Securities and Exchange Commission
Submitted July 16, 2022

<u>Introduction</u>
I submit these comments to oppose this SEC proposed regulation, “The Enhancement and Standardization of Climate-Related Disclosures for Investors”.

In its 2010 Guidance, the Securities and Exchange Commission (SEC) observed that, in response to investor demand for climate-related information, many companies were voluntarily reporting climate-related information outside their filings with the Commission. This new SEC proposed rule would take this a step further and turn that voluntary reporting into a costly new mandate. They justify this by stating investors are increasingly expecting companies provide information about climate related risk about their business operations and investors require this information to guide their investment decisions. So what? This is no justification for SEC to issue a new regulation. Investors can take their business to those companies that voluntarily provide the information they want to see. This is called competition and is how our economic system works.

<u>Excessively broad scope</u>
This SEC proposed rule creates and imposes a profoundly complex series of new financial regulations on American businesses pertaining to climate change. Under the proposed regulations companies would be required to include information on climate change in their registration statements and annual reports and assess how climate change could impact their business, operations or financial condition. A company would be forced to determine not only its own greenhouse gas emissions, but also those of companies it does business with. The requirement extends all the way up and down the supply chain. This even goes so far as to require companies to report how often their boards talk about climate change.

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SEC justifies its proposal by claiming it has “broad authority to promulgate disclosure requirements that are necessary or appropriate in the public interest or for the protection of investors.”

This rule does neither. It is certainly not in the public interest. SEC itself admits their rule would more than double compliance costs. Businesses will be forced to close. People would lose their jobs. The market would lose the goods and services those business provided. That much less taxes would be collected. It does not benefit businesses, which would be obligated to hire and pay lawyers, consultants, and lobbyists just for compliance assistance. The added costs as always will be passed down to the consumers.

The sheer scope of what SEC proposes far exceeds whatever authority it claims to have. SEC is just a regulatory agency. This belongs in Congress.

Now is not the time

The SEC proposes new regulations that would by its own admission would double compliance costs and drive up costs of goods and services. This is remarkable. SEC is oblivious to the reality being confronted by consumers. Inflation rates are the highest they have been in (40) years. Prices are soaring. Grocery costs have more than doubled. Shelves are empty. People are struggling just to pay the bills. Since the Biden administration declared war on the fossil fuel industry the cost of gasoline and diesel fuel have more than doubled. Increasing energy costs drives up prices throughout the economy.

The SEC knows all of this yet but issued this proposed rule anyway. They should be embarrassed. This SEC regulation puts investor wish list over the needs of ordinary Americans. Regardless of whatever benefits SEC claims the regulation would have, this is NOT the time to propose it. SEC should withdraw this proposal immediately.

The facts on fossil fuel use

According to the U.S. Energy Information Administration, electrical power in the U.S in 2021 is derived from these sources:

- Natural gas, 38%
- Coal 22%
- Nuclear 19%
- Renewables 20% (9.2% wind, 2.8% solar)

We see that 60% of our electricity is derived from fossil fuels. While considerable attention is paid to wind and solar power, in reality these contribute only a minor fraction to our electrical power. This is not going to change any time soon. Further, 90% of our transportation energy is fueled by petroleum products. This too is not going to change any time soon. This means that in spite of investor expectations our country is absolutely dependent on fossil fuel in order to function. We see again that investor demands in no way justify imposing these costly regulatory requirements on American businesses.

The proposed regulation puts heavy emphasis on application of Environmental, Social and Government (ESG) to help investors make their investment decisions. Any ESG mandate would be just a cave to environmental radials. As noted above, individual companies can choose to develop ESG scores for their businesses that investors can use to guide their decisions. But this in no way justifies this mandate. Investors can invest in those companies that provide the information they want to see over those that do not.