



CAPITOL COMMENT

www.freedomworks.org

Number 434

July 20, 2011

End of the Line: Why the EPA Train Wreck Must be Stopped by James Hammerton*

Behind the scenes, while Washington and the United States focus on the debt crisis, President Obama's EPA has been quietly implementing one of the most radical and costly policies of his administration. Ever since the failure of cap-and-trade, the administration has turned to the EPA to carry out its radical environmental agenda. Immediately after the 2010 election Obama was quoted saying "Cap-and-trade was just one way of skinning the cat; it was not the only way." The EPA is in the process of completing and finalizing 30 major regulations and 170 major policy rules that would impose hundreds of billions of dollars of compliance costs on the economy. Because of the disastrous affects that the EPA's new regulations will have on the already struggling economy, many have taken to calling the administration's aggressive stance the "EPA train wreck."

The train wreck is comprised of a series of sweeping new regulations that cover everything from industrial emissions of mercury, ozone, and carbon dioxide to new permitting requirements. The EPA claims that these regulations are necessary to protect public health, even though America's air is already the cleanest it has been in the last thirty years. Increasing the prices of traditional fossil-fuel energy sources has been a long time goal of many radicals on the left. President Obama has openly admitted that his under his proposed cap-and-trade program "electricity rates would necessarily skyrocket." Unsurprisingly, the EPA train wreck would be just as disastrous to American energy. Many regulations specifically target America's coal industry, and will result in much higher electricity prices. Estimates indicate that if all proposed regulations are finalized 22 percent of coal fired plants would not be able to meet requirements and would be forced out of business, eliminating 75 gigawatts (enough electricity to power around 50 million homes) of coal produced electricity. In turn, rising electricity prices will take their toll on employment.

The EPA regulation train has already left the station and is hurtling toward an economic derailing. On July 6 the EPA finalized the Cross State Air Pollution Rule (CSAPR), the first of many in the EPA's newest wave of regulation. CSAPR, is an air transport rule that regulates emissions from coal fired power plants in 27 states. It imposes unrealistic cuts on the emissions of sulfur dioxide and ozone. The rule is designed to prevent emissions from drifting over state lines, but in order to "protect" the states, the EPA has trampled on states' rights. Instead of following usual procedure and allowing states to propose their own plans to

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enforce EPA regulations, the EPA is directly mandating individual plans for each regulated state. The EPA is enforcing immediate adoption; new rules will go into effect January 1, 2012, meaning that utilities will almost no time to adapt to new regulations.

The EPA plans to continue its onslaught of new regulation with new Maximum Achievable Control Technology (MACT) rules on track to go on the books this November. These rules also target coal fired power plants and call for huge reductions in mercury, particulate matter, and other common emissions. Under MACT rules, all power plants will be required to meet the same standards as the top 12% of plants.

The EPA is also preparing to by revise its National Ambient Air Quality Standards (NAAQS) for industrial ozone emissions this year. The decision to increase standards is based on selective sampling of scientific research to arrive at the conclusion that reducing Ozone emissions would reduce asthma rates. Tighter NAAQS standards could cost the economy as much as \$90 billion a year, according to the EPA's own overly conservative estimates, and according to research by MAPI/Manufacturers Alliance could result in the loss of as many as 7 million jobs by 2020.

CSPAR, MACT, and NAAQS rules are just the beginning of the EPA's new regulatory package. The EPA is currently developing a slew of new anti-energy rules that would enact unnecessary regulations on everything from greenhouse gas emissions to cooling water intake at electricity generating facilities. Although it is difficult to measure what the final cost of the EPA train wreck will be until the rules are finalized and go into effect, the America Legislative Exchange Council cites estimates that indicate that proposed EPA regulations could cost the economy as much as \$920 billion in the next few years and much more money in the future.

Just the CSPAR and MACT rules alone will have disastrous effects on our already fragile economy. Most power plants will have to invest millions of dollars in expensive new capital in order to comply with new regulations. These costs will inevitably be passed on to consumers in the form of higher electricity prices. Other plants will be unable to comply with regulations and will be forced out of business, resulting in job losses and even higher energy prices. The American Coalition for Clean Coal Electricity estimates that CSPAR and MACT rules will result in the net loss of 1.44 million job-years. Electricity prices are estimated to grow by 12% across the nation and by as much as 24% in regions that depend heavily on coal. Higher energy prices mean that individuals and businesses have less money available to spend and invest in the economy. The EPA's flurry of regulation is also creating an atmosphere where potential investors are afraid to invest in energy dependent industries, creating a further drag on economic growth.

Fortunately, it is not too late to stop the EPA train wreck. A House bill sponsored by Rep. John Sullivan would delay the enactment of costly EPA regulations. The Transparency in Regulatory Analysis of Impacts on the Nation (TRAIN) Act calls for the creation of a committee to investigate the economic consequences of proposed EPA regulations, before the regulations go into effect. The bill would slow the EPA's out-of-control agenda and force the EPA and the administration to take a closer look at the true cost of regulation. The House appropriations committee has also passed an appropriations bill cutting EPA's budget by 18% and defunding its ability enact many proposed regulations such as greenhouse gas rules and regulations that would define coal ash as a hazardous waste. The bill also includes an amendment added by Rep. Lummis which would force the EPA to assess the economic impact of all proposed regulations and prohibit funds from being expended on the air transport (CSPAR) and MACT rules. If passed by Congress, the bill will slow the EPA's regulatory agenda, allowing a more careful assessment of the costs of these new regulations.

Obama's EPA is ignoring the costs to the economy, as it pushes for new regulation. An EPA official testifying before congress about an upcoming regulation admitted, "We have not directly taken a look at jobs in the proposal." The EPA is at the forefront of the administration's regulatory agenda. At a time when the economy is struggling to recover from recession, more regulations that increase energy prices and destroy jobs are the last thing the nation needs. Unless the EPA's radical agenda is stopped the economy could be heading toward a train wreck.