

SUPPORT S.J. RES. 37 TO DISAPPROVE EPA'S UTILITY MACT RULE

TALKING POINTS

- EPA's Utility MACT rule was released in February 2012. It requires reductions in mercury and other hazardous air pollutant (HAP) emissions from coal-fueled power plants.
- Senator James Inhofe (R-OK) introduced S.J. Res. 37 to disapprove the Utility MACT rule in accordance with the Congressional Review Act (CRA). Support by a simple majority is necessary to pass the resolution in the Senate and House. If the resolution is enacted into law, the MACT rule itself would be overturned, but EPA could still regulate mercury and other HAP emissions, provided any replacement rule is not "substantially the same" as the Utility MACT rule.
- IECA is not opposed to regulating mercury emissions. We are opposed to unnecessarily costly regulations that drive up electricity costs that directly impact manufacturing competitiveness and jobs.

The regulation, referred to as the "Mercury and Toxics Standards" has nothing to do with reductions in mercury emissions. EPA admits the benefits of the rule are 99.996 percent related to particulate matter which is already regulated by other parts of the Clean Air Act. EPA estimated health benefits are only between \$500,000 and \$6 million. **This means that consumers will pay \$90 billion more for electricity and receive only \$6 million in benefits.** As a result, this regulation is "not" in the public interest and unnecessarily costly.

The Utility MACT should be overturned by Congress and EPA should write a better rule:

Unprecedented cost: EPA's analysis shows that Utility MACT would cost a total of \$90 billion and all will be passed onto the consumers of electricity. Utility MACT is the most expensive rule the agency has ever written, costing more than all other power plant clean air rules combined.

Compliance costs for the electric sector in 2015 are \$10.4 billion (2010\$). By comparison, EPA estimated compliance costs of \$9.7 billion (2010\$) in 2015. Total compliance costs based on NERA's analysis are \$94.8 billion.

- Threats to electric reliability: Utility MACT requires compliance in just three years, with the possibility of a one-year extension. Many power plant operators will not have time to install controls even with the limited extension EPA has promised. Grid operators, states, and others have expressed concerns that electric system reliability could be threatened due to power plant shut-downs to meet the short compliance deadline.
- For manufacturing, electric reliability is a safety and cost issue: Many manufacturers operate 24 hours per day and 7 days a week. Many industries operate manufacturing processes at high temperatures and pressure. If the power goes out without warning it becomes a safety issue for the employees. It also potentially becomes a very high cost. Product can become either partially or completely unsalable. The manufacturing equipment may become either partially or completely destroyed. Loss of production can easily run in the 10s of millions of dollars per day based upon the size of the operation.
- Job losses and premature coal retirements: Currently, utilities have announced the retirement of nearly 25,000 MW of coal-fueled electric generating capacity "due" to EPA regulations plus another 9,000 MWs for other reasons. Total projected retirements vary greatly adding significant uncertainty to reliability. See chart below. NERA projects that the Utility MACT rule will cause the loss of 180,000 to 215,000 jobs by 2015.

Reliability			
Analyst	Retirement Projection (GW)		
Federal Energy Regulatory Commission	81		
EVA	51		
NERA Economic Consulting	48		
U.S. Energy Information Administration	45-73		
North American Electric Reliability Corporation	33 -77		
Environmental Protection Agency	14		

by EPA Regulations				
Arizona	1,500	New Mexico	633	
Florida	98	New York	53	
Georgia	770	North Carolina	802	
lowa	65	Ohio	6,024.4	
Illinois	689	Oregon	601	
Indiana	2,547.9	Pennsylvania	3,060	
Kansas	738	South Carolina	105	
Kentucky	1,416	Tennessee	1,376	
Massachusetts	1,241	Texas	1,903	
Maryland	109.5	Utah	141	
Maine	85	Virginia	2,244	
Michigan	1,254	Washington	1,405	
Minnesota	294	Wisconsin	422	
Missouri	1,132	West Virginia	2,863.1	
Montana	91			
New Jersey	159.6	TOTAL	33,822.5	

Impact to the economy: In addition, GDP losses total as much as \$112 billion. Total household disposable income is reduced by as much as \$71 billion. The largest annual loss in household income occurs in 2012.