



December 1, 2014

U.S. Environmental Protection Agency  
Mail Code: 2822T  
1200 Pennsylvania Ave., NW  
Washington DC, 20460

Re: Carbon Emission Guidelines for Existing Stationary Sources:  
Electric Utility Generating Units;  
Docket ID No. EPA-HQ-OAR-2013-0602;

The Partnership for a Better Energy Future (the Partnership), a coalition of business organizations representing over 80 percent of the U.S. economy, appreciates this opportunity to provide comments regarding the Environmental Protection Agency's (EPA) proposed Carbon Emission Guidelines for Existing Stationary Sources: Electric Utility Generating Units, also known as the Clean Power Plan (CPP).

Established in January 2014, the Partnership's fundamental mission is to promote an "all-of-the-above" energy strategy that ensures the continued availability of reliable and affordable energy for American families and businesses. As of November 2014, the Partnership totals 178 members, which include national organizations as well as state and local associations in 36 different states. All are united by widespread concerns that the proposed rule—as well as EPA's broader GHG regulatory agenda—presents a significant threat to American jobs and the economy.

Access to abundant supplies of affordable and reliable energy is lowering costs for businesses and households across the country while spurring economic growth and job creation as our economy continues to recover from the worst recession in generations. With both abundance and diversity of supply, energy has become this country's competitive advantage. In order to foster continued growth and take full advantage of our energy potential, we need policies that support the continued provision of reliable and affordable electricity.

The CPP is incompatible with numerous practical and technical aspects of America's electricity system and would represent a vast expansion of the agency's regulatory reach into the authority held by states and other federal regulatory agencies.<sup>1</sup> For the reasons described below, the Partnership urges the EPA to address the following concerns and ensure a path forward that supports American jobs and

---

<sup>1</sup> It should be noted that while these comments do not address EPA's legal authority to regulate GHG emissions for electric generating units (EGUs) under section 111(d) of the Clean Air Act (CAA), several of the undersigned organizations take a position opposing EPA's legal authority in their own separate comments.

the economy, maintains electric reliability, and allows all energy sources to play a role in our energy future. If EPA fails to address these critical concerns, it should withdraw the rule.

### **The U.S. Needs an All-of-the-Above Energy Strategy**

Consumers of energy, whether they are large manufacturers or individual households, benefit most from an all-of-the-above energy strategy. Diversity of energy supply is not only critical in keeping energy costs reasonable, it is essential in ensuring steady and reliable streams of energy to power our factories and heat our homes. For many U.S. businesses that compete in a global economy, energy represents a major input cost that can ultimately determine viability. Right now, energy is an advantage for many U.S. industries in large part because of the abundant and diverse energy resources that are collectively providing reliable and affordable energy supplies. However, if regulations such as the EPA's CPP force energy options off the table, energy prices will become more volatile, costs will increase, reliability will be threatened and ultimately U.S. firms will be less competitive.

### **The CPP Will Increase Energy Prices**

The CPP threatens to cause serious harm to the U.S economy, raising energy prices and costing jobs. EPA's own estimates project that its rule will cause nationwide electricity price increases averaging between 6 and 7 percent in 2020, and up to 12 percent in some locations. EPA estimates annual compliance costs between \$5.4 and \$7.4 billion in 2020, rising up to \$8.8 billion in 2030. These are power sector compliance costs only, and do not capture the subsequent adverse spillover impacts of higher electricity rates on overall economic activity.

Independent analyses show that the impacts on energy prices could be substantially higher. An analysis by NERA Economic Consulting indicated that average U.S. electricity prices would increase by 12 percent per year and the total costs of the rule could be between \$366 billion to \$479 billion over a 15 year timeframe.<sup>2</sup> Many of these costs will have to be absorbed by residential, commercial and industrial energy consumers who will not only pay more for energy but also could be forced to purchase new equipment. Further, higher energy prices disproportionately harm low-income and middle-income families. Since 2001, energy costs for middle-income and lower-income families have increased by 27 percent, while their incomes have declined by 22 percent.<sup>3</sup> EPA's rule will only exacerbate this trend.

### **Reliability Concerns will be Exacerbated by EPA's Regulations**

Despite unequivocal statements from EPA Administrator Gina McCarthy that "nothing we do can threaten reliability"<sup>4</sup> in the Clean Power Plan, independent experts and key stakeholders are increasingly alarmed that the CPP will in fact do exactly that: dramatically increase electrical grid stress

---

<sup>2</sup> NERA Economic Consulting, Potential Energy Impacts of the EPA Proposed Clean Power Plan, October 2014. Available at: [http://www.americaspower.org/sites/default/files/NERA\\_CPP%20Report\\_Final\\_Oct%202014.pdf](http://www.americaspower.org/sites/default/files/NERA_CPP%20Report_Final_Oct%202014.pdf)

<sup>3</sup> [http://americaspower.org/sites/default/files/Trisko\\_2014\\_1.pdf](http://americaspower.org/sites/default/files/Trisko_2014_1.pdf)

<sup>4</sup> [https://archive.org/details/CSPAN2\\_20140415\\_203000\\_Key\\_Capitol\\_Hill\\_Hearings](https://archive.org/details/CSPAN2_20140415_203000_Key_Capitol_Hill_Hearings)

and reliability challenges. The North American Electric Reliability Corporation (NERC) reviewed EPA's rule and concluded that the agency's proposed regulatory deadlines "would increase the use of controlled load shedding and potential for wide-scale, uncontrolled outages".<sup>5</sup> It is imperative that such reliability concerns be addressed. Accordingly, the Partnership calls on EPA to work with reliability experts, states, and industry stakeholders to undertake a detailed, comprehensive analysis of potential reliability impacts of the CPP before it is finalized. Such an analysis is imperative so that we can know, before it is too late, whether reliable electric service can be maintained in conjunction with the implementation of the CPP.

The impact that the January 2014 polar vortex had on energy markets further demonstrates the importance of a diverse electricity power fleet and how further federal regulations aimed at limiting fuel options could threaten the nation's electrical grid. The extreme cold temperatures put a tremendous strain on the electrical grid and resulted in a price spike on the electricity spot market covering the mid-Atlantic and parts of the Midwest. Specifically, the cost of producing electricity in those areas climbed above \$1,000 per megawatt-hour for the first time as cold temperatures hit the East Coast. To put this price in context, according to the Energy Information Administration, the average wholesale price in that region last year was \$42 per megawatt-hour. The price spike was the result of a strong demand for natural gas for heating and electricity production.

A diverse mix of fuels in the power sector helps guard against severe price spikes and interruptions to electric supply. Federal regulations like Utility Mercury and Air Toxics Standard (MATS) have led to the closure of a significant number of coal-fired power plants. Unfortunately, these strained supply situations are poised to only get worse. At least one utility company that generates electricity in the mid-Atlantic region stated that 89 percent of its coal-fired power plants that are scheduled to be shut down in 2015 were running during the cold snap created by the polar vortex. The CPP would undoubtedly lead to closure of additional coal-fired plants and further threaten the reliability of electricity in this country.

### **The Administration's Approach to Greenhouse Gas (GHG) Regulations Will Drive Manufacturing to Less Efficient Countries and Potentially Result in an Increase of Global Emissions**

U.S. industries are some of the most efficient in the world both in terms of energy use and GHG emissions. In 2010, the GHG emission intensity of the U.S. economy, measured by total carbon dioxide emissions divided by GDP, was 31 percent below the worldwide average and 67 percent below that of nations that are not part of the Organization for Economic Cooperation and Development.<sup>6</sup> Based on current projections, worldwide energy-related CO<sub>2</sub> emissions will rise approximately 20 percent by 2035 while U.S. emissions are projected to be relatively flat. Thus, the carbon intensity of the U.S. economy is set to drop even further when compared to worldwide averages and non-OECD nations.<sup>7</sup>

---

<sup>5</sup>[http://www.nerc.com/pa/RAPA/ra/Reliability%20Assessments%20DL/Potential\\_Reliability\\_Impacts\\_of\\_EPA\\_Proposed\\_CPP\\_Final.pdf](http://www.nerc.com/pa/RAPA/ra/Reliability%20Assessments%20DL/Potential_Reliability_Impacts_of_EPA_Proposed_CPP_Final.pdf)

<sup>6</sup> International Energy Agency: <http://www.iea.org/media/statistics/CO2Highlights2012.XLS>

<sup>7</sup> International Energy Agency: <http://www.worldenergyoutlook.org/media/weowebiste/2012/factsheets.pdf>

If the Administration adopts policies that substantially increase the cost of energy – thereby decreasing the competitiveness of U.S. industries – investments and emissions will be sent to other, less efficient countries with higher CO<sub>2</sub> emissions intensities.<sup>8</sup> As a result, overly restrictive and costly U.S. policies to reduce emissions will not only be offset by the rapidly increasing emissions from other countries, but could actually result in a net *increase* in global emissions. A more effective policy approach for lowering global GHG concentrations would be to position the United States as the best place in the world to manufacture.

### **Additional Global Implications**

EPA's regulations will impose billions of dollars in costs on the U.S. economy but fail to meaningfully reduce CO<sub>2</sub> emissions on a global scale. For example, the projected CO<sub>2</sub> emission reduction from EPA's proposed rule is, at most, 555 million metric tons (mmt) in 2030, which represents only 1.3 percent of projected global CO<sub>2</sub> emissions in that year.<sup>9</sup> This reduction in 2030 would offset the equivalent of just 13.5 days of CO<sub>2</sub> emissions from China.<sup>10</sup>

Meanwhile, the U.S. has led the world in reducing CO<sub>2</sub> emissions. Since 2005, U.S. emissions have fallen by 13 percent while China's have grown by 69 percent and India's have increased by 53 percent.<sup>11</sup> International emissions will only continue to grow rapidly — between 2011 and 2030, CO<sub>2</sub> emissions from non-OECD nations are projected to grow by nine billion tons per year.<sup>12</sup> In other words, for every ton of CO<sub>2</sub> reduced in 2030 as a result of EPA's proposed rule, the rest of the world will have increased emissions by more than 16 tons.

### **The Proposed Regulation Sets a Troubling Precedent for Future Regulation of Other Sectors**

The EPA has indicated that it is considering GHG performance standards for other source categories. Other industrial sectors require a fundamentally different approach than EGUs because they are impacted by a much broader range of factors, such as industry economics, geography, federal and state incentives, transportation systems, ownership structures, foreign competition, profit margins, and customer bases. The Partnership's members are extremely concerned that a final CPP regulation requiring reductions beyond what can reasonably be achieved inside-the-fence of an electric power unit—the regulated source—would set dangerous precedent for future regulation of other sectors.

---

<sup>8</sup> A good example would be China, which recently announced it will not curtail CO<sub>2</sub> emissions until 2030.

<sup>9</sup> EPA, *Regulatory Impact Analysis for the Proposed Carbon Pollution Guidelines for Existing Power Plants and Emission Standards for Modified and Reconstructed Power Plants*, June 2014; EIA, *International Energy Outlook 2013* (projecting global emissions of 41, 464 mmt in 2030).

<sup>10</sup> The Energy Information Administration projects that China will emit more than 14 billion tonnes of CO in 2030. Source: <http://www.eia.gov/forecasts/ieo/table21.cfm>

<sup>11</sup> [http://edgar.jrc.ec.europa.eu/news\\_docs/pbl-2013-trends-in-global-co2-emissions-2013-report-1148.pdf](http://edgar.jrc.ec.europa.eu/news_docs/pbl-2013-trends-in-global-co2-emissions-2013-report-1148.pdf)

<sup>12</sup> EIA, *International Energy Outlook 2013*

The Partnership's members create products through varied and differing processes. Each source category and each facility within a source category is unique in its design, process, feedstock and products. Imposing GHG standards of performance similar to this proposed regulation on other source categories would disadvantage the Partnership's members by making them less competitive on the global stage. New regulations with high compliance costs that do not account for trade exposure will translate into significant job losses and a reduction in economic competitiveness, without materially reducing global GHG emissions.

### **Americans Do Not Support the EPA's Approach**

Recent polling has indicated that Americans across the country do not support EPA's GHG regulations.<sup>13</sup> Findings from a national survey include the following:

- A majority believe the United States cannot afford new costs and potential job losses resulting from the EPA regulations.
- Nearly half of those polled say they are not willing to pay a single dollar more in their energy bill to accommodate the new EPA regulations.
- A plurality of those polled—47 percent—oppose the regulations. Opposition to the rule is stronger in many of the states that stand to be hit hardest by the rule's expected energy price increases and job loss impacts.
- The vast majority of Americans—over 70 percent—want energy policies that encompass all energy sources.

### **Conclusion**

The Partnership appreciates the EPA's consideration of the concerns discussed above. At this point in the rulemaking process, it is clear that utilities, grid operators, state regulators, industrial consumers, households and many entities in between have significant concerns with EPA's proposed approach. The Partnership strongly urges EPA to address these concerns, perform more detailed analyses about the impacts of this rule on energy markets and ultimately pursue more balanced and reasonable policies. EPA has failed to adequately address these serious concerns in the proposed rule which, if finalized, would prevent all of our domestic energy sources from playing a role in a true all-of-the-above energy strategy. EPA should either correct these significant deficiencies or withdraw the rule.

---

<sup>13</sup> Paragon Insights, National Poll: EPA Carbon Emissions Regulations Polling. (October 2014). Available at: <http://www.betterenergyfuture.org/poll/>

Sincerely,

Action 22 Southern Colorado  
AFFORD Group  
Agricultural Council of Arkansas  
Air-Conditioning, Heating, and Refrigeration Institute  
Alabama Automotive Manufacturer's Association  
Alabama Coal Association  
Alaska Chamber of Commerce  
American Coalition for Clean Coal Electricity  
American Farm Bureau Federation  
American Foundry Society  
American Fuel & Petrochemical Manufacturers  
American Knife Manufacturers Association  
American Petroleum Institute  
American Road and Transportation Builders Association  
American Waterways Operators  
Ames Chamber of Commerce  
Arkansas State Chamber of Commerce  
Associated Builders and Contractors  
Associated Builders and Contractors of Wisconsin  
Associated Equipment Distributors  
Associated Industries of Florida  
Association of American Railroads  
Association of Louisiana Electric Cooperatives, Inc.  
Automotive Recyclers Association  
Balanced Energy Arkansas  
Balanced Energy for Texas  
Baltimore Washington Corridor Chamber  
Bettisworth North Architects and Planners  
Billings Montana Chamber of Commerce  
Bismarck Mandan Chamber of Commerce  
Brick Industry Association  
Bryant Area Chamber of Commerce  
Business Council of Alabama  
California Cotton Ginners Association  
California Cotton Growers Association  
California Manufacturers & Technology Association  
Colorado Association of Commerce and Industry  
Colorado Mining Association  
Consumer Energy Alliance  
Copper and Brass Fabricators Council  
Council of Industry of Southeastern New York  
Michigan Railroads Association  
Midwest Electric Cooperative Corporation  
Midwest Food Processors Association Inc.  
Minnesota Chamber of Commerce  
Mississippi Energy Institute  
Mississippi Manufacturers Association  
Missouri Chamber of Commerce and Industry  
Montana Chamber of Commerce  
Monroe Chamber of Commerce  
Montana Coal Council  
Montana Contractors' Association  
Motor & Equipment Manufacturers Association  
Myrtle Beach Area Chamber of Commerce  
National Association of Home Builders  
National Association of Manufacturers  
National Cattlemen's Beef Association  
National Electrical Contractors Association  
National Marine Manufacturers Association  
National Mining Association  
National Oilseed Processors Association  
National Rural Electric Cooperative Association  
National Tooling and Machining Association  
Natural Gas Supply Association  
Nebraska Chamber of Commerce & Industry  
Nebraska Farm Bureau Federation  
Nebraska Power Association  
Non-Ferrous Founders' Society  
North American Die Casting Association  
North Carolina Chamber  
North Carolina Energy Forum  
Ohio Cast Metals Association  
Ohio Chamber of Commerce  
Ohio Coal Association  
Ohio Manufacturers' Association  
Ohio Rural Electric Cooperatives, Inc.  
Oklahoma Railroad Association  
Partnership for Affordable Clean Energy  
Pennsylvania Chamber of Business & Industry  
Pennsylvania Coal Alliance  
Pennsylvania Foundry Association  
Pennsylvania Independent Oil & Gas Association

CropLife America  
 Dallas Regional Chamber  
 East Feliciana Chamber of Commerce  
 Electric Reliability Coordinating Council  
 Energy Equipment and Infrastructure Alliance  
 Exotic Wildlife Association  
 Florida State Hispanic Chamber of Commerce  
 Forging Industry Association  
 Fort Worth Chamber of Commerce  
 Foundry Association of Michigan  
 Georgia Association of Manufacturers  
 Georgia Chamber of Commerce  
 Georgia Motor Trucking Association  
 Georgia Railroad Association  
 Greater Burlington Partnership  
 Greater Houston Partnership  
 Greater North Dakota Chamber of Commerce  
 Greater Omaha Chamber  
 Greater Phoenix Chamber of Commerce  
 Greater Pittsburgh Chamber of Commerce  
 Greater Shreveport Chamber of Commerce  
 Gulf Coast Lignite Coalition  
 Illinois Coal Association  
 Illinois Manufacturers' Association  
 INDA: Association of the Nonwoven Fabrics Industry  
 Independent Cattlemen's Association of Texas  
 Independent Petroleum Association of America  
 Indiana Cast Metals Association  
 Indiana Chamber of Commerce  
 Indiana Manufacturers Association  
 Industrial Minerals Association – North America  
 Institute for 21st Century Energy  
 International Liquid Terminals Association  
 Iowa Association of Business and Industry  
 Kansas Chamber of Commerce  
 Kentucky Coal Association  
 Kerrville Area Chamber of Commerce  
 Lignite Energy Council  
 Lincoln Employers Coalition  
 Lincoln Independent Business Association  
 Longview Chamber of Commerce  
 Louisiana Association of Business and Industry  
 Louisiana Propane Gas Association  
 Pennsylvania Manufacturers Association  
 Pennsylvania Waste Industries Association  
 Petroleum Equipment Suppliers Association  
 Portland Cement Association  
 Precision Machined Products Association  
 Precision Metalforming Association  
 Printing Industries of America  
 Railway Supply Institute, Inc.  
 Rocky Mountain Coal Mining Institute  
 San Diego East County Chamber  
 Siouxland Chamber of Commerce  
 Small Business & Entrepreneurship Council  
 South Carolina Chamber of Commerce  
 South Louisiana Electric Cooperative Association  
 Southwest Louisiana Economic Development Alliance  
 SPI: The Plastics Industry Trade Association  
 State Chamber of Oklahoma  
 Styrene Information & Research Center  
 Tempe Chamber of Commerce  
 Tennessee Chamber of Commerce & Industry  
 Texas Aggregates and Concrete Association  
 Texas Association of Business  
 Texas Cast Metals Association  
 Texas Cotton Ginners' Association  
 Texas Mining and Reclamation Association  
 Texas Poultry Federation  
 Texas Railroad Association  
 The Chamber of Reno, Sparks and Northern Nevada  
 The Fertilizer Institute  
 The Siouxland Initiative  
 U.S. Chamber of Commerce  
 United States Hispanic Chamber of Commerce  
 Valve Manufacturers Association of America  
 Virginia Chamber of Commerce  
 Virginia Coal and Energy Alliance  
 Virginia Manufacturers Association  
 Western Agricultural Processors Association  
 West Virginia Coal Association  
 West Virginia Chamber of Commerce  
 Wisconsin and Minnesota Petroleum Council  
 Wisconsin Cast Metals Association  
 Wisconsin Industrial Energy Group  
 Wisconsin Independent Businesses

Lubbock Chamber of Commerce  
Metals Service Center Institute  
Michigan Manufacturers Association

Wisconsin Manufacturers & Commerce  
Wisconsin Motor Carriers Association  
Wyoming Chamber Partnership  
Wyoming Mining Association