



U.S. CHAMBER OF COMMERCE

Greenhouse Gas Regulations on Power Plants

Briefing for Council of Industrial Boiler Owners (CIBO)

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U.S. Chamber of Commerce

EPA's Regulation of Greenhouse Gases from Power Plants

Greenhouse Gas Regulations on Power Sector

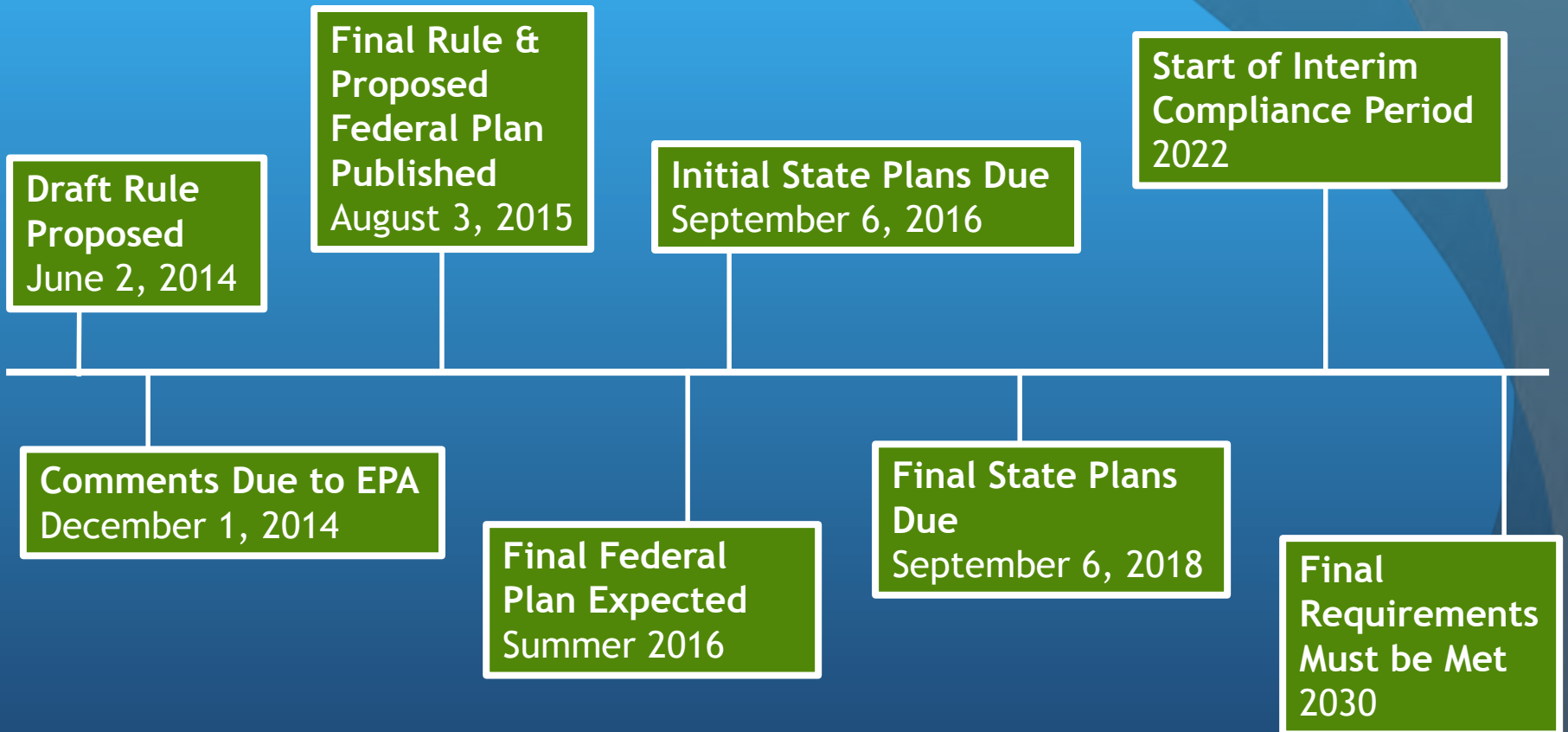
- On August 4, the EPA released three final rules for the regulation of greenhouse gases from new, existing, and modified/reconstructed power plants.
- According to EPA, when the final **Clean Power Plan** (covers existing power plants) is fully in place in 2030, it will cut carbon emissions from the power sector by **32%** below 2005 levels, or **870 million tons** less carbon emissions.
- EPA also released a proposed model federal implementation plan (FIP) for the Clean Power Plan. Comments on the FIP proposal are due by January 21, 2016.

Greenhouse Gas Regulations on Power Sector

INITIAL OBSERVATIONS:

- **Building Block 1:** Heat rate efficiency improvements lowered from 6% to 2.1%-4.3%.
- **Building Block 2:** Decreased reliance on dispatch to natural gas combined cycle facilities. (“[T]he early rush to gas is eliminated.” –EPA)
- **Building Block 3:** Final rule has significant increase in renewable generation. “The share of renewable energy generation capacity in 2030 is projected to be over 25 percent higher than in the proposed rule, at 28 percent, compared to 22 percent.” –EPA
- **Building Block 4:** Energy efficiency block removed as consideration for setting standard, but states may use to achieve their reduction targets.

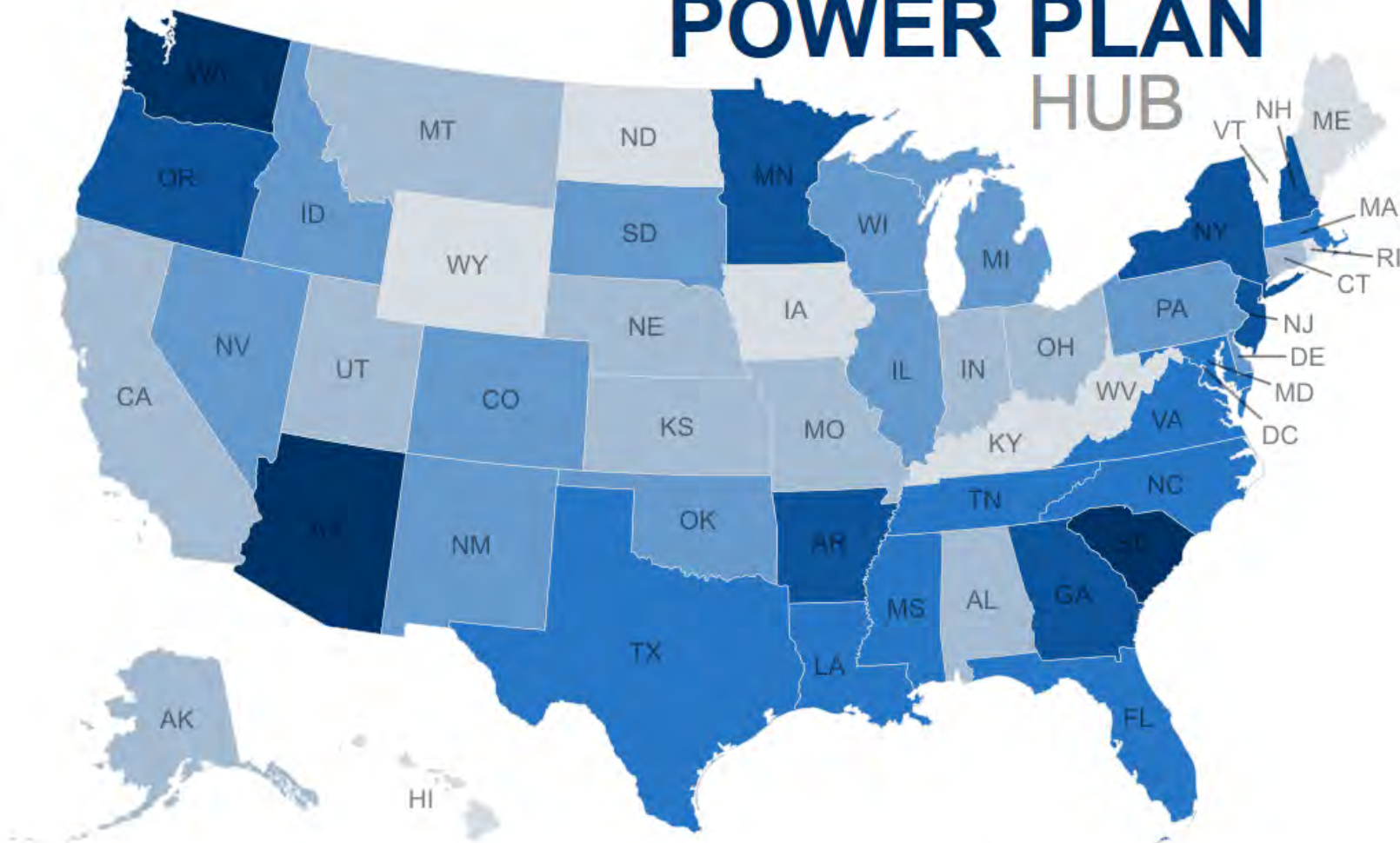
Clean Power Plan Timeline



Draft Rule Reductions

E&E's

POWER PLAN HUB



Draft Rule Emissions Rate Reduction %

10 - 20%
8 states

20 - 30%
11 states

30 - 36%
11 states

36 - 40%
9 states

40 - 50%
7 states

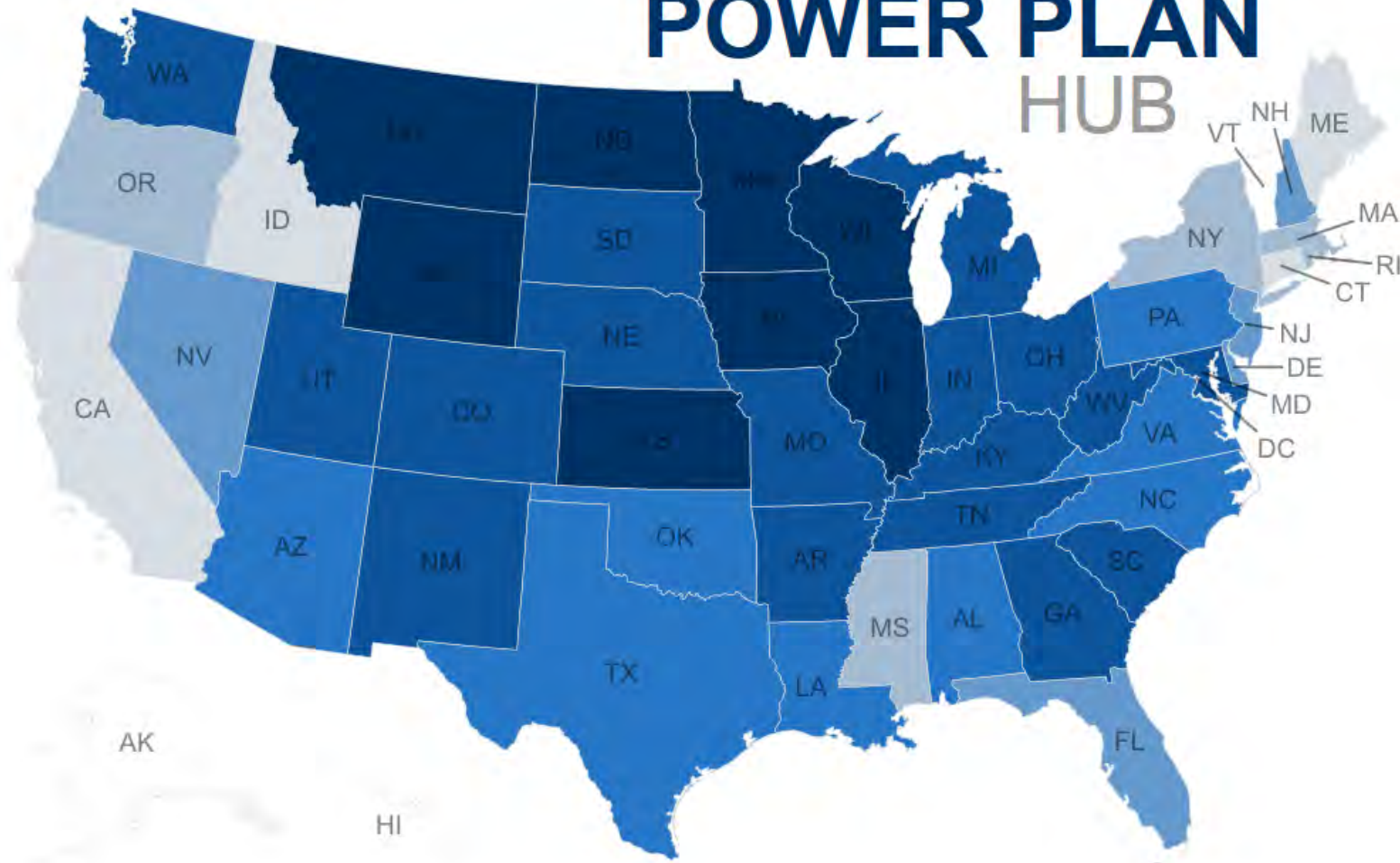
50 - 72%
3 states

Final Rule Reductions

E&E's

POWER PLAN

HUB



Final Rule Emissions Rate Reduction %

7 - 14%



4 states

14 - 21%



5 states

21 - 27%



5 states

27 - 34%



8 states

34 - 41%



17 states

41 - 47%



8 states

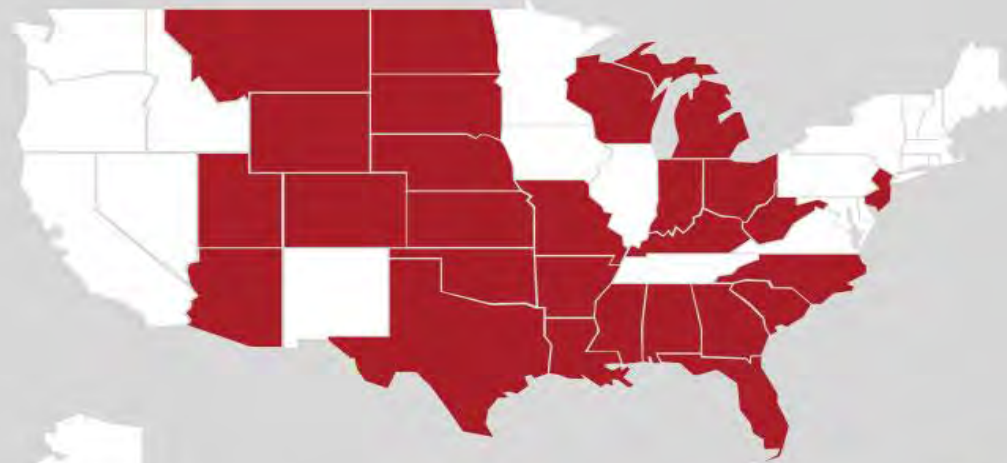
Clean Power Plan - Costs

NERA CPP Analysis – Energy and Consumer Impacts (Nov. 2015)

- Average U.S. electricity rate increases range from 11% - 14% per year between 2022 and 2033
- Energy sector expenditure increases range from \$220 - \$292 billion (spending from 2022 – 2033)
 - Annual energy expenditures average between \$29 - \$39 billion
 - Energy expenditures include changes in electricity generation costs, energy efficiency costs, and natural gas costs to non-electric consumers
 - Energy expenditures do not include increased costs for transmission and distribution and natural gas infrastructure
- Losses to consumers range between \$64 - \$79 billion (present value) between 2022 - 2033

Clean Power Plan - Litigation

UNPRECEDENTED LEGAL OPPOSITION
27 States Suing EPA over Clean Power Plan



Social Cost of Carbon

Social Cost of Carbon

- SCC = “an estimate of the monetized damages associated with an incremental increase in carbon emissions in a given year.”
- Developed by Interagency Working Group (13 federal agencies)
- IWG released Technical Support Documents in 2010, 2013 and 2015 with revised SCC estimates

Social Cost of Carbon

2020 SCC Estimates

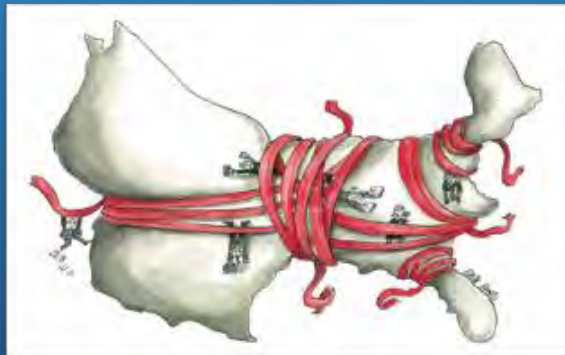
	2.5% Discount Rate	3% Discount Rate	5% Discount Rate	Higher than expected impacts
2010 TSD	\$7	\$26	\$42	\$81
2015 TSD	\$12	\$43	\$64	\$128

Social Cost of Carbon

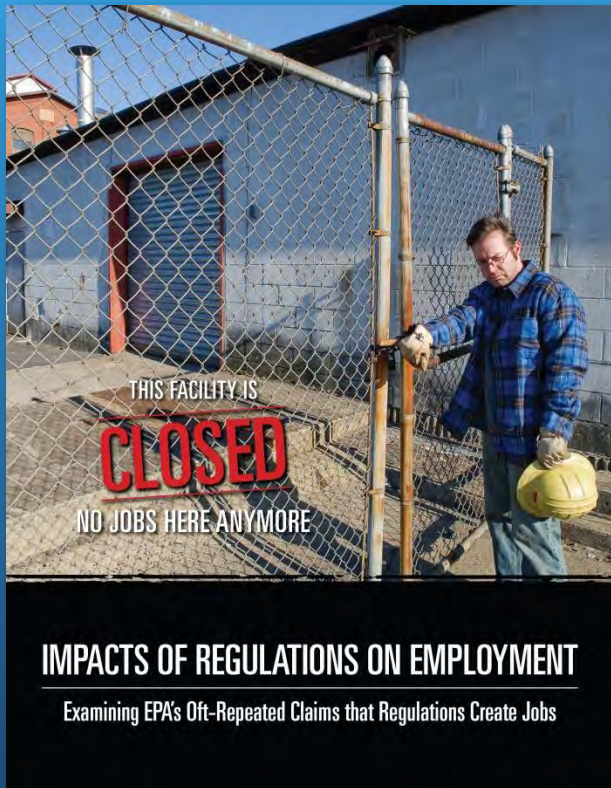
Business/Industry Challenges to SCC

- September 2013 IQA Petition (and February 2014 Reconsideration)
- September 2014 Comments to OMB
- Comments to more than 25 different DOE energy efficiency standards relying upon SCC
- Chamber/NAM Amicus Brief (April 2015) – DOE walk-in coolers/freezers efficiency rule

Potential Solutions to Federal Regulatory Problems



Reforming the Rulemaking Process



- U.S. Chamber study on the employment impacts of environmental regulations
- Reforming the APA – on the record hearings, economic impacts, better science and data quality
- Federal legislation – H.R. 185, S. 2006, the Regulatory Accountability Act (*passed the House on January 13, 2015*)

Sue and Settle: Regulating Behind Closed Doors



- U.S. Chamber report on “sue and settle” – environmental and special interest groups sue and enter into agreements with federal agencies to alter agency priorities and rulemaking
- Need to bring transparency and accountability to the process
- Federal legislation: H.R. 712, S. 378, the Sunshine for Regulatory Decrees and Settlements Act



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