

COMMENTS ON EPA'S PROPOSED Clean Power Plan for Existing Power Plants

Docket ID: EPA-HQ-OAR-2013-0602

The Greater Lehigh Valley Chamber of Commerce (The Chamber) appreciates the opportunity to comment on the Environmental Protection Agency's (EPA) proposed rulemaking to limit CO2 emissions from existing fossil fuel-fired power plants.

The Chamber spans the Lehigh Valley Metropolitan Statistical Area (MSA) encompassing the cities of Allentown, Bethlehem and Easton in Pennsylvania, Phillipsburg in New Jersey and surrounding areas. It has nearly 5,000 members who employ more than 200,000 individuals. It is among the top ten largest and fastest growing Chambers nationwide. It comprises fifteen chambers in the region. The Chamber takes proactive measures to ensure that government considers business objectives and viewpoints when implementing legislation and regulations.

The Chamber opposes the EPA's proposed regulations on existing fossil fuel-fired power plants as we believe they will:

- 1) create severe human and commercial hardships,
- 2) establish energy policy without authority or the needed command,
- 3) damage the reliable and economical electricity supply that is vital to our region, and
- 4) be completely ineffective in accomplishing the goal of controlling global warming.

The Chamber strives to improve the economy and quality of life in the Lehigh Valley area. Having an electric power supply that is reliable and economical is essential both for the competitiveness of our members and the well-being of residents.

The Chamber area is supplied with electricity by the PJM interconnection. PJM is a major part of the Eastern Interconnection grid operating an electric transmission system serving part, or all, of thirteen states and the District of Columbia. It has an outstanding reputation for economy and reliability with a healthy balance of coal, natural gas, nuclear and renewables.

This past winter's harsh cold heavily tested the PJM grid. The system worked quite well, but was severely stressed by the high electric demand. Bids to power generators for hourly electric production that normally would have been about \$100 per megawatt-hour rose to nearly \$2,000 in a desperate move to keep the grid from failing.

Coal plants that would be prematurely shut down by these proposed regulations were crucial to PJM's success last winter. Without them, it is virtually certain that major power reductions or outages would have struck. Natural gas was not always available to supply more power due to stress on supplies and infrastructure. These failures would have occurred in brutally cold weather, leaving people desperate to heat their homes.

From 1989 to 2010 Congress debated just short of 700 bills regulating CO2 and rejected them all. Most pertinently, when acting on the 1990 Clean Air Act Amendments, Congress specifically considered and rejected regulating CO2. Properly regulating CO2 emissions – particularly in the power sector -- is a massive undertaking, requiring a well-thought-out energy policy to guide the regulatory framework. In the absence of a clear and robust energy policy, Congress has refused to pass any CO2 legislation.

Congress' hesitation to proceed with CO2 legislation is understandable. In the U.S. today, and particularly in our region, we enjoy a "sweet spot" of power generating diversity. We have benefitted from the ability to switch the fuel mix for major power generation between coal and natural gas. When gas prices cycled low in 2012, more electricity was generated with gas and less with coal. As gas prices rose, the mix shifted to more coal. This flexibility creates both high reliability and best economy, and is consistent with the needs that the Chamber sees as crucial for our area.

We are now facing CO2 regulations issued by EPA that in effect establish a poorly-thought-out energy policy (i.e. to eliminate coal from the nation's energy portfolio) even though EPA does not have the authority to develop energy policy for this nation. EPA is taking this action under Section 111(d) of the Clean Air Act which does not support EPA's proposal to establish state-specific emission limits. Under this section, the most EPA could have done is to establish guidelines for the states to take action based upon their energy mix and infrastructure.

A solid energy infrastructure is critical to this nation's economy. EPA's proposal to impose federal CO2 limits on each state may well wreak havoc on an energy infrastructure that is already struggling and in transition, driven in part by other EPA requirements and the shale gas phenomenon. From a practical standpoint, these regulations may create economic hardship without resulting in any detectable difference in Earth's temperatures. (A Cato Institute model indicates a difference of just 0.018 degree C in Earth's temperatures from these regulations.) **EPA's proposed regulations would badly damage the nation's energy "sweet spot," and hence our competitiveness and well-being, with no discernible benefit.**

In summary:

The Chamber opposes in totality and without compromise these proposed regulations on existing fossil fuel-fired power plants as creating severe human and commercial hardships, establishing energy policy without authority, damaging to the reliable and economical electricity supply that is vital to our region, and being completely ineffective in accomplishing the stated goal of controlling global warming. The Greater Lehigh Valley Chamber of Commerce requests that EPA withdraw these proposed regulations in their entirety.

Respectfully submitted by the Energy and Environment Committee of the Greater Lehigh Valley Chamber of Commerce (www.lehighvalleychamber.org)

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