May 9, 2014

Air and Radiation Docket and Information Center
U.S. Environmental Protection Agency
Mail Code: 2822T
1200 Pennsylvania Ave., NW
Washington DC, 20460

Re: Standards of Performance for Greenhouse Gas Emissions from
New Stationary Sources: Electric Utility Generating Units;
Docket ID No. EPA-HQ-OAR-2013-0495;

The Partnership for a Better Energy Future (the Partnership), a coalition of business organizations representing over 80 percent of the U.S. economy, appreciates this opportunity to provide comments regarding the Environmental Protection Agency's (EPA) proposed New Source Performance Standards for Greenhouse Gas (GHG) Emissions from New Electric Generating Units.

Established in January 2014, the Partnership's fundamental mission is to promote an "all-of-the-above" energy strategy that ensures the continued availability of reliable and affordable energy for American families and businesses. As of May 1, 2014, the Partnership totals 140 members, which include national organizations as well as state and local associations in 33 different states. All are united by widespread concerns that the proposed rule—as well as EPA's broader GHG regulatory agenda—presents a significant threat to American jobs and the economy.

Beginning with this proposed rule, the EPA is embarking on a suite of new regulations designed to address greenhouse gas emissions from stationary sources. This agenda extends far beyond the power sector. Partnership member organizations will likely be impacted twice—both as electricity customers and also as industries "next in line" for follow-on rules that EPA has committed to pursuing. In addition to regulations on existing power plants, EPA's current budget request to Congress notes the agency will begin considering new GHG regulations on six sectors later this year: refineries, pulp and paper, landfills, iron and steel production, livestock operations, and cement manufacturing.

The substance, process, and ultimate outcome of the initial regulations on new power plants are certain to influence the regulations that follow. Accordingly, the Partnership hopes to work cooperatively with EPA and other stakeholders to address major concerns with this proposed rule and, ultimately, arrive at a better outcome. To this end, the Partnership supports the following core principles for GHG regulations:

1. Must be cost effective.
2. Must be technologically achievable, and allow for the continued affordability and reliability of electricity.
3. Must allow all energy resources to play a role in a true all-of-the-above energy strategy.
4. The Administration should seek broad stakeholder input in developing regulations.
5. The Administration must perform a thorough cost-benefit analysis, accounting for the impacts costly energy regulations will have on businesses, markets, employment and households.
6. The Administration needs to take the time to get these regulations right; prioritizing a robust rulemaking process over arbitrary deadlines.

Unfortunately, the EPA's proposed GHG regulations on new power plants fail to meet these basic tests. Specifically:

The Proposed Regulation Is Not Consistent with An All-of-the-Above Energy Strategy.

Consumers of energy, whether they are large manufacturers or individual households, benefit greatly from an all-of-the-above energy strategy. Diversity of energy supply is not only critical in keeping costs reasonable, it is essential in ensuring steady and reliable streams of electricity to power our factories and heat our homes. For many U.S. businesses that compete in a global economy, energy represents a major input cost that can ultimately determine viability. Right now, electricity is an advantage for many U.S. industries in large part because of the abundant and diverse supplies of resources that are collectively keeping energy costs reasonable and supply reliable. However, if regulations such as this proposal take energy options off the table, prices will become more volatile, costs will increase, reliability will be threatened and, ultimately, U.S. firms' viability will be in jeopardy.

The impact that the January 2014 "polar vortex" had on energy markets demonstrates the importance of a diverse electric generation fleet and how Federal regulations that limit fuel options could threaten the reliability of the nation's electrical grid. In many regions of the country, households depend on natural gas for heat. When temperatures drop, demand for natural gas increases for all consumers, including households, commercial buildings and the electric-power sector. Natural gas supplies can be temporarily strained, particularly in regions where there is insufficient pipeline capacity to meet these coinciding spikes in demand. During the 2014 polar vortex, some regions of the country experienced situations where demand for natural gas exceeded supply, which would have led to interruptions of electricity service if other sources of generation – particularly coal-fired generation – were not available to support electricity demand.

Several recently-issued federal regulations—such as the Mercury and Air Toxics Standards (MATS) and Cross-State Air Pollution Rule (CSAPR)—are leading to the closure of a significant number of coal-fired power plants, including many of those that were necessary to maintain reliable electric service this past winter. Any shift such as this will only intensify energy diversity concerns and increase electrical grid stress during periods of peak demand. By effectively banning the construction of new coal plants,

this proposed rule will only exacerbate these growing grid vulnerabilities. The Partnership urges EPA to carefully consider the potentially dangerous long-term implications of this policy.

The Proposed Regulation Is Not Technologically Achievable and Will Halt the Development of Emerging Power Generation Technologies.

In establishing an NSPS, the EPA is required to set performance standards that are achievable, cost-effective, and based on technologies that are "adequately demonstrated" in practice. In this proposed rule, the EPA sets the performance standards for utility boilers and Integrated Gasification Combined Cycle ("IGCC") units based on the implementation of carbon capture and sequestration ("CCS") systems. CCS holds promise, but at this time it is neither cost-effective nor has it been adequately demonstrated. In fact, there is not a single utility-scale power plant in the world currently operating with CCS.[1] Engineering experts have assessed and concluded that while CCS technology could eventually be a viable option to limit CO_2 emissions from power plants, at present the technology is not commercially proven to allow for its broad application in the U.S.[2] The companies that would manufacture these technologies have reached a similar conclusion - CCS is not ready for commercial deployment.[3]

Even leading stakeholders within the Federal Government itself have emphasized the immaturity of CCS. Charles McConnell, the former head of the Department of Energy's Office of Fossil Energy—the Executive agency responsible for advancing the technology to commercialization—recently testified to Congress that "it is disingenuous to state that the technology is 'ready'", and that CCS "is not available to meet EPA's proposed rule."[4] His successor and current Acting Assistant Secretary for Fossil Energy Christopher Smith testified similarly that "there are myriad issues that need to be resolved" in order for CCS to be part of a new coal plant.[5]

Additionally, prior to releasing the current proposal, the White House Office of Management and Budget gave federal agencies an opportunity to provide EPA with feedback on the draft NSPS. Numerous comments submitted via this process were highly critical of EPA's proposal and, in particular, the readiness of CCS technology. For example, one agency commented that:

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[1] See MIT, Power Plant Carbon Dioxide Capture and Storage Projects, available at http://sequestration.mit.edu/tools/projects/index_capture.html (last visited Feb 12, 2014).

[2] EPA's Proposed GHG Standards for New Power Plants and Whitfield-Manchin Legislation: Hearing before Committee on Energy and Commerce, Subcommittee on Energy and Power, 113th Cong (2013) (testimony of Engineering Consultant, J. Edward Cichanowicz).

[3] "ICAC's primary concern with the proposed rule is that it relies on the faulty presumptions of the existing commercial availability of carbon capture and storage (CCS) technology for coal-fired units," Institute of Clean Air Companies, Comments on EPA's Standards of Performance for Greenhouse Gas Emissions for New Stationary Sources: Electric Utility Generating Units; 77 FR 22392-22441 (June 2012).

[4] http://science.house.gov/sites/republicans.science.house.gov/files/documents/HHRG-113-SY18-WState-CMcConnell-20131029_0.pdf

[5] http://science.house.gov/hearing/subcommittee-energy-future-coal-utilizing-america%E2%80%99s-abundant-energy-resources

> "EPA's assertion of the technical feasibility of carbon capture relies heavily on literature reviews, pilot projects, and commercial facilities yet to operate. We believe this cannot form the basis of a finding that CCS on commercial-scale power plants is 'adequately demonstrated.'
>
> …We are concerned that the unsupported assertions of technology as 'adequately demonstrated' in this rulemaking will form a precedent for future such determinations, even if the three CCS projects used as the basis for the determination fail or are never completed."[6]

For CCS to overcome the technical barriers necessary to be deployed in a competitive marketplace, it needs more time, more investment dollars and a reasonable regulatory environment. An inflexible mandate such as the one offered in the proposed rule ensures only that the pipeline of new, advanced power plant projects will dry up, sending CCS technologies overseas for our international competitors to nurture and, ultimately, own. EPA should listen to the advice of industry and government experts actually responsible for development and commercialization of CCS technology, and withdraw its determination that CCS is the "best system of emission reduction" in this rulemaking.

The Proposed Regulation Sets a Troubling Precedent for Future Regulation of Other Sectors

The EPA has indicated that it is considering GHG new source performance standards for other source categories. Other industrial sectors require a fundamentally different approach than EGUs because they are impacted by a much broader range of factors, such as industry economics, geography, federal and state incentives, transportation systems, ownership structures, foreign competition, profit margins, and customer bases. The Partnership's members are extremely concerned that a final regulation demanding unachievable standards of performance for electric power plants will set dangerous precedent for future regulation of other sectors.

New source performance standards are a particularly inefficient way to impose GHG emission reductions, because of their "one size fits all" application. The Partnership's members create products through varied and differing processes. Each source category and each facility within a source category is unique in its design, process, feedstock and products. Imposing uniform GHG standards of performance similar to this proposed regulation on other source categories would disadvantage the Partnership's members by making them less competitive on the global stage. New regulations with high compliance costs that do not account for trade exposure will translate into significant job losses and a reduction in economic competitiveness, without materially reducing global GHG emissions.

[6] http://www.regulations.gov/contentStreamer?objectId=09000064814f17c1&disposition=attachment&contentType=pdf

Conclusion

The Partnership has appreciated EPA's willingness to meet with our members throughout the comment period to discuss many of the concerns discussed above. We found these meetings to be productive and are optimistic that the agency will consider our in-person discussions, the comments included herein and the thousands of comments filed by industry stakeholders, and will, ultimately, select a more reasonable path for the final regulation.

Sincerely,

Action 22 Southern Colorado
Air-Conditioning, Heating, and Refrigeration Institute
Alabama Automotive Manufacturer's Association
Alaska Chamber of Commerce
American Coalition for Clean Coal Electricity
American Farm Bureau Federation
American Foundry Society
American Fuel and Petrochemical Manufacturers
American Knife Manufacturers Association
American Petroleum Institute
American Road and Transportation Builders Association
Arkansas State Chamber of Commerce
Associated Equipment Distributors
Associated Industries of Florida
Associated Industries of Missouri
Association of American Railroads
Association of Louisiana Electric Cooperatives, Inc.
Automotive Recyclers Association
Balanced Energy Arkansas
Balanced Energy for Texas
Baltimore Washington Corridor Chamber
Bettisworth North Architects and Planners
Billings Montana Chamber of Commerce
Bismarck Mandan Chamber of Commerce
Brick Industry Association
Bryant Area Chamber of Commerce
California Cotton Ginners Association
California Cotton Growers Association
California Manufacturers & Technology Association
Colorado Association of Commerce and Industry
Colorado Mining Association
Consumer Energy Alliance
Council of Industry of Southeastern New York
CropLife America
Dallas Regional Chamber
East Feliciana Chamber of Commerce
Electric Reliability Coordinating Council
Exotic Wildlife Association
Florida State Hispanic Chamber of Commerce
Forging Industry Association
Fort Worth Chamber of Commerce
Foundry Association of Michigan
Georgia Association of Manufacturers
Georgia Chamber of Commerce
Georgia Motor Trucking Association
Georgia Railroad Association
Greater North Dakota Chamber
Greater Omaha Chamber
Greater Phoenix Chamber of Commerce
Greater Pittsburgh Chamber of Commerce
Greater Shreveport Chamber of Commerce
Gulf Coast Lignite Coalition
Illinois Coal Association
Illinois Manufacturers' Association
INDA: Association of the Nonwoven Fabrics Industry
Independent Cattlemen's Association of Texas
Independent Petroleum Association of America
Indiana Cast Metals Association
Indiana Chamber of Commerce
Indiana Manufacturers Association
Industrial Minerals Association – North America
Institute for 21st Century Energy
International Liquid Terminals Association
Iowa Association of Business and Industry
Kansas Chamber of Commerce
Kentucky Coal Association

Kerrville Area Chamber of Commerce
Lignite Energy Council
Lincoln Independent Business Association
Longview Chamber of Commerce
Louisiana Association of Business and Industry
Louisiana Propane Gas Association
Lubbock Chamber of Commerce
Metals Service Center Institute
Michigan Manufacturers Association
Michigan Railroads Association
Midwest Electric Cooperative Corporation
Midwest Food Processors Association Inc.
Minnesota Chamber of Commerce
Mississippi Manufacturers Association
Missouri Chamber of Commerce
Montana Chamber of Commerce
Monroe Chamber of Commerce
Montana Coal Council
Montana Contractors' Association
Myrtle Beach Chamber of Commerce
National Association of Home Builders
National Association of Manufacturers
National Cattlemen's Beef Association
National Marine Manufacturers Association
National Mining Association
National Oilseed Processors Association
Natural Gas Supply Association
Nebraska Chamber of Commerce & Industry
Nebraska Farm Bureau Federation
Nebraska Power Association
Non-Ferrous Founders' Society
North American Coal
North Carolina Chamber of Commerce
Oklahoma Railroad Association
Oklahoma State Chamber of Commerce
Ohio Cast Metals Association
Ohio Chamber of Commerce
Ohio Coal Association
Ohio Manufacturers' Association
Ohio Rural Electric Cooperatives, Inc.
Partnership for Affordable Clean Energy
Pennsylvania Chamber of Business & Industry
Pennsylvania Coal Alliance
Pennsylvania Foundry Association
Pennsylvania Independent Oil & Gas Association
Pennsylvania Manufacturers Association
Pennsylvania Waste Industries Association
Portland Cement Association
Printing Industries of America
Railway Supply Institute, Inc.
Rocky Mountain Coal Mining Institute
San Diego East County Chamber
Small Business & Entrepreneurship Council
South Carolina Chamber of Commerce
South Louisiana Electric Cooperative Association
Southwest Louisiana Economic Development Alliance
SPI: The Plastics Industry Trade Association
State Chamber of Oklahoma
Styrene Information & Research Center
Tempe Chamber of Commerce
Tennessee Chamber of Commerce & Industry
Texas Aggregates and Concrete Association
Texas Association of Business
Texas Cast Metals Association
Texas Cotton Ginners' Association
Texas Mining and Reclamation Association
Texas Poultry Federation
Texas Railroad Association
The Chamber of Sparks, Reno & Northern Nevada
The Fertilizer Institute
The Vinyl Institute
U.S. Chamber of Commerce
United States Hispanic Chamber of Commerce
Valve Manufacturers Association of America
Virginia Chamber of Commerce
Virginia Coal and Energy Alliance
Virginia Manufacturers Association
Western Agricultural Processors Association
West Virginia Coal Association
West Virginia Chamber of Commerce
Wisconsin Cast Metals Association
Wisconsin Manufacturers & Commerce
Wyoming Chamber Partnership
Wyoming Mining Association