U.S. Chamber of Commerce

1615 H Street, NW
Washington, DC 20062-2000
uschamber.com

FOR: Statement for the Record on the U.S. Environmental Protection Agency's, "New Source Performance Standards for Greenhouse Gas Emissions from New, Modified, and Reconstructed Fossil Fuel-Fired Electric Generating Units: Emission Guidelines for Greenhouse Gas Emissions from Existing Fossil Fuel-Fired Electric Generating Units; and Repeal of the Affordable Clean Energy Rule" (88 Fed. Reg. 33,240-33,420, May 23, 2023)

TO: U.S. Environmental Protection Agency

BY: Heath Knakmuhs
Vice President and Policy Counsel
Global Energy Institute
U.S. Chamber of Commerce

DATE: June 13, 2023

U.S. Chamber of Commerce Testimony
on
Environmental Protection Agency New Source Performance Standards for Greenhouse Gas Emissions from New, Modified, and Reconstructed Fossil Fuel-Fired Electric Generating Units: Emission Guidelines for Greenhouse Gas Emissions from Existing Fossil Fuel-Fired Electric Generating Units; and Repeal of the Affordable Clean Energy Rule (88 Fed. Reg. 33,240-33,420, May 23, 2023); Notice of Proposed Rulemaking

Washington, DC (Virtual)

June 13, 2023

Heath Knakmuhs, Vice President and Policy Counsel
Global Energy Institute, U.S. Chamber of Commerce

My name is Heath Knakmuhs, and I am Vice President and Policy Counsel for the Global Energy Institute, an affiliate of the U.S. Chamber of Commerce ("Chamber"). The Chamber's membership includes electric utilities, their customers, and the associated supply chain. The mission of the Global Energy Institute is to unify policymakers, regulators, business leaders, and the American public behind a common-sense energy strategy to help keep America secure, prosperous, and clean. The Chamber appreciates the opportunity to testify today on the Environmental Protection Agency's ("EPA") latest proposal to regulate greenhouse gas ("GHG") emissions from existing electric generating facilities using either coal or natural gas as a fuel source, as well as new electric generating facilities based on natural gas generation technology. While the Chamber supports development of durable and achievable emissions-reducing electricity regulations, the overall direction of the EPA's proposed rules can be summed up simply as too much, too fast.

The Chamber strongly supports a low carbon transition, and the electricity sector has led the way in helping to drive an 18 percent economy-wide reduction in carbon dioxide emissions as compared to levels seen in 2005. Much of the reduction in emissions during this period is due to a 57 percent reduction in coal-fired generation, accounting for just 21 percent of total generation in 2021. Meanwhile, natural gas has grown to play a more meaningful role in our nation's electricity generation, increasing from 20 percent in 2005 to just under 40 percent of our electricity supply in 2021.

As America continues to rely upon these two types of generation resources for approximately 60 percent of our electricity, the significance of new EPA regulations that aim to impose promising but still undemonstrated emissions reduction technologies and associated infrastructure upon many of these facilities cannot be understated. As noted recently by the North American Electric Reliability Corporation (NERC) before the U.S. Senate Committee on Energy and Natural Resources, "unless reliability and resilience are appropriately prioritized, current trends indicate the potential for more frequent and more serious long duration reliability disruptions, including the possibility of national consequence events."[1] The potential for increasing these events raises concerns over the associated direct and indirect costs and related economy-wide impacts as they reverberate through virtually all individual, household, commercial, industrial, and government activities. These reliability concerns are part of the unaccounted-for costs of EPA's latest proposal to impose requirements for promising but not yet demonstrated technology and infrastructure upon such a large portion of our nation's electric generation capacity.

The Chamber has been among the strongest advocates for the research, development, and deployment of a host of technologies, including renewables, hydrogen, and carbon capture and sequestration. And to more quickly deploy these technologies, the Chamber is leading an effort to encourage the adoption of permitting reforms necessary to address the extensive delays currently impacting the buildout of transmission lines, renewable energy projects, and many other types of critical infrastructure.

While it may be appropriate for government policies to help drive ambition, rulemakings and associated regulations must be based on realistic assumptions, which are both transparent and credible. Unfortunately, the EPA's new powerplant rule falls short on both counts.

The EPA powerplant rule relies upon unrealistic assumptions related to electricity demand, technology adoption, and baseline emissions reductions to promote a narrative that the proposed rule would support significant environmental gains at minimal economic cost. For example, EPA's regulatory analysis projects that 97.8% of emissions reductions between 2022 and 2040 occur even in the absence of the rule—a highly implausible assertion built on a series of unrealistic assumptions. In

[1] "The Reliability and Resiliency of Electric Service in the United States in Light of Recent Reliability Assessments and Alerts" June 1, 2023, before the Committee on Energy and Natural Resources, United States Senate, Testimony of James B. Robb, President and Chief Executive Officer North American Electric Reliability Corporation.

addition, EPA's cornerstone for compliance includes various combinations of hydrogen co-firing and carbon capture and sequestration technologies that are simply not mature enough for widespread, mandatory adoption, and which have not – as is required by the Clean Air Act – been "adequately demonstrated."

Moreover, the fact that EPA would require the deployment of significant new infrastructure which would be located predominately beyond the fence line of the regulated generating units – such as hydrogen and/or carbon dioxide pipelines and the electric transmission lines to connect the renewables necessary to offset anticipated generation retirements – seriously calls into question the durability and viability of EPA's proposal. EPA's modeling of its proposal appears to simply assume the instantaneous appearance of this infrastructure as needed, which is simply not plausible at the pace and scale needed.

The EPA should reevaluate its rule and work collaboratively with stakeholders to more accurately model the real-world cost and reliability impacts of its powerplant rule. The climate challenge requires that government and industry work together with all parties to support the reliability and affordability of the electricity resource to which we are increasingly turning to further reduce the emissions from other economic sectors. Any other approach threatens to undermine public support for the transition to cleaner energy resources. The Chamber appreciates the opportunity to provide comment on the EPA's latest efforts to further reduce the emissions of carbon dioxide from the power sector.