

GOVERNMENT AFFAIRS COMMITTEE

CIBO Annual Meeting

October 14, 2011

Chris Keuleman, International Paper

Lisa Jaeger, Bracewell & Giuliani

Karen Neale, Hummingbird Strategies

Topics

- Legislation and Advocacy Pertinent to Key Environmental Regulations for CIBO
- Overview of National Political Scene through 2012 Elections
- Potential Impact of Elections and Politics on Environmental Legislation/Regulation
- Possible “New Normal” on regulatory advocacy, and CIBO’s role

Boiler MACT Rules Legislation - House

H.R. 2250 introduced by Rep. Griffith (R-VA) and Rep. Butterfield (D-NC) in House that would:

- Provide a legislative stay of the rules
- Give EPA the 15 months requested to fix the rules, add flexibility & make the rules achievable
- Extend Boiler MACT compliance period from 3 to 5 years
- Clarify that valuable alternative fuels and non-condensable gases (NCGs) are not classified as solid wastes

H.R. 2250 gained 126 co-sponsors, passed Committee 36-14.

H.R. 2250 passed House 275-142, on 10/13/11.

Boiler MACT Rules Legislation - Senate

- S. 1392 introduced in Senate by Senators Ron Wyden (D-OR) and Susan Collins (R-ME) that would:
 - Provide a legislative stay of the rules
 - Give EPA the 15 months requested to fix the rules, add flexibility & make the rules achievable
 - Extend Boiler MACT compliance period from 3 to 5 years
 - Clarify that valuable alternative fuels and non-condensable gases (NCGs) are not classified as solid wastes (legislation uses list)
- S. 1392 has 36 co-sponsors (25R/11D)
- Push to gain additional co-sponsors, particularly Democrats
 - Casey, Klobuchar, Stabenow, Cantwell, Murray, Warner, Levin, Franken, Brown (OH), Tester, Begich, Shaheen, Gillibrand, Baucus
 - Snowe, Graham

Statement of Administration Policy

- The Administration strongly opposes H.R. 2250 and H.R. 2681, which would undermine public health protections under the Clean Air Act (CAA). These bills would prevent the Environmental Protection Agency (EPA) from moving ahead with long-overdue requirements to reduce air pollution from industrial boilers, solid waste incinerators, and cement plants. The bills also would weaken EPA's ability to ensure that its standards protect American families from a range of harmful pollutants including mercury and other toxic metals, as well as smog and soot
- H.R. 2250 and H.R. 2681 would delay until at least 2018, and perhaps later, the implementation of important air pollution standards that are required by the 1990 CAA Amendments and are already more than a decade overdue. The delay due to those bills would result in significant public health impacts that the rules would otherwise prevent, including tens of thousands of premature deaths; tens of thousands of cases of respiratory and cardiovascular problems, including heart attacks and acute bronchitis; and over a hundred thousand asthma attacks. Delaying implementation also would increase exposure to mercury, which can impair children's ability to think and learn. As a result, even the minimum delay due to these bills could mean foregoing over a hundred billion dollars in health benefits. Each additional year of delay would mean foregoing tens of billions of dollars more in net benefits
- If the President is presented with H.R. 2250 or H.R. 2681, his senior advisors would recommend that he veto the bill

Boiler MACT Coalition

- CIBO a member of this coalition of impacted industries, organized by NAM
- Coordinating lobbying, messaging, Hill outreach and grassroots activation
- Organized and sent a letter in support of H.R. 2250 and S. 1392 signed by more than 300 companies, associations and groups
- Developed lobbying materials that show broad impact of BMACT impact

MACT Legal Activity - Boiler

- EPA's Administrative Stay and Reconsideration Process have been challenged by Sierra Club
- On 9/27 Judge denied EPA's motion to dismiss Sierra Club's challenge of EPA's Administrative Stay of Boiler MACT and CISWI rules
- Serious concerns about whether EPA's stay on Boiler MACT and CISWI will remain in effect
- Same judge who denied EPA's earlier request (for 15 months) has power to overturn stay
- Legislation needed for certainty

Boiler MACT Administrative Activity

- EPA's new proposed Boiler MACT rules expected to be issued October 31, with final standards completed by April 30, 2012
- EPA has indicated they are considering changes to the NHSM rule, which reclassifies many valuable fuels as wastes. Positive move but will be challenged in court
- Legislation is the only way to guarantee EPA sufficient time to get the rules right and provide necessary certainty

CIBO in the Debate

- A study conducted by IHS Global Insight, a respected research company, found that the rules that we are talking about today would impose total costs of over \$14 billion and put at risk 230,000 jobs in America at a time when we already have a 9.1 percent unemployment rate. My home State of Kentucky, under the analysis, would face estimated costs of \$183 million and 2,930 potential job losses. Twenty-five other States are hit even harder. That includes at least 10,000 jobs estimated for North Carolina, Indiana, Ohio, Michigan, Pennsylvania, South Carolina, and Virginia, as well as over 5,000 job losses for Minnesota, Wisconsin, Alabama, Tennessee, Iowa, New York, Illinois, Maine, Georgia, Florida, Louisiana, and Arkansas. - Rep. Ed Whitfield (R-KY), 10/6/11

CIBO in the Debate

- We'll hear over and over today, as we've heard in the past, about self-serving industry studies that claim pollution controls will cost us jobs. These studies have been thoroughly debunked by independent experts. For instance, the Congressional Research Service examined the key study by the Council of Industrial Boiler Owners and concluded that it was so flawed that "little credence can be placed in these estimates of job losses." – Rep. Henry Waxman (D-CA), 10/6/11

Coal Ash Legislation - House

- H.R. 2273 introduced by Rep. McKinley (R-WV)
Create a new section under Subtitle D to allow states to manage these as municipal solid waste— by the state environmental protection authorities.
- Creates national, enforceable requirements for monitoring, liners, corrective action and structural stability criteria.
- Permits states to allow EPA to administer the program if the state cannot or does not want to operate it.

Coal Ash Legislation – House cont'd.

- Preserves beneficial uses of coal ash.

H.R. 2273 approved by Committee 35-12.

H.R. 2273 to be voted on by full House this week

Senate companion legislation may be introduced soon.

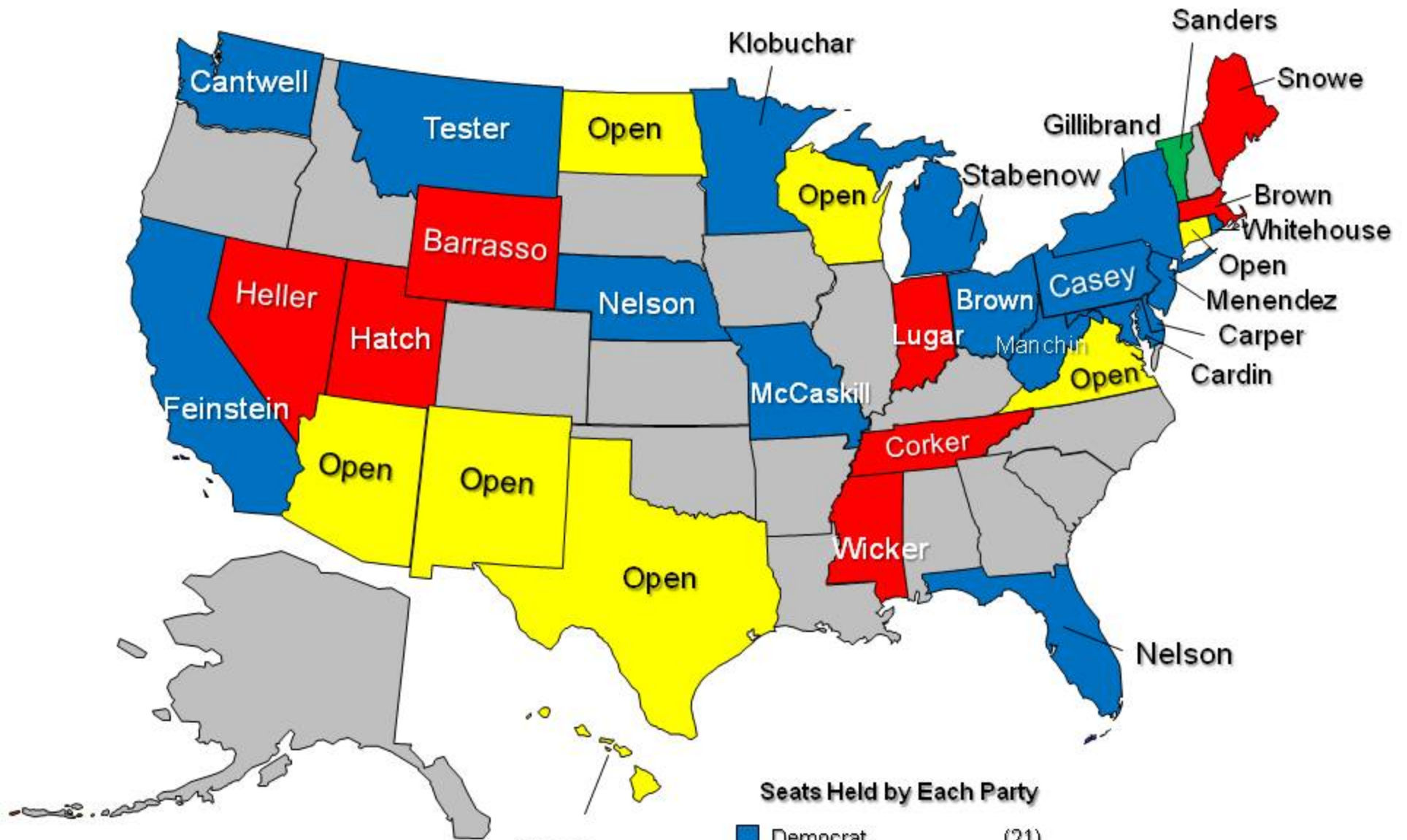
Ozone NAAQS

- **March 2008** – EPA replaces the 1997 ozone standard of .08ppm with a .075ppm standard.
- **September 2009** – EPA Administrator Lisa Jackson announces EPA will reconsider the 2008 standard in a departure from the the normal 5-year review cycle.
- **January 2010** – EPA issued its reconsideration proposal with a standard range of .070-.060ppm.
- **Sept. 2, 2011** – President Obama announces that he asked EPA Administrator Jackson to withdraw the rule and proceed with the reconsideration of the standard required by law in 2013.

“Ultimately, I did not support asking state and local governments to begin implementing a new standard that will soon be reconsidered”

- President Obama

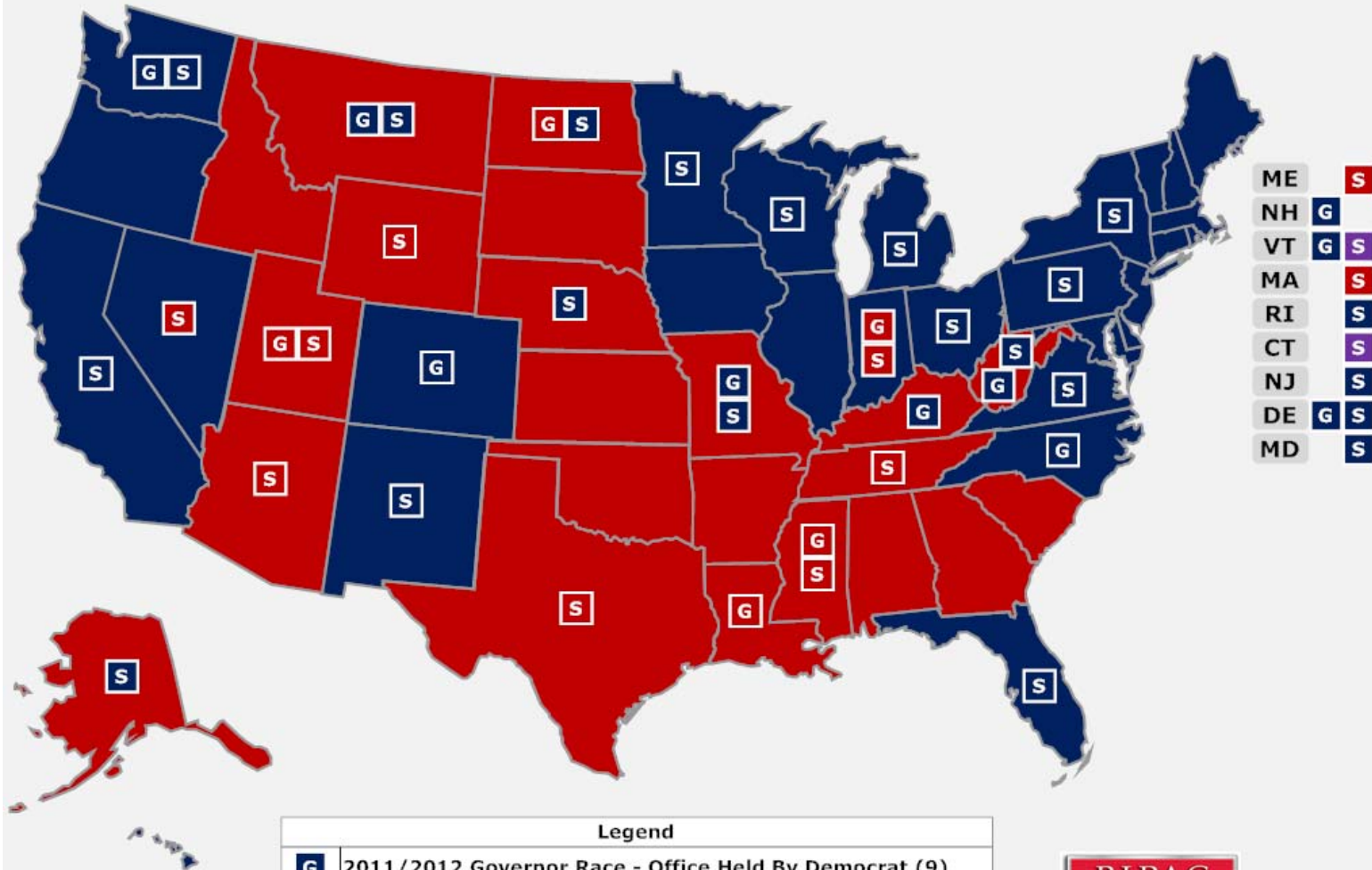
2012 Senate Map



Seats Held by Each Party

Democrat	(21)
Republican	(10)
Independent	(2)

2012 ELECTION MAP FOR U.S. SENATE & GOVERNOR RACES WITH 2008 PRESIDENTIAL RESULTS



ME	S
NH	G
VT	G S
MA	S
RI	S
CT	S
NJ	S
DE	G S
MD	S

Legend	
G	2011/2012 Governor Race - Office Held By Democrat (9)
G	2011/2012 Governor Race - Office Held By Republican (5)
S	2012 U.S. Senate Race - Office Held by Democrat (21)
S	2012 U.S. Senate Race - Office Held by Republican (10)
S	2012 U.S. Senate Race - Office Held by Independent (2)
Blue	State Won by Barack Obama in 2008 Presidential Race (28)
Red	State Won by John McCain in 2008 Presidential Race (22)

BIPAC

Regulations and Politics

- Executive Branch / Re-elect
- CCB rule
- EPA rule delay
- Ozone standard
- CSAPR

Regulations and Politics cont'd.

- Keystone pipeline
- Offshore drilling permitting
- Biomass GHG Tailoring Rule 3-year deferral
- GHG Reporting rule CBI deferral.

Summary and Discussion

- Possible “New Normal” on regulatory advocacy
- CIBO’s role...