



## DUCHEсне COUNTY COMMISSION

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June 17, 2022

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

RE: The Enhancement and Standardization of Climate-Related Disclosures for Investors  
File No. S7-10-22

Dear Chairman Gensler:

The Securities and Exchange Commission (the SEC) describes its climate disclosure rule as necessary to address investors' demands for transparency about climate change risks. However, the SEC lacks the authority to promulgate this rule, which would elevate climate change over material financial considerations. By responding to a relatively small number of elite global investors, the SEC is elevating their lucrative climate-conscious business model over the SEC's statutory requirement to protect ordinary investors, including working Americans and pensioners, while promoting efficiency, competition, and capital formation in the marketplace.

At Duchesne County, Utah, our mission is to ensure that energy companies operating within our county are able to produce the crude oil and natural gas products that our nation depends on. We are concerned that this rule is particularly ill-timed, as it is designed to deny financing to American energy companies at a time when more domestic energy production is needed to bring down gasoline, diesel and other energy prices. By contributing to the regulatory burden, this proposal would depress American production and further increase inflationary pressures on energy prices that ripple throughout the entire economy. Our constituents are particularly affected by high energy prices, which cause inflated prices for all goods delivered by truck to our area and disproportionately impact our low- and moderate-income citizens.

The SEC attempts to make the rule sound as if it is a simple matter of providing information about climate change risks. However, the sheer size of this rule is anything but simple. 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. The SEC expects companies to assess the risks from potential extreme weather events as well as political risk from climate change, termed "transition risk" in the rule, but trying to guess the results of future elections, not to mention the regulations and policies future governments may impose, is something that cannot be predicted 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. That cost burden on society is likely much larger, as the SEC has only assessed the costs of direct data collection

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and reporting, not the broader impacts to our constituents as the rule makes American energy scarcer and more expensive.

The focus on political considerations amounts to the SEC using the rule to drive a political agenda as an end-run around Congress, which has not given the SEC climate change disclosure authority, set net-zero targets, nor mandated an energy transition. This lack of climate law is not a void for the SEC to fill, but rather reflects a legitimate policy divide. Our county 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 a majority of the American people that the sacrifices necessary to do so are prudent or even realistic; especially when such relates to our national defense. The rule is designed to achieve a terribly misguided political goal without going through the democratic process.

Lacking statutory authority, the SEC justifies this overreaching rule by suggesting a large number of investors are clamoring for climate change disclosure. The SEC lists several organizations that are “demanding” disclosure, but even a cursory examination of the organizations and investors cited shows that a minority of the investors are foreign. Foreign companies and international organizations do not have the 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. The SEC should not be helping investment managers push a political agenda that their investors may or may not subscribe to. There are ESG funds that like-minded investors can invest in, but that choice should not be forced upon all investors through the proposed SEC rule.

We urge the SEC to withdraw this rule. Thank you for the opportunity to comment.

Sincerely,

DUCHESNE COUNTY COMMISSIONERS

Mike Hyde, AICP  
Community Development Director