benefits of these actions were \$43 billion. [Executive actions](#) addressing the “Waters of the United States” rule, the Fiduciary rule, and the last stage of CAFE standards could push this total to \$21.2 billion in annual savings.

Furthermore, Congressional Review Act resolutions have already produced \$1.1 billion in annual cost reductions, bringing total possible savings to \$22.3 billion.

The largest target of the EO is the Clean Power Plan. It was the third-most expensive regulation from the Obama Administration and it was designed to save 265 million tons of carbon dioxide and reduce global temperatures by 0.019 Celsius. To give an estimate of how long it will take to undo, writing the rule originally took roughly 3.8 years to complete. In other words, with legal challenges, undoing the Clean Power Plan could easily take the entire first term of President Trump.

The global versus domestic component is an important part of the EO. In addition to the goal of increasing domestic energy resources and repealing old rules, the administration effectively ended the “Social Cost of Carbon,” (SCC) which AAF [covered here](#). Broadly, the SCC monetizes the value of not emitting an equivalent ton of carbon dioxide into the atmosphere. The administration took several steps to end the role of the SCC in benefit-cost analysis:

- Disbanding the “Interagency Working Group on Social Cost of Greenhouse Gases”
- Withdrawing the Technical Support Document on the SCC from 2010
- Withdrawing four technical updates to the SCC
- When monetizing benefits of emissions, refer to OMB Circular A-4

For perspective on the last point, [Circular A-4 states](#) agency analysis, “should focus on benefits and costs that accrue to citizens and residents of the United States.” Thus, reducing the SCC to domestic only benefits would greatly shrink its impact in benefit-cost analysis. However, as [AAF noted](#), even completely omitting SCC benefits from regulatory analysis would only change the benefit-cost balance of five previous regulations. Agencies still rely heavily on private energy savings and particulate matter benefits to justify major rules.

Conclusion

President Trump’s EO will have a profound impact on the regulatory landscape and the nation’s climate change agenda. Deregulation on this scale, more than \$14 billion in just one presidential directive, is unseen since the early days of the Reagan Administration. Not just addressing past rules, largely ending the SCC will also make it more difficult to justify new rules that might impede domestic energy development. In order for the administration’s regulatory budget to operate, bombshell deregulatory actions like this EO are likely necessary to achieve [neutral cost growth](#).