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On behalf of
International Brotherhood of Electrical Workers
&
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Comments on U.S. EPA's Proposed Clean Power Plan

Good morning. I am Gene Trisko, an attorney in private practice. I'm here today on behalf of the International Brotherhood of Electrical Workers and the United Mine Workers of America – two of the unions most affected by US EPA's proposed Clean Power Plan. The IBEW and the UMWA appreciate DEP's efforts to collect public input to the development of its response to EPA's proposed rule.

DEP has estimated that the rule would lead by 2030 to a 76% reduction from 2005 levels in coal consumption by Pennsylvania electric generators.¹ Clearly, this is an unacceptable level of disruption to the thousands of affected families and dozens of communities in Pennsylvania that depend on employment at nearby coal mines or power plants.

In 2012, Pennsylvania's fossil-based electric generators emitted on average 1,540 lbs. CO₂/MWh. The reductions required by EPA's proposed Clean Power Plan amount to a 31% reduction from this level. Some 70% of the overall reduction is to come from increased renewable energy (43%) and

¹ Statement of Vincent Brisini, Deputy Secretary, PA DEP, Energy Effects of EPA's Proposed Clean Power Plan , Pennsylvania Senate Environmental Resources and Energy Committee, Harrisburg, PA, June 27, 2014

increased energy efficiency (27%), with the remainder from power plant heat rate improvements, maintaining nuclear generation, and re-dispatch of natural gas combined cycle units.²

EPA's proposal gives no credit to Pennsylvania for its CO2 emission reductions due to renewable energy deployment, increased natural gas use, or the retirement of existing coal units. Since 2005, CO2 emissions from all fossil-fueled plants in Pennsylvania have decreased by 9% (EPA 2013 CAMD Data Base).

Reliability at risk

EPA projects that the Clean Power Rule will cause the loss of 41 to 49 Gigawatts of coal generating capacity by 2020. This would occur just after the expected loss of more than 50 GW of coal capacity by 2017 due to compliance with EPA's 2012 Mercury and Air Toxics Rule and other factors. Overall, the nation is projected to lose 126 GW of coal capacity between 2010 and 2020, assuming implementation of the Clean Power rule.

This level of baseload capacity loss – equivalent to more than one-third of the coal fleet and more than 10% of the nation's total generating capacity - raises serious issues about the future adequacy and reliability of our electric power supplies. The IPM model that EPA relies upon assumes the availability of transmission adequate to meet the changing pattern of electric supply and demand that the rule would induce. Transmission lines can take 10 years or more to site and construct. EPA also assumes that the energy efficiency targets for each state would be met, thereby reducing overall national electric demand.

Impacts on Pennsylvania coal-based generation jobs

Pennsylvania is the 4th largest coal-producing state. Estimating the impact of EPA's proposed Clean Power Plan on Pennsylvania's coal and related electric generation employment is difficult due to the uncertainty about the

² Derived from U.S. EPA data at <http://www2.epa.gov/sites/production/files/2014-06/20140602tsd-state-goal-data-computation.xlsx>

compliance methods that the Commonwealth and its electric generators would choose to meet EPA's targets.

We have analyzed EPA's Regulatory Impact Analysis for the proposed Clean Power rule to estimate the national direct and indirect job impacts associated with implementation of the rule. Our findings, in sum, are:

- National coal production for electric generation declines by 25% to 27% in 2020 due to the Clean Power Plan, from a 2020 base case level of 844 million tons to 616 to 636 million tons under EPA's regional and state compliance options.
- Coal production in Appalachia declines from a 2020 base case of 140 million tons to 87 to 91 million tons in that year, a reduction of 35% to 37%. Historically, Pennsylvania alone has produced some 70 million tons annually.
- Coal-based generating capacity declines by 41 to 49 Gigawatts in 2020, from 244 GW to 195-198 GW with the Clean Power Plan.
- Estimated direct utility, rail and coal permanent jobs at risk in 2020 are 52,000 for the Clean Power rule.
- Estimated total direct and indirect jobs at risk in 2020 are 167,000 for the Clean Power rule. The indirect jobs at risk - typically in coal- or power plant-dependent communities - are estimated using a U.S. Department of Commerce multiplier for the electric utility industry.
- The cumulative (discounted at 3%) loss of wages and benefits for direct and indirect jobs at risk from 2015 to 2035 are \$52 billion for direct jobs, and \$126 billion for direct and indirect jobs at risk. This is a measure of the potential gross loss of income to workers and communities affected by plant and mine closures, and reduced rail shipments.

Suggested revisions to EPA's proposal

The IBEW and UMWA recognize EPA's authority to regulate carbon emissions under the Clean Air Act. Our concerns are about the timing and design of this proposed rule. Our view is that the United States and all major carbon-emitting economies must forge an equitable plan for the long-term reduction of greenhouse gas emissions. EPA data indicate that the rule would reduce global greenhouse gas emissions by about 1% in 2030.

- EPA should provide incentives for the development and deployment of carbon capture and storage technologies. CCS technologies will be essential for achieving any meaningful future reduction of global CO₂ emissions in both industrial and rapidly developing nations like China and India.
- EPA's plan should provide states with credit for prior CO₂ reductions, as a means to meet targets consistent with a 30% national reduction from 2005 emissions.
- EPA's 6% target heat rate improvement at coal plants is unrealistic and unachievable without revisions to the NSR program, as DEP has recommended.
- The assumed 70% re-dispatch to natural gas combined cycle units penalizes coal generation with little or no net greenhouse gas reduction benefit due to increased methane leakage; it is unproven in the real world of economic dispatch, and cannot be considered "adequately demonstrated" as a component of a "best system of emission reduction."

- The initial reduction program should be delayed by several years to allow states and affected sources additional time to prepare and submit state plans.
- The interim target should be modified to a "reasonable progress" or "mid-course review" requirement. The interim target is the principal reason that the adverse impacts of the rule are front-loaded to 2020.

EPA may have overstepped its authority

EPA's proposal effectively usurps energy policy decisions traditionally reserved to the states, and goes well beyond the agency's authority under the Clean Air Act. The Supreme Court's June 23rd decision in *UARG v. EPA* may support substantial revision of the Clean Power rule, limiting EPA's authority under Section 111(d) to emission reduction measures achievable "within the fence" of affected facilities.

EPA seeks to achieve through this rule just what the *UARG* Court cautioned against: a vast expansion of its regulatory authority, without Congressional approval, by discovering in "a long-extant statute an unheralded" power. EPA has relied on Section 111(d) on five previous occasions, mainly for the control of emissions from municipal waste incinerators.

The Clean Power Plan's natural gas redispatch, energy efficiency, and renewable energy "building blocks" are clear instances of over-reaching into areas traditionally reserved to the authority of the states.

Conclusion

The IBEW and UMWA would welcome DEP's efforts to moderate the EPA rule, limiting its scope to greenhouse gas emission reductions that can feasibly be achieved at individual sources. DEP's proposal for revising the NSR applicability test to encourage investments in power plant efficiency

improvements is a good example of a constructive approach to greenhouse gas management at existing sources.

The IBEW and UMWA thank DEP for the opportunity to speak today on this issue of critical importance to Pennsylvania's coal-based electric generating fleet and the employees, families, and communities who depend upon it. We simply cannot afford this EPA rule.