

Written Statement of Lance Brown
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Public Hearing on National Emissions Standards for Hazardous Air Pollutants From
Coal- and Oil-Fired Electric Utility Steam Generating Units
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Thank you for the opportunity to testify here today on behalf of the electricity consumers, businesses, and agricultural interests that PACE represents.

Among the various consequences of the regulations being discussed today, we believe none is more important than the effect on American consumers of electricity. The cost estimates are highly various, with EPA itself claiming the rule will come with a compliance price tag of \$10.9 billion, making this regulation one of the most expensive in the agency’s history. This is twice the cost of current regulations that reduce sulfur and nitrogen oxide emissions.

Other cost estimates paint a darker picture, including a Credit Suisse report that forecasts capital expenditures of \$70 to \$100 billion for utilities and an EIA study that found that total costs could be between \$261 and \$358 billion. A letter from Representatives Upton and Whitfield, along with Senator Inhofe, stated that the costs “could exceed \$300 billion in 2015.” This figure would exceed the 2008 G.D.P. of 36 of the 50 states.

Who will ultimately pay the toll for this change in policy? As always, it will be the families and businesses of America. The Electric Reliability Coordinating Council estimates price increases between 20 and 25%, or between \$400 and \$500 in annual buying power for the average family.

But the truth is that increases in electricity costs are not felt equally by all Americans. The Affordable Power Alliance released a study showing the disparate cost impacts of the EPA’s regulations on minority families, as these families spend disproportionately more of their income on electricity bills. The study found that by raising household electricity costs as much as 50 percent, the EPA’s regulations would cause the poverty rate for Hispanic and African-American households to increase 20-22 percent by 2030.

For the millions of struggling low-income families, discussions about higher energy costs are not political rhetoric; they are tough reality. The people PACE has spoken to across the Southeast and beyond are sending a clear message, if we are only willing to listen: now is not the time to saddle America’s families and businesses with higher power bills.

According to the Electric Reliability Coordinating Council, the EPA is relying on technology assumptions that remain unproven. For example, EPA concludes that 90% of hydrochloric acid removal can be accomplished by dry sorbent injection technology, although the technology supplier doesn’t know yet if this method is scalable. Electricity consumers could end up paying billions for risky, unproven technology. That is not in the best interests of American consumers.

In this struggling economy, these regulations also endanger jobs and threaten to stall economic growth. An IHS/Global Insight study estimates that for every \$1 billion spent on

upgrading existing facilities, 16,000 jobs will be put at risk. The forced early retirement of coal-fired power plants will result in tens of thousands in the energy sector without their jobs, as well as thousands more in supporting industries.

Perhaps this is the why the International Brotherhood of Electrical Workers supports a longer window for compliance with these rules. In fact, IBEW President Edwin Hill states that as many as 50,000 workers in the utility, mining, and railroad industries could lose their jobs. According to President Hill, “reasonable and realistic standards will only be achieved through legislation,” a position with which PACE agrees.

Under the EPA’s current regulatory trajectory, it is not just large industries that bear the burden. According to a new study released by the Office of Advocacy in President Obama’s Small Business Administration, small businesses (firms employing fewer than 20 employees) “bear the largest burden of federal regulations,” with an annual regulatory cost of \$10,585 per employee, 36 percent higher than what large firms pay.

Moreover, how many jobs will communities miss out on because of increased power rates and an atmosphere of more regulation and greater restraint? Would a large manufacturing operation like Thyssen-Krupp steel, one of the largest industrial recruitment successes in the Southeast’s history, even consider moving to south Alabama as they did a few years ago, if the conditions EPA seeks to create had existed at that time? How far will this set back American manufacturers in an already competitive international market? The truth is we might never know the true cost of these rules.

EPA’s response on the topic of jobs has been inadequate, if not flippant. During a recent interview on The Daily Show, Administrator Jackson commented that these new rules will actually create jobs since someone will have to build the required technology. This explanation falls well short of reality. It might have been a good sound bite for The Daily Show, but it’s the daily lives of Americans to which we should be paying attention.

It is important to recognize the big picture of electricity in America, which is that the principles governing EPA’s rulemaking agenda are more than 20 years old. In the time since the passage of the rules, the technology to make the burning of coal for electricity cleaner has improved greatly and has been widely implemented. We are producing 50% more electricity than we were 20 years ago with two-thirds less emissions. The use of coal to meet electricity demand has tripled since 1970 and yet emissions are still down.

We should recognize that improvement and choose wisely when considering rules that could restrain domestic energy, endanger jobs, and saddle consumers with higher power bills. Instead, it seems that EPA is committed to driving down standards, not paying sufficient attention to whether the timelines they set – 3 years in this case – are realistic or reasonable. We believe they are not and that EPA is engaging in a sort of regulatory limbo that will break the backs of the poorest Americans.

Utility MACT will affect 1,350 coal and oil-fired units at 525 power plants across our nation. Utilities that normally plan in ten- and twenty-year periods will be forced to comply with these incredibly complex rules in only three years. I served on a consumer board for TVA’s Integrated Resource Plan that will govern the agency’s capacity planning for the next 20

years. That planning process alone took nearly two years to complete before any decisions were made. EPA is expecting one of the largest shifts in the history of American energy policy to happen in only three years.

The North American Electric Reliability Corporation says these rules will impact nearly 400,000 MW of generation, which is about half of our nation's current generation. NERC also predicts that by 2018 nearly 50,000 MW of generating capacity will be forced into retirement by these new regulations. With such swift and sweeping change, there is no doubt that the most severe growing pains will be felt by American consumers who are least able to bear this burden. Consumers on fixed incomes and with low incomes. Consumers who are depending on their government to get it right.

We believe these rules will make American electricity less reliable and less affordable, and will render American businesses less competitive. We ask the EPA not to implement this rule, or at the very least to allow a greater period for public comment and a longer time window for compliance.

Again, I thank you for the opportunity to share our perspective.