

Impact of Proposed EPA New Source Performance Standard (NSPS) for Existing Power Plants

Electricity cost increases:

- In June, the PJM Interconnection, which operates the wholesale electricity market for 61 million people over a region that includes 13 states and the District of Columbia, [reported](#) that a May capacity auction for power to be delivered in 2017 and 2018 doubled the clearing price over the previous year's auction. Cited as contributing factors are the impact of environmental rules and greater movement toward more costly natural gas-fired generation.
- On June 10, Senator Mary Landrieu, chairman, Senate Energy and Natural Resources Committee, concurred with the Association of Louisiana Electric Co-ops statement that the EPA standards would increase Louisiana electric bills 75 to 80 percent.
- *“Seniors, particularly the millions who live on fixed incomes, have no choice but to cut back in other ways when rates go up, as they surely will if and when the EPA's newest regulatory plans for coal powered electricity go into effect.”* --Senior Advocate Dan Weber, president of the Association of Mature American Citizens
- Middle class and low income households will pay the price – The Stanford Institute for Economic Policy [reports](#) that carbon regulations are a regressive tax “with households in the lowest 10 percent of income distribution paying roughly three times what the richest 10 percent pay, in terms of cost percentage of income.”
- The latest rule anticipates regional cap and trade programs that elected officials soundly rejected in 2010 because it would lead to higher utility bills and lost manufacturing jobs. California’s electricity rates under its cap-and-trade system are 45% higher than the national average. (EIA data)
- Regarding current bills, a recent LA Times [article](#) documented the impact of the long winter months on utility bills people are receiving. Many actually are seeing bills much more than doubled, which is in part, the impact of EPA regulations taking out coal-powered electricity, as the article explains.

Jobs/Competitiveness Impact:

- *“Our initial analysis indicates that there will be a loss of 75,000 direct coal generation jobs in the United States by 2020. Those are jobs primarily in coal mines, power plants, and railroads. By 2035, those job losses will more than double to 152,000. That amounts to about a 50 percent cut in these well-paying, highly skilled jobs. ...This is simply a recipe for disaster.”* -- United Mineworkers of America
- Because of coal’s affordability, states with the lowest cost of electricity are those with the highest percentage of coal-generated electricity, and not surprisingly, the states that attract the greatest number of manufacturing industries. These manufacturers provide high-paying jobs, millions of dollars in state tax revenues and prosperity for local communities. And these are the states in which the EPA’s proposed regulations for existing power plants will do the most economic harm.
- Electricity costs are typically 30% lower in states that use coal for more than half their electricity. (2013) (EIA Electric Power Monthly, Feb 2014 data)

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- In 2013, 24 states plus the District of Columbia received 40 percent or more of their electricity from coal based electric generating units. --EIA EPM, 2013

Jeopardizing Electric Grid/Reliability

- The acting Chair of the Federal Energy Regulatory Commission declared that electricity grid was “[close to the edge of breaking](#)” this past winter. Another Commissioner noted that “[the grid is already at the limit.](#)”
- The EPA MATS regulations (Mercury and Air Toxics Standards) will close 20% -- 60,000 MW--of the coal base load power capacity that supplies the lowest cost electricity by 2020. DOE (<http://www.eia.gov/todayinenergy/detail.cfm?id=15031>).
- Many of the coal plants that supplied 92% of the increased electricity demand from this winter are those plants slated for closure in the next two years due to the EPA MATS rule. And, Southern Company [reported](#) recently that having a diverse generation fleet that includes low cost coal electricity plants saved its customers \$100 million in costs in the first three months of 2014.
- *“Our latest winter exposed an increasingly fragile balance of supply and demand in many areas. Prices at times were extraordinarily high (and) consumers are now beginning to receive utility bills that in some cases are reportedly several times what they paid during similar periods in previous years. The experience of this winter strongly suggests that parts of the nation’s bulk power system are in a more precarious situation than I had feared in years past.”* -- Philip D. Moeller, commissioner, Federal Energy Regulatory Commission, April 10, 2014
- Previous EPA rules have led to the announced closure of approximately 200 power plants, and the new rules could lead to more – the combined closures represent enough power to provide light, heat and cooling to 54 million homes.
- *“[The] EPA doesn't have the authority, and I think Congress should take the responsibility, to set energy policy,”* Senator [Mary Landrieu](#) (D-La.), Chairman, Senate Energy and Natural Resources Committee.