

MS. HEIN: Good afternoon. My name is Jayni Hein, and I serve as the policy director at the Institute for Policy Integrity, a nonpartisan think-tank at NYU School of Law. The Department of the Interior's programmatic environmental review has the potential to set federal coal production on a trajectory that will meet current and future energy climate change and economic needs. The following are some key priorities. First, the Interior should formulate a broad change of alternatives for federal coal leasing. These alternatives could include, for example, no new federal coal leasing, leasing using adjusted royalty rates or carbon adders that aim to maximize social welfare by accounting for all quantifiable costs and benefits of the program, and, three, leasing that serves declining domestic coal demand alone. The Interior should evaluate whether the current coal program earns fair market value for taxpayers by reexamining its statutory mandate and conducting a cost-benefit analysis of the program. This analysis should take into account current royalty rates, bids, rental rates, jobs, and other economic benefits, as well as social and environmental costs. For each alternative, the Interior should model its climate impacts and the effects on coal prices, royalty revenue, energy markets, including energy substitution effects. The Interior should also calculate the upstream and downstream greenhouse gas emissions with its selected alternative. This is consistent with neither requirement and the White House Council on Environmental Quality's latest guidance. The Interior should also use the social cost of carbon and the social cost of methane to quantify the climate impacts of proposed alternatives. These tools are critical to evaluating the overall return of the Federal Coal Program to all citizens and taxpayers. The Interior should also analyze the optimal term for any new and modified coal leases by assessing the social cost of carbon and social cost of methane and using potential adders to the royalty rate. Both NYU Policy Integrity and Vulcan Group have conducted analysis on increasing royalty rates to account for some of these costs. We found that using an upstream social cost methane adder, which would be equivalent to only a dollar per ton of coal would add up to \$2 billion in royalty revenue over four years in just four western states, Wyoming, Colorado, Montana, and Utah. Vulcan found that using an adder instead of 20 percent for the social cost of carbon would add nearly 3 billion in royalty receipts by 2025, with those benefits extending all the way to 2050. In other words, by increasing royalty rates to recoup some of the social and environmental cost of production, the Interior

can increase revenue for states and the Federal Government while also reducing greenhouse gas emissions. And much of that revenue will go back into the communities that all of us care so much about. Thank you.