



June 16, 2022

Gary Gensler
Chairman
Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549

RE: File No. S7-10-22; Release Nos. 33-11042, 34-94478: *The Enhancement and Standardization of Climate-Related Disclosures for Investors*

Dear Chairman Gensler:

The Domestic Energy Producers Alliance is a nationwide collaboration of 39 coalition associations representing individuals and companies engaged in domestic onshore oil and natural gas exploration and production (E&P). We are an alliance of producers, royalty owners, and oilfield service companies as well as state and national independent oil and gas associations representing the energy industry. DEPA is devoted to the survival of the U.S. Domestic E&P Industry. DEPA appreciates the opportunity to provide comment to the Securities and Exchange Commission (“SEC”) on File No. S7-10-22, the Commission’s proposed rule to enhance and standardize climate-related disclosures by public companies. DEPA opposes the rule and urges its withdraw by SEC.

SEC describes its disclosure rule as necessary to address investors’ demands for transparency about climate change risks. It is the position of DEPA that SEC lacks the authority to promulgate this rule, which attempts to elevate climate change over material financial considerations. By responding to a relatively small number of elite global investors, SEC is elevating the view of this small number of elite global investors lucrative climate-conscious business model over SEC’s statutory requirement to protect ordinary investors, including working Americans and pensioners, while promoting efficiency, competition, and capital formation in the marketplace.

According to the SEC the rule is a simple matter of providing information to investors about climate change risks. Sounds simple, but the sheer size and complexity of this broad rule defies the stated purpose. Objective measurement of climate risks is usually impossible. Climate risk assessments typically depend on multiple assumptions fraught with uncertainties, particularly as they relate to financial value to investors. SEC expects under the rule companies to assess the risks from potential extreme weather events as well as political risk from climate change, termed “transition risk”, but trying to predict the results of future elections, not to mention the regulations and policies future governments may impose, is something that cannot be accomplished with any accuracy for this November’s election, much less in 2050. As such, the rule will be imposing more than a \$10.235 billion burden on the economy and contributing to inflation without providing meaningful information to investors. The actual cost burden on society is undoubtedly much larger, as SEC has only assessed the costs



of direct data collection and reporting and ignored the broader impacts as the rule makes American energy scarcer and more expensive.

The rule's focus on political considerations amounts to SEC using the rule to drive a political agenda as an end-run around Congress, which has not granted SEC climate change disclosure authority, set net-zero targets, nor mandated an energy transition. This lack of climate law is not a void for SEC to fill, but rather reflects a legitimate policy divide. DEPA does not share many of the same policy views as those advocating for this rule. Congress has not passed any law requiring the elimination of fossil fuels because advocates have failed to convince the American people that the sacrifices necessary to do so are prudent or even realistic. The rule is designed to achieve the political goal of abolishing the fossil fuel industry without going through the democratic process.

Lacking statutory authority, SEC justifies its overreaching rule by suggesting a large number of investors are clamoring for climate change disclosure. SEC lists several organizations that are "demanding" disclosure, but even a cursory examination of the organizations and investors cited shows them to be a minority number of investors, most of which are foreign. Foreign companies and international organizations do not have the authority or power to compel U.S. regulation and do not substitute for true democracy.

Further, the organizations that are supposedly demanding climate change disclosure are by and large activists or activist investors. All references to them should be struck from the final rule as irrelevant. If American, not foreign, investors wish to impose regulations on American corporations, they need to engage in the democratic process to convince the American people and their elected representatives to pass legislation to require such regulations. SEC should not be helping activist investment managers push a political agenda which the actual investors may or may not subscribe. There are ESG funds that like-minded investors can invest in, but that choice should not be forced upon all investors through an SEC rule.

DEPA opposes the rule and urges its withdraw by SEC. Thank you for the opportunity to comment.

Sincerely,

Jerry R. Simmons
DEPA CEO/President