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3 HEARING ON ``EPA'S GREENHOUSE GAS REGULATIONS AND THEIR

4 EFFECTS ON AMERICAN JOBS''

5 TUESDAY, MARCH 1, 2011

6 House of Representatives,

7 Subcommittee on Energy and Power

8 Committee on Energy and Commerce

9 Washington, D.C.

10 The subcommittee met, pursuant to call, at 1:04 p.m., in
11 Room 2322 of the Rayburn House Office Building, Hon. Ed
12 Whitfield [Chairman of the Subcommittee] presiding.

13 Members present: Representatives Whitfield, Shimkus,
14 Walden, Terry, Burgess, Bilbray, Scalise, McMorris Rodgers,
15 Olson, McKinley, Gardner, Pompeo, Griffith, Barton, Upton (ex
16 officio), Rush, Inslee, Markey, Green and Waxman (ex
17 officio).

18 Staff present: Gary Andres, Staff Director; Jim
19 Barnette, General Counsel; Michael Beckerman, Deputy Staff

20 Director; Sean Bonyun, Deputy Communications Director; Maryam
21 Brown, Chief Counsel, Energy and Power; Cory Hicks, Policy
22 Coordinator, Energy and Power; Ben Lieberman, Counsel, Energy
23 and Power; Gib Mullan, Chief Counsel, CMT; Mary Neumayr,
24 Counsel, Oversight/Energy; Katie Novaria, Legislative Clerk;
25 Peter Spencer, Professional Staff Member, Oversight; Jeff
26 Baran, Democratic Senior Counsel; Greg Dotson, Democratic
27 Energy and Environment Staff Director; Caitlin Haberman,
28 Democratic Policy Analyst; and Alexandra Teitz, Democratic
29 Senior Counsel, Environment and Energy.

|
30 Mr. {Whitfield.} I call this hearing to order this
31 afternoon. Today's hearing is entitled ``EPA's Greenhouse
32 Gas Regulations and Their Effect on American Jobs.''

33 Certainly, one of the major issues facing the American
34 people today is getting the economy stimulated, creating jobs
35 and one of the reasons all of us or at least many of us are
36 very much concerned about the activities of the EPA at this
37 particular time is that they have a queue of about 30
38 regulations that they are working on at EPA. We have great
39 concerns about these regulations, recognizing that all of us
40 are committed to protecting the environment but there is no
41 question that many of these regulations are having a dramatic
42 impact on job creation and I certainly recognize that there
43 are different philosophies on the way we precede.

44 The Obama Administration has placed great emphasis on
45 green energy. As a matter of fact, our energy policy today
46 has been simplified to the point where fossil fuel is bad and
47 green energy is good.

48 Okay, thank you very much. I am sorry for the
49 inconvenience there. For those who heard me, I am sorry you
50 are going to have to listen to me again for a few minutes.

51 Today's hearing is entitled, ``EPA's Greenhouse Gas
52 Regulations and Their Effect on American Jobs.''

53 American people are primarily interested in stimulating their
54 economy today and creating jobs. One of the concerns that
55 many of us on this side of the aisle have as well as others
56 on the other side of the aisle is that the long list of
57 regulations being considered at EPA today, we have a very
58 real concern that they are going to have a significant impact
59 on our ability to create jobs. I might also say that the
60 energy debate in America today has been summed up in about
61 six words and this is where we are, fossil fuels are bad and
62 green energy is good. And I think most of us recognize that
63 it is a lot more complicated than that and we and certainly I
64 recognize that in order to meet our increased demands just on
65 the electricity side we are going to have to have electricity
66 produced from all sources.

67 But the Obama Administration has placed so much emphasis
68 on green energy, billions of dollars from the Stimulus Fund
69 has gone for that. All sorts of tax incentives have gone for
70 that and the problem that I have with it is not that we are
71 spending taxpayers dollars to help develop green energy but I
72 think the American people are being misled on the role that
73 green energy can play in the immediate future. For example,
74 the Obama Administration recently came out with a ruling that
75 they wanted to reduce the 2005 greenhouse gas emissions by 83
76 percent by the year 2035.

77 Now, when you think about that formula, it is kind of
78 complicated. What does that really mean? Why not just say
79 we are going to allow so many tons of emissions by this date?
80 Well, I think that it is being done because they don't want
81 the American people to recognize really what they are saying.
82 If you look at the numbers of reducing the 2005 emissions by
83 83 percent, what you are talking about you are taking America
84 back to 1920, in the 1920s. That is the last time we had
85 emissions that low and I will tell you what, in the 1920s
86 only two percent of rural homes in America had electricity.
87 Around 50 percent of American homes in the rest of the
88 country had electricity. We didn't have any cell phones. We
89 didn't have any flat-screen TVs. We didn't have any
90 Blackberrys. We didn't have iPods or iPads. So to think
91 that we are going to reduce by 2035, 87 percent of 2005
92 emissions in my view is a pipedream.

93 Now, having said that, I know this Administration is
94 making the argument that green energy is going to carry out
95 country and that is where the jobs are going to be created.
96 But in my view and from the analysis that I have looked at
97 and from all of the hearings that I have sat through, through
98 the years, I don't think anyone realistically believes that
99 green energy can provide the electricity needs of America any
100 time soon.

101 Fifty-two percent of our electricity still comes from
102 coal. Seventy percent of electricity produced in China comes
103 from coal. American railroads are taking more coal to the
104 ports today for export to China than at any time in its
105 history. In 2006, 6.7 billion tons of coal were used
106 worldwide. In 2010, it was over 10 billion tons and they
107 anticipate the additional coal necessary just to meet the
108 needs of China and India in the next few years is going to
109 increase another billion or so.

110 So yes, we need green energy. We need natural gas. We
111 need nuclear energy but we also are going to have to have
112 coal to meet the expected increase in demand. So the point
113 that I would simply try to like to make is let us be
114 realistic here. Let us not mislead the American people. Let
115 us have an honest give and take discussion, answer questions,
116 ask questions and try to come out with the right policy for
117 the American people and that is what these hearings are
118 designed to do and we look forward to the testimony today. I
119 will introduce all of you a little bit later right before you
120 testify.

121 [The prepared statement of Mr. Whitfield follows:]

122 ***** COMMITTEE INSERT *****

|
123 Mr. {Whitfield.} But at this time, I would recognize
124 the gentleman from Illinois for his opening statement.

125 Mr. {Rush.} I want to thank you, Mr. Chairman, and I
126 want to thank all of the guests for attending today's
127 hearing.

128 Mr. Chairman, there seems to be a concerted effort by
129 many of my colleagues on your side of the aisle to de-
130 legitimize the science that says greenhouse gases are and
131 therefore should be regulated. Additionally, in an attempt
132 to counteract all the various respected peer review studies
133 that show the environmental protection industry actually
134 creates jobs and stimulates the economy as well as leads to a
135 healthier and more productive constituency.

136 Today we will hear testimony that will lead us to
137 believe that any policy that regulates greenhouse gases will
138 automatically lead to job loss. However, it is extremely
139 important for us to remember that just because it is possible
140 to find some within the scientific community to dispute what
141 the other 90 percent of scientists agree on that climate
142 change is manmade, does not make the lone dissenter the
143 authority on this very important issue. And just because
144 different industry sources pay to produce studies that show
145 that regulating greenhouse gases will be costly and yield

146 little to no benefit, doesn't make it true. My point here is
147 that not all studies are not equal and we should carefully
148 vett those individuals who disagree with the vast majority of
149 respected scientists worldwide on the causes of climate
150 change as well as those who refute the reports that say
151 moving toward more efficient and cleaner energy technologies
152 will lead to substantially greater cost without the added
153 benefits.

154 In fact once again, Mr. Chairman, our side tried to
155 invite one scientist to sit on the witness panel today only
156 to be again revoked by the other side. I cannot imagine why
157 this committee will attempt to move such sweeping and
158 regressive legislation such as that will repeal EPA's ability
159 to regulate harmful greenhouse gases without hearing the
160 scientific evidence of how this will impact our economy, our
161 environment and the public health. I sincerely hope that we
162 will be able to hear from scientists at a future hearing so
163 that we will be able to make informed decisions before moving
164 to any markup of this legislation in this area. After all,
165 just because we may try to ignore the science behind
166 greenhouse gas emissions and how it affects climate changes
167 does not mean it does not exist.

168 We know that since the inception of the Clean Air Act
169 opponents of the greenhouse view have been warning that

170 environment regulations will kill jobs and lead to
171 outsourcing overseas. Clean air opponents falsely predicted
172 that electricity prices would skyrocket if the 1990 Clean Air
173 Act amendments were passed when in fact electricity prices
174 actually declined in the decade following 1990 by
175 approximately 18 percent. While we hear that regulating
176 greenhouse gases will cripple our economy and destroy our
177 manufacturing industry, the U.S. Census Bureau conducted an
178 annual survey of the U.S. manufacturing sector and found a
179 solution abatement. Operating costs were only 0.4 percent on
180 average of overall manufacturing loss including not just air
181 pollution controls but all other abatement costs.

182 Mr. Chairman, actually the Clean Air Act has been one of
183 the most successful and bipartisan environmental laws enacted
184 in American history. Mr. Chairman, I would submit that
185 history has proven that we can protect our environment and
186 also strengthen our economy to sensible and balanced
187 regulation that helps create jobs and new technologies to
188 protect the public interests, increase worker productivity
189 and promote clean air.

190 With that, I yield back the balance of my time.

191 [The prepared statement of Mr. Rush follows:]

192 ***** COMMITTEE INSERT *****

|
193 Mr. {Whitfield.} Thank you, Mr. Rush.

194 At this time I recognize the chairman of the full
195 committee, Mr. Upton for 5 minutes.

196 The {Chairman.} Well, thank you, Mr. Chairman.

197 This hearing is about jobs, jobs and the economy and to
198 imply anything otherwise is misleading. We had this debate
199 in the last Congress and studies estimated that a Cap and
200 Trade national energy tax would produce job losses in the
201 hundreds of thousands if not millions, yet EPA is
202 unilaterally acting to impose the very same type of policies
203 that Congress rejected in the 111th Congress. Job losses
204 that would come from a cap and tax were not intended
205 consequences. The whole point of federally regulating
206 greenhouse gas emissions is to drive up energy costs so that
207 consumers and businesses are forced to use less.

208 As the President said, ``Under my plan, electricity
209 prices will necessarily skyrocket.'' Congress said no but
210 now we face an EPA trying to sneak regulations in through the
211 back door. The job losses will span many sectors in
212 businesses large and small.

213 We live in a global economy with global competition and
214 nations like China have absolutely no intention of similarly
215 burdening their industries. Manufacturing jobs will leave

216 this country unless EPA is stopped. Even for those who don't
217 lose their jobs, the news would not be good. EPA's agenda
218 will boost the price at the pump and drive up electricity
219 bills. It will make farming cost more and hike prices of
220 food.

221 So let us dispel a myth. Air quality and public health
222 will not be harmed or affected in any way by efforts to slow
223 and then stop EPA's expansive global warming agenda under the
224 Clean Air Act. Since 1970, the Clean Air Act has targeted
225 air pollutants like particulates, ozone, lead, mercury,
226 pollutants known to have adverse health impacts. The result
227 has been a declining emission of these pollutants and we need
228 to make sure that they continue to decline. Absolutely none
229 of these efforts are impeded in any way under the Energy Tax
230 Prevention Act discussion draft. EPA's ability and
231 obligation to regulate and mitigate air pollutants like
232 particulates that cause soot, ozone that cause smog, carbon
233 monoxide, lead, asbestos, chloroform and almost 200 other air
234 pollutants would be protected and preserved. So we can stop
235 the EPA from imposing cap and tax and the Clean Air Act will
236 continue to make our families and communities healthier
237 places.

238 So let us listen to the facts. This issue is not about
239 air quality and public health. It is about jobs. EPA is not

240 looking at the impact on jobs that the members of this
241 committee should and we must.

242 And I yield the balance of my time to Mr. Barton.

243 [The prepared statement Mr. Upton follows:]

244 ***** COMMITTEE INSERT *****

|
245 Mr. {Barton.} Thank you, Chairman Upton, and we can
246 tell that when you speak, your opponents try to spam you so
247 that your message doesn't get out.

248 It is a good deal to have a hearing. I appreciate
249 Chairman Whitfield having this hearing on the EPA's
250 greenhouse gas regulation and their effect on American jobs.

251 The answer is self-obvious. If you have something that
252 is really not a pollutant with CO2 is not as I am giving this
253 speech, I am creating CO2 and you don't have the technology
254 to regulate and unless there has been a miracle occurred in
255 the last 2 or 3 days, if you burn stuff with carbon in it you
256 are going to create CO2. It is a chemical fact so we don't
257 have a technology that can control it so if you regulate
258 greenhouse gases or regulate CO2, in effect you are going to
259 by definition cost jobs because you are going to shut down
260 probably 40 percent of our energy production economy in the
261 United States, maybe 50 percent.

262 So in spite of the hypothesis that CO2 is a pollutant
263 and in spite of the massive, you know, educational program to
264 try to convince the American people and the world that CO2 is
265 bad, the facts are otherwise and I am going to be absolutely
266 stunned if in this hearing we don't hear from our industrial
267 friends that if you really regulate CO2 to the extent that

268 Chairman Whitfield was talking about in the Waxman-Markey
269 bill, you are basically shutting down the U.S. economy and
270 that is tens of millions of jobs and hundreds of billions of
271 dollars. So this is a very good hearing and I hope, Mr.
272 Chairman, as a result of this hearing we do begin to move the
273 Whitfield-Upton bill and make it explicitly clear that the
274 Clean Air Act does not apply to greenhouse gases.

275 And with that I yield back to Chairman Upton. I yield
276 back to the subcommittee chairman.

277 [The prepared statement of Mr. Barton follows:]

278 ***** COMMITTEE INSERT *****

|
279 Mr. {Whitfield.} Thank you, Mr. Barton.

280 At this time I recognize the ranking member from
281 California, Mr. Waxman, for 5 minutes.

282 Mr. {Waxman.} Mr. Chairman, this hearing reminds me of
283 an article that appeared in the New York Times magazine on
284 Sunday. The article was titled, ``Fact-Free Science'' and it
285 describes how Washington has been infected by a mainstreaming
286 and radicalization of antiscientific thought. Today's
287 hearing could be an example A of antiscientific thought in
288 this House where falling down a rabbit hole into wonderland
289 where the facts are turned upside down and fiction is
290 accepted as reality. The premise of this hearing and the
291 legislation that is being reviewed is that climate change is
292 a hoax and EPA's modest efforts to reduce carbon pollution
293 will imperil our economy. These claims remind me of William
294 James who once said, ``There is nothing so absurd that it
295 cannot be believed as truth if repeated often enough.''

296 These are the facts. Climate change is real and our
297 future economic prosperity depends on investing in a new
298 clean energy economy. If we don't act to reduce carbon
299 pollution and promote clean energy, we will lose millions of
300 clean energy jobs to the countries that do. China
301 understands this. The Chinese are investing over \$2 billion

302 each week in renewable and other green technologies and so
303 does Europe which is racing ahead of us in reducing carbon
304 emissions and developing advances in solar energy and green
305 buildings.

306 Last Congress, CEOs from our Nation's leading companies
307 like General Electric and Duke Power told us that billions of
308 dollars in private capital has been frozen because the United
309 States does not have a long-term plan for reducing carbon
310 emissions. The CEO of PG&E, one of the Nation's largest
311 utilities warned of an incredible lost opportunity if we
312 don't act now. He said there are these amazing developing
313 new technology sectors across the United States and we see
314 those jobs going overseas and technology superiority going
315 overseas.

316 The cost of inaction is not just the loss of leadership
317 in the global economy. We also risk irreversible and
318 potentially catastrophic impacts. Our weather is getting
319 more extreme and more dangerous every year. Last year was
320 the hottest and wettest on record. Floods in Arkansas,
321 Kentucky, Mississippi and Tennessee killed dozens. They
322 submerged much of Pakistan and Australia, and droughts in
323 Russia and China are driving food prices to record levels.
324 The risk to our economy from climate change are real and are
325 potentially enormous and that is why we cannot have an

326 informed debate about the economic cost of EPA regulation if
327 we ignore these impacts. If we look only at the cost of
328 regulation without considering the cost of doing nothing, we
329 are looking at only half of the equation.

330 Ranking Member Rush and I have been urging that the
331 subcommittee consider the scientific evidence and we asked
332 for a leading scientific expert to be invited to testify
333 today but this request was denied. We asked for a hearing on
334 two new studies linking severe weather events to manmade
335 climate change but we have not yet received a response. For
336 this reason, we are invoking our rights under the House rules
337 to request a minority hearing with scientists. Last month we
338 heard testimony from Senator Inhofe that climate change is a
339 hoax. We need to hear from real scientists before we markup
340 the Upton-Inhofe bill. Mr. Chairman, I ask that our letter
341 requesting this hearing be made a part of today's hearing.

342 Mr. {Whitfield.} Without objection.

343 [The information follows:]

344 ***** COMMITTEE INSERT *****

|

345 Mr. {Waxman.} I have one other concern about today's
346 hearing and that is the decision to put the EPA Assistant
347 Administrator Gina McCarthy on the second panel. This is
348 inconsistent with the practices of our committee. I raised
349 my concern with Chairman Upton earlier today. He agreed that
350 the general rules should be that the Administration witnesses
351 testify first on their own panel and has been the tradition,
352 Democratic and Republican Administrations but the committee
353 would proceed differently. That wouldn't happen today. It
354 is too late to change the order or today's hearing but that
355 the committee would proceed differently in the future
356 hearings. I thank him and, Mr. Chairman, I thank you for
357 this courtesy to make this statement and I look forward to
358 working with you.

359 [The prepared statement of Mr. Waxman follows:]

360 ***** COMMITTEE INSERT *****

|
361 Mr. {Whitfield.} Thank you very much, Mr. Waxman.

362 And before I introduce the members of this panel who
363 will be testifying today, I did want to say that of course
364 Congress, we were not here last week and when I came back
365 yesterday my staff did give me a copy of the February 24
366 letter that you and Mr. Rush wrote in which you did request
367 convene a hearing to discuss the new studies that you had
368 indicated.

369 I might say that over the last two Congresses, we have
370 had in the Congress over 24 hearings on climate change and
371 the science relating to it which I do have a list of here.
372 However, I understand also that under the Rule 11 procedure
373 you all are entitled to a hearing with witnesses on the
374 climate change issue that you want to bring up. It is also
375 my understanding after talking to the Parliamentarian that as
376 the chairman of the subcommittee I would have the opportunity
377 to set the date for that hearing. And I would just in order
378 to approach this in a correct way and try to have regular
379 order, I would be happy to notice the hearing and we could
380 notice it today for your two witnesses that you would like,
381 maybe we would bring in a witness or two to maybe get a
382 different view than your witnesses might give and we could do
383 it even next Tuesday. Now, I said next Tuesday simply

384 because we have looked at the calendar out for 3 or 4 weeks
385 and it is very, very full. We are doing lots of hearings on
386 all of the subcommittees but if you, Mr. Waxman, and Mr. Rush
387 would be willing to have this hearing next Tuesday, you
388 select your witnesses, we would notice it today. I don't
389 want to get involved myself in taking a lot of time in
390 determining who all these witnesses are just because of the
391 time constraints but if you all would be willing to give us
392 the name of those two witnesses, we could notice it today.
393 We can have the hearing next Tuesday.

394 Mr. {Barton.} Will the chairman yield?

395 Mr. {Whitfield.} Yes.

396 Mr. {Barton.} I appreciate the chairman yielding.

397 Before we commit to a specific date, I would encourage
398 the subcommittee chairman to enter into a discussion with Mr.
399 Waxman and Mr. Rush and Mr. Upton. Normally, when you--first
400 of all it is very rare to invoke a Rule 11 hearing but when
401 it does happen there normally is some discussion about timing
402 so that both the Minority and the Majority have adequate time
403 to prepare and also get adequate witnesses and at least in
404 this member's perspective, it would be very difficult to have
405 an appropriate proper hearing by next Tuesday given
406 everything that is happening this week and is scheduled to
407 already happen next week. But I do think that if you have a

408 discussion with our distinguished Minority Ranking Members of
409 the subcommittee and full committee, you could very
410 expeditiously schedule such a hearing that helps both sides.

411 Mr. {Whitfield.} Mr. Barton, I really appreciate your
412 comments. I will say that we had a 1-hour meeting with staff
413 looking out at the calendar on this issue and of course I am
414 not speaking for Mr. Rush and Mr. Waxman, they may find next
415 Tuesday inconvenient but my understanding from reading the
416 letter and from discussions that I have had with our staff,
417 we were talking about maybe two witnesses on your side and I
418 think we have identified one or two. I think it could be
419 done rather quickly however I am simply making the offer and
420 yes, sir.

421 Mr. {Waxman.} Look, I just think it is important to
422 hear from scientists on this issue before we mark up this
423 bill and I am happy to discuss the schedule with you. I
424 can't make any promises at this point but I want to work with
425 you in good faith that we can have this hearing. It is an
426 important part of the debate and if we are going to pass
427 legislation out of this subcommittee, the subcommittee should
428 have a hearing before we do that. That is my only.

429 Mr. {Whitfield.} Well, I would be happy to do that. I
430 am offering you that we would do a hearing on Tuesday. I
431 can't commit.

432 Mr. {Waxman.} We will do our best for Tuesday.

433 Mr. {Whitfield.} Yes, let me just say I can't commit
434 that we will have a hearing before we have a markup but I
435 don't know that that date has been set.

436 Mr. {Rush.} Mr. Chairman, I think that is absolutely
437 critical that we on the outside be allowed to have this
438 hearing based on scientists of our choosing and I am sure you
439 have scientists also. We could have a hearing would be
440 almost without any meaning. I think the members of the
441 subcommittee need to hear from scientists. They need to hear
442 from scientists of our choosing about this important matter.

443 Mr. {Whitfield.} Well, and like I said we have had 24
444 hearings on the science.

445 Mr. {Rush.} Mr. Chairman, if I might I would just ask
446 are you planning on having a markup on this hearing next
447 week?

448 Mr. {Whitfield.} I can say for myself that we have not
449 decided specifically on a date for a markup that I am aware
450 of however we do want to move quickly. I think we have made
451 that very clear in the beginning we want to move quickly on
452 this and I might say that I think our regular order has been
453 much better. Not to get into the health care bill of last
454 year but we didn't even have an opportunity to even offer an
455 amendment on the House floor on that bill but I am offering

456 you all an opportunity to do a hearing on Tuesday. And if
457 not, I suppose obviously you have the right to invoke a Rule
458 11 and go from there.

459 Mr. {Waxman.} Mr. Chairman, let us notice your hearing
460 for next Tuesday. We will do our best to get the witnesses
461 there.

462 Mr. {Whitfield.} Okay so we will notice the hearing for
463 next Tuesday.

464 Mr. {Shimkus.} Mr. Chairman, would you yield for 1
465 second just to fulfill this debate.

466 Mr. {Whitfield.} Yes.

467 Mr. {Shimkus.} If I remember correctly when we moved
468 the Waxman-Markey bill we continuously asked for an economic
469 analysis and we never had a hearing on that prior to the
470 markup of the bill. We did get a hearing 2 weeks after we
471 marked up the bill so, you know, what is good for the goose
472 is good for the gander and what we are trying to do here as
473 we tried to do a couple of weeks ago is talk about the
474 economic impacts. So let us understand the history behind
475 this and we didn't get a chance to deal with the economic
476 aspects. Not a single hearing. The bill was marked up and
477 then 2 weeks later we had a hearing on the economic impacts.

478 Mr. {Waxman.} Will the gentleman yield to me?

479 Mr. {Shimkus.} I will.

480 Mr. {Waxman.} We did have before there was a markup an
481 EPA analysis I think that the members wanted further analysis
482 of it but we did have that before the markup.

483 Mr. {Shimkus.} Reclaiming my time, we don't consider
484 the EPA the expert on economic impact especially when in our
485 hearing of 2 weeks ago they readily admitted that they don't
486 consider economic impacts in their decision.

487 Mr. {Waxman.} Will the gentleman yield further?

488 Mr. {Shimkus.} I would be happy to.

489 Mr. {Waxman.} We could go back and forth. You did
490 this. We did that. We have asked for a hearing. The
491 chairman has suggested that we take next Tuesday. We are
492 trying to accommodate that request and I think it is helpful
493 for all of us to get all the information we need and I would
494 think since it is an important scientific controversy with
495 members.

496 Mr. {Shimkus.} Just reclaiming my time and I agree with
497 you. I am just setting the record straight and I yield back.

498 Mr. {Barton.} Will the ranking member yield for a
499 question if it is his turn?

500 Mr. {Waxman.} I don't have time. It was the gentleman
501 from Illinois' time.

502 Mr. {Barton.} Would the chairman yield?

503 Mr. {Whitfield.} I recognize the gentleman.

504 Mr. {Barton.} I would like to ask my distinguished
505 friend from California are there some new studies that have
506 come out in the last week, month, even 6 months that you
507 believe are different than all the other studies that we have
508 seen in the last say 12 months?

509 Mr. {Waxman.} Well, I see six members attending this
510 hearing today who were not on the committee in previous
511 Congress'. I think it would be well for them to be informed.
512 I think it is well worth getting testimony. I think it is an
513 essential part of doing legislation.

514 Mr. {Barton.} But the answer is no? There is no new
515 information?

516 Mr. {Waxman.} There are new studies linking carbon
517 emissions to severe weather and I think that is an important
518 part of what we have been looking at around the world.

519 Mr. {Rush.} Will the gentleman yield just for a moment?

520 Mr. {Barton.} I think Chairman Whitfield is a saint.

521 Mr. {Whitfield.} Before, Mr. Waxman, you are not
522 getting ready to leave are you?

523 Mr. {Waxman.} No, no.

524 Mr. {Whitfield.} Okay.

525 Mr. {Barton.} If I have the time, I am going to yield
526 to my friend from Chicago briefly before Chairman Whitfield
527 reclaims the gavel and moves the hearing forward.

528 Mr. {Rush.} Well, I thank the gentleman for yielding.
529 I think that it is absolutely essential for us to have this
530 hearing with these scientists because the matter before us is
531 very important and I think that it really would inform
532 members. There may be some amendments to this bill that we
533 will be discussing that will be initiated because of
534 testimony and I do possibly see that there might be some
535 amendments that might even be bipartisan once we hear the
536 scientists. So I think this is really absolutely necessary
537 for us to move forward with this hearing so that we can
538 discuss this to its fullest effect.

539 Thank you, Mr. Chairman.

540 Mr. {Waxman.} Whoever has the time would you yield
541 further to me?

542 Mr. {Barton.} I do and I am going to yield one last
543 time to Chairman Waxman.

544 Mr. {Waxman.} I asked earlier today in my opening
545 statement that we make part of the record information on some
546 new studies. We pointed out in our letter to the chairman
547 that there are two new studies linking severe weather events
548 to manmade climate change and I think it is important for us
549 to hear about it even if you don't believe it is true.

550 Mr. {Barton.} I am happy to look at this new
551 information. Being a professional engineer I am always

552 interested in the truth and will be more than happy to.

553 Mr. {Waxman.} During the 111th Congress there was only
554 one scientist who testified that science didn't testify
555 actually and that was Patrick Michaels and as the chairman
556 knows we are currently examining whether he was fully
557 forthcoming with the committee. I don't think the only
558 scientist, supposed scientist witness on science should be
559 Senator Inhofe.

560 Mr. {Whitfield.} Thank you all. I agree. I agree.

561 Mr. {Waxman.} Are you willing to take yes for an
562 answer, Mr. Chairman.

563 Mr. {Whitfield.} Let me just note we have votes on the
564 floor. We just have two votes and then we are going to come
565 back immediately because we want to hear your testimony but
566 before we break I just want to make sure that I understand
567 here what we have committed to. This is a regular hearing.
568 Not an invoking Rule 11 hearing. Notice today hearing
569 scheduled for Tuesday. You select your two witnesses
570 regarding the studies and we will get a witness or two.

571 Mr. {Waxman.} We want it to be a regular hearing. We
572 may need more than two witnesses. We will discuss that with
573 you.

574 Mr. {Whitfield.} We would like to have the names of
575 them today though.

576 Mr. {Waxman.} We will do our best.

577 Mr. {Whitfield.} Okay.

578 Mr. {Waxman.} We did send you a letter before the
579 recess.

580 Mr. {Whitfield.} You did, you absolutely did.

581 Mr. {Waxman.} We are working with you in good faith.
582 We just think this is an important part of the process.

583 Mr. {Whitfield.} Okay, now we are going to take about a
584 10 or 15 minute recess and then we will be back and I will
585 introduce this panel and hopefully the next part of this
586 hearing will be even more exciting than the first part.

587 [Recess.]

588 Mr. {Whitfield.} Okay, thank you all so much for your
589 patience and at this time I would like to introduce the
590 witnesses for the first panel. First of all we have Mr. Mike
591 Carey who is president of the Ohio Coal Association. We have
592 Mr. Paul Cicio, President of Industrial Energy Consumers of
593 America. Mr. Hugh Joyce, President of the James River Air
594 Conditioning Company. Mr. Forrest McConnell, President of
595 McConnell Honda and Acura. Mr. David Montgomery, Vice-
596 President, Charles River Associates and Professor Dan Reicher
597 who is professor law and director of the Steyer-Taylor Center
598 for Energy Policy at Stanford Law School. So I extend a warm
599 welcome to you all. We need your assistance. We look

600 forward to your testimony and I would remind each of you that
601 you have 5 minutes for your opening statements. At the end
602 of that time, once we have completed the entire panel we will
603 have questions from the members. So at this point, Mr.
604 Carey, I recognize you for a 5-minute opening statement and
605 we will go right down the line. Be sure and turn your
606 microphone on.

|
607 ^STATEMENTS OF MIKE CAREY, PRESIDENT, OHIO COAL ASSOCIATION;
608 PAUL CICIO, PRESIDENT, INDUSTRIAL ENERGY CONSUMERS OF
609 AMERICA; HUGH A. JOYCE, PRESIDENT, JAMES RIVER AIR
610 CONDITIONING COMPANY, INC.; FORREST MCCONNELL, NATIONAL
611 AUTOMOBILE DEALERS ASSOCIATION, AND PRESIDENT, MCCONNELL
612 HONDA AND ACURA; W. DAVID MONTGOMERY, VICE PRESIDENT, CHARLES
613 RIVER ASSOCIATION; AND DAN REICHER, EXECUTIVE DIRECTOR;
614 STEYER-TAYLOR CENTER FOR ENERGY POLICY AND FINANCE, STANFORD
615 UNIVERSITY, PROFESSOR, STANFORD LAW SCHOOL, AND LECTURER,
616 STANFORD GRADUATE SCHOOL OF BUSINESS

|
617 ^STATEMENT OF MIKE CAREY

618 } Mr. {Carey.} Chairman Whitfield, Ranking Member Rush
619 and members of the committee, good afternoon. I want today
620 for inviting me for the opportunity to testify.

621 My name is Mike Carey. I am president of the Ohio Coal
622 Association. We are a trade organization that employs
623 roughly 3,000 Americans in our Ohio coal mines and according
624 to many independent studies that number goes up to roughly
625 30,000 secondary jobs in the coal fields.

626 It is difficult for me to confine my remarks today on
627 only the greenhouse gas regulations because our industry

628 nationwide is facing an unprecedented onslaught of new rules
629 that will eliminate coal in the direct and indirect jobs
630 associated with it. To be clear, we are not advocating for a
631 rollback or repeal of the current existing Clean Air Act
632 programs but what is coming out of the Obama EPA is a host of
633 new regulatory proposals including the Clean Air Transport
634 Rule and the Utility Mac.

635 Already, because of threats from the Administration and
636 the EPA, United States power producing companies have
637 announced that they have plans to retire close to 14,000
638 megawatts of coal-fired electric generation by 2011 and 2020.
639 To be clear, CO2 does not have a negative health impact. In
640 fact, a repeal is not a rollback of the Clean Air Act.
641 Congress did not intend for it to be regulated in 1990 and
642 has not passed cap and trade legislation.

643 It is also important to remember what EPA Director Lisa
644 Jackson said just 2 years ago when she was asked what
645 unilateral U.S. action on climate change would do. She said
646 and I quote, ``It would have no significant impact on
647 atmospheric greenhouse gas levels.'' But the manufacturing
648 jobs in my home State of Ohio and those of the surrounding
649 States of West Virginia, Pennsylvania, Indiana, Kentucky and
650 Michigan would ultimately see jobs go to China and India for
651 no environmental benefit.

652 In 2008, President Obama said and I quote again, ``If
653 someone wants to build a new coal-fired power plant, they can
654 but it will bankrupt them because they will be charged a huge
655 sum for all the greenhouse gas that they are emitting.'' The
656 President couldn't have been clearer with his intentions and
657 his Administration is following forward on their war on the
658 American coal industry.

659 This legislation that we are discussing today recognizes
660 the logical starting point and that is that Congress never
661 intended greenhouse gases to be regulated under the Clean Air
662 Act. It is my hope that this committee will take action on
663 all legislation that will interpret this flood of regulations
664 that are an avert attack on our industry, not only just out
665 industry but the low-cost power producing facilities that
666 consume our products and ultimately the American
667 manufacturing base.

668 We are already seeing some of the effects of the Obama
669 EPA's plan to regulate greenhouse gases. Domestic energy
670 resource companies that had plans to grow job-creating
671 economic development projects simply have moth-balled them
672 and in many ways companies cannot get access to the critical
673 capital from the lenders because of the uncertainty. As this
674 committee contemplates the regulating the specific of
675 greenhouse gas over a certain period of time like a 2-year

676 time period should not be a viable solution. I think those
677 of us who have worked with bureaucracies to try to obtain
678 permits over the years or even a direct answer know that a 2-
679 year delay of greenhouse gas regulations is nothing more than
680 a political ploy and no one in this industry is fooled by
681 that tactic.

682 Why are these EPA regulations such a problem? First,
683 through the courts EPA has been given an unchecked arbitrary
684 authority over jobs through the Clean Air Act permitting.
685 These actions are unaccountable to anybody, including
686 Congress. The mere existence of the flawed illegal tailoring
687 rule concept shows that the EPA is redefining on their own,
688 outside of congressional authority who they believe should
689 get special consideration, much like the political waivers
690 under the healthcare law. Under present circumstances the
691 EPA can purposely err in granting a permit thereby allowing
692 activists to object and sue in court. Already we are seeing
693 groups such as the Center for Biological Diversity
694 challenging dozens of projects across this country on the
695 grounds of climate under NEPA.

696 What is ultimately needed is an independent review. I
697 believe that we need legislation that mandates that the House
698 and the Senate review and approve all significant rules or
699 regulations that are promulgated by the Executive Branch. We

700 have this in the State of Ohio and we have had it for many
701 years. The question really comes down to whether Congress
702 wants the EPA to unilaterally decide where economic
703 development will occur, in which industry and how much
704 Americans will pay for their energy.

705 Mr. Chairman, I thank you for the opportunity to testify
706 today and I stand ready to answer any of your questions.
707 Thank you.

708 [The prepared statement of Mr. Carey follows:]

709 ***** INSERT 1 *****

|

710 Mr. {Whitfield.} Thank you, Mr. Carey.

711 Mr. Cicio, you are recognized for 5 minutes.

|
712 ^STATEMENT OF PAUL CICIO

713 } Mr. {Cicio.} Thank you, Mr. Chairman, Ranking Member
714 Rush. I am privileged to be here.

715 IECA, the Industrial Energy Consumers of America is a
716 organization of manufacturing companies. We have no oil
717 companies, no coal companies, no natural gas companies and no
718 electric utilities. We are manufacturers that produce
719 widgets.

720 While the manufacturing sector is rebounding, we
721 continue unfortunately to lose competitiveness. The Commerce
722 Department reported on February 11, that the 2010 trade
723 deficit rose to \$498 billion dollars, a 32.8 percent
724 increase, the largest in a decade. China represented nearly
725 55 percent of the deficit.

726 Our country and we in manufacturing are locked in global
727 competition with other companies and their manufacturing
728 sectors and we are losing. We must once again become a
729 country that embraces manufacturing with policies that foster
730 capital investment, innovation, low relative energy costs and
731 regulations that are cost-effective and provide certainty.

732 The EPA greenhouse gas regulation is an example of
733 regulation that creates uncertainty and discourages

734 investment and when added to the many other new regulations
735 it is understandable why corporate America is sitting on \$2
736 trillion of cash. The irony is that the manufacturing sector
737 places a high priority on energy efficiency. We are the most
738 energy efficient. We spend more time and money on energy
739 efficiency than any other sector of the economy yet we
740 disapprove of the EPA greenhouse gas regulations that set a
741 maximum achievable control technology on energy efficiency.
742 Especially when there are positive and cost effective ways of
743 achieving significant energy efficiencies for greater use of
744 combined heat and power, or waste heat recovery, or energy
745 efficiency in buildings and building consume 40 percent of
746 all the energy in the country.

747 A better way that we have proposed is what we call the
748 Sustainable Manufacturing Growth Initiative. It is policies
749 that will revitalize the manufacturing sector over 10 years
750 by improving industrial energy efficiency and it also
751 improves efficiency in buildings. And that modeling of what
752 we are proposing would reduce 10 percent of all U.S.
753 greenhouse gas emissions in 10 years, create 3.2 million man-
754 year jobs and unlock capital-fixed investment of \$407 billion
755 that would be invested in the United States rather than in
756 some other country. This is an initiative that every
757 manufacturer in the country would support.

758 In contrast, I do not know at this time a single
759 manufacturer that produces products in the United States that
760 supports the EPA greenhouse gas regulation and the reason why
761 is that under EPA regulations, EPA takes decision-making out
762 of the hands of manufacturing. They mandate when capital
763 must be spent on energy efficiency technology projects. It
764 mandates what energy efficiency projects will be completed
765 even if it is inconsistent with the scope or timing of other
766 manufacturing production plans, or business strategies, or
767 priorities. It mandates what technology will be used even if
768 that technology is not cost-effective or desirable for the
769 type or quality of the products that that facility produces.
770 It mandates what manufacturing practices will be used to
771 operate the facility, taking decision-making out of the hands
772 of manufacturing plant operations people and putting it in
773 the hands of the EPA.

774 Mr. Chairman, the U.S. manufacturing sector has lost 5.4
775 million manufacturing jobs in 10 years, 31 percent and unless
776 we work together, this Congress and with this Administration
777 we are not going to get those jobs back, and we look forward
778 to working with you to make that happen. Thank you.

779 [The prepared statement of Mr. Cicio follows:]

780 ***** INSERT 2 *****

|

781 Mr. {Whitfield.} Thank you very much.

782 Mr. Joyce, you are recognized for 5 minutes.

|
783 ^STATEMENT OF HUGH A. JOYCE

784 } Mr. {Joyce.} Good afternoon, Chairman Whitfield and
785 Ranking Member Rush and members of the subcommittee. Thank
786 you for giving me the opportunity to speak today.

787 I am the owner of James River Air Conditioning located
788 in Richmond, Virginia. We perform HVAC, plumbing,
789 electrical, solar and geothermal work on residential and
790 commercial construction and retrofit projects. We currently
791 have 150 full-time employees. My father started the company
792 in 1967 and I joined in 1977 while I was still in high school
793 and worked my way up to president and owner. I have always
794 made it a priority to conduct business with environmental
795 consequences of my decisions and actions kept in mind. I am
796 a member of the U.S. Green Building Council and manage LEED
797 certified greenhousing projects. In fact, we designed,
798 supervised and constructed the first LEED platinum house
799 certified in Richmond. It was completed in September, 2010,
800 95 percent of its energy comes from solar power. It is also
801 connected to Google PowerMeter which gives it a daily
802 efficiency rating.

803 We also focus on energy efficiency in our own office
804 building which generates 10 percent of its power with solar

805 panels on the roof. I am making these examples for two
806 reasons. One, I have bet the entire net worth and the future
807 of my business on conservation, green construction and
808 reducing greenhouse gases, and implementing green strategies
809 for myself and my clients. Secondly, efficiency and
810 conservation make good business sense and I want to leave the
811 world in a better place as a result of my work. Let me
812 emphasize that I and many other small business owners choose
813 to run our companies this way without government mandates.

814 Attempts by the EPA to regulate greenhouse gases under
815 the Clean Air Act will drive up our costs and will hinder
816 economic recovery particularly in the construction industry.
817 Construction impacts our economy significantly. Currently,
818 new construction is down 50 to 90 percent in my market. Some
819 houses and commercial buildings in Richmond are selling for
820 less than the raw cost of materials to rebuild them. It
821 routinely takes six months to plan and permit a project. A
822 federal permit would cause the process to take even longer.
823 The cost of modeling, and engineering, and reviewing, and
824 pre-permitting, and cutting through the EPA red tape to
825 permit as the new finding rules indicate would be the case
826 could add one to four percent in professional cost to the
827 average construction job. Currently, expenditures on
828 material, labor and insurance are increasing, yet buildings

829 are selling for less. Any new permitting mandates that
830 increase costs like the EPA's regulatory plan would further
831 limit new construction good jobs. Simply put more confusion,
832 greater uncertainty means less work and fewer construction
833 jobs.

834 Due to the already heavily regulated nature of the
835 construction industry I have one full-time employee dedicated
836 to monitoring and ensuring compliance with regulations.
837 Additional employees contribute to regulatory compliance as
838 well. Regulation such as the EPA greenhouse gas rules would
839 be extremely burdensome for business and clients.

840 According to the SBA, small businesses spent 36 percent
841 more per employee on regulations than their larger
842 counterparts and 360 percent more on environmental
843 regulation. Environmental regulations alone cost my business
844 approximately \$150,000 a year. Combining that with other
845 regulations, the total regulatory cost for my business is
846 nearly \$250,000 a year. As a small business owner my hope is
847 the instead of punitive government policies we can
848 incentivize environmentally friendly behavior. The EPA's own
849 Energy Star program is one such example.

850 When it comes to reducing greenhouse gases and pollution
851 and moving this country forward, I believe we can get more
852 sugar than we can with vinegar. Let us tap the power of

853 American innovation, new clean energy sources, incentives and
854 free market forces to win the battle against pollution.
855 Please help us avoid regulations that will increase costs and
856 create barriers to new jobs that will have little or no
857 effect on reducing overall global pollution.

858 Thank you for having me here today.

859 [The prepared statement of Mr. Joyce follows:]

860 ***** INSERT 3 *****

|
861 Mr. {Whitfield.} Thank you, Mr. Joyce.

862 Mr. McConnell, you are recognized for 5 minutes.

|
863 ^STATEMENT OF FORREST MCCONNELL

864 } Mr. {McConnell.} Mr. Chairman, Ranking Member Rush, my
865 name is Forrest McConnell. I am president of McConnell Honda
866 and Acura of Montgomery, Alabama and I am testifying on
867 behalf of the National Automobile Dealers Association.

868 Today there are three different fuel economy programs
869 administered by three different agencies under three
870 different standards pursuant to three different laws.
871 America's auto dealers support a single national fuel economy
872 program under CAFE beginning in model year 2017 as the best
873 way to increase fuel economy, protect jobs, preserve
874 passenger safety and reduce vehicle tailpipe CO2 emissions.
875 Congress did not intend fuel economy to be regulated by
876 NHTSA, EPA and California together when it passed a
877 bipartisan Ten-in-Ten Fuel Economy Act in 2007. It is
878 paramount for Congress to reassert its primacy over this area
879 and return the still recovering auto industry into a single
880 national fuel economy standard.

881 There are numerous advantages to this approach. First,
882 its terms are set by you, Congress. Second, only CAFE
883 mandates a balancing of all the important considerations when
884 setting fuel economy standards, jobs, safety, customer choice

885 and customer acceptability. Third, CAFE was written
886 specifically to regulate fuel economy. The Clean Air Act for
887 all its virtues was not. California's regulation was written
888 also to regulate fuel economy but only in California. Its
889 application in other States results in what the EPA
890 Administrator Jackson calls a patchwork of State standards.
891 Fourth, a single national fuel economy is by definition
892 uniformly consistent unlike what we have today.

893 While the next round of fuel economy rulemaking will not
894 take effect until model year 2017, the rules are being
895 drafted now in Sacramento and Washington. As a dealer, I am
896 worried about the challenges California's regulation would
897 impose on my industry and our customers. According to a
898 recent New York Times, a California official has indicated
899 that CARB, California Air Resource Board will implement its
900 patchwork regime in the California State in the next round of
901 rulemaking if necessary. This would be problematic for auto
902 dealers and customers because unlike CAFE, CARB's regulations
903 will distort the auto market and do nothing additional to
904 decrease greenhouse gas emissions or improve fuel economy on
905 a national basis. California's approach to fuel economy
906 regulation involves loopholes, exemptions, market distortions
907 and does not balance national factors. CAFE has none of
908 these defects. Congress needs to reaffirm that this body

909 sets national fuel economy policy, not California regulators.

910 Mr. Chairman, it is doubtful that Congress would ever
911 enact three competing fuel economy programs. State
912 regulation is unnecessary. Regulation of tailpipe CO2
913 emissions by EPA is redundant as the only way to reduce such
914 emissions is to increase a vehicle's fuel economy which CAFÉ
915 regulates. America's auto dealers support a single national
916 fuel economy program and increases a fuel economy that makes
917 sense to customers. It is important that the structure of
918 the fuel economy program is sound so that the stringency of
919 the fuel economy standard will be correct. That structure
920 must leverage, not frustrate consumer demand. Unless
921 customers actually buy new vehicles the environmental and
922 economic benefits will not be realized. I urge Congress to
923 return to a single national fuel economy standard under CAFE
924 to avoid that risk.

925 Thank you.

926 [The prepared statement of Mr. McConnell follows:]

927 ***** INSERT 4 *****

|

928 Mr. {Whitfield.} Thank you, Mr. McConnell.

929 Mr. Montgomery, you are recognized for 5 minutes.

|
930 ^STATEMENT OF W. DAVID MONTGOMERY

931 } Mr. {Montgomery.} Thank you, Mr. Chairman and members
932 of the subcommittee.

933 My name is David Montgomery. I am an economist and I
934 have been working on the topic of this hearing for more years
935 than I like to remember. I will be discussing my own
936 opinions today as an economist. I have formed them over many
937 years. I have numerous publications and peer review and
938 professional journals dealing with quantitative studies of
939 the cost of greenhouse gas regulations and related topics. I
940 will be happy to discuss my qualifications in questions if
941 anyone has any questions about my ability or my objectivity
942 on this subject.

943 I will say that although I am discussing my own opinions
944 and not necessarily those of my employer or my client, I
945 believe, in fact I am certain that the vast majority of
946 economists working in this area will agree specifically with
947 the points that I am making today which is basically that
948 there will be costs to greenhouse regulations. Nevertheless,
949 there are studies that have circulated around Washington that
950 claim greenhouse gas regulations will increase total
951 employment and stimulate long-term green growth. These are

952 the claims that come from politically motivated fringe of the
953 profession. They reach these happy conclusions by simply
954 leaving out half of the story. They describe and count only
955 the jobs associated with regulatory compliance and ignore all
956 the jobs lost in the rest of the economy due to higher cost
957 of doing business. They fail to recognize that resources are
958 limited and that money spent with complying with regulations
959 is money diverted away from other productive purposes.

960 These studies are typified by a series of reports by the
961 Political Economy Research Institute that are sponsored by
962 politically powerful organizations known as PERI's and the
963 Center for American Progress. They use a simple procedure
964 called multiplier analysis but like the philosopher's stone,
965 turns the cost of compliance with regulations into the gold
966 of added jobs but it is fool's gold.

967 If these studies used any comprehensive model of the
968 U.S. economy it would be forced to account for where the
969 resources expended on regulatory compliance come from. When
970 I did that, I found that in 2015, adding even the most cost-
971 effective forms of greenhouse gas regulation and other
972 pending EPA regulations would increase wholesale electricity
973 prices by 35 to 40 percent, would reduce average worker
974 compensation by about \$700 per year and would shrink all the
975 factors of the economy. The biggest hits would be on

976 electricity, coal and energy-intensive industries. I don't
977 even need to repeat that the energy-intensive industries face
978 competition industries in other countries and regions that
979 are not bearing these kinds of added costs and that they are
980 quite vulnerable there. Other parts of the economy, other
981 industries would take up some of the slack for sure but on
982 the net effect on the whole economy of these regulations
983 would be that it would be growing less robustly.

984 Now, let us turn to impact on workers. Using this
985 comprehensive approach, total worker compensation I estimate
986 would be driven down in 2015 by about one-and-a-half percent.
987 If that reduction in compensation were to take the form of
988 lost jobs, you would imply the loss of close to two million
989 jobs, not the gains claimed by green jobs advocates. Or if
990 our variable markets work efficiently and wages adjust to
991 lower productivity, it would be a loss of about \$700 per year
992 in compensation to each worker. Moreover, this is overly
993 optimistic.

994 Regulation of greenhouse gases under the Clean Air Act
995 will be much more costly than this. The reason is that in
996 doing these calculations I assumed an ideal system putting a
997 price on greenhouse gas emissions everywhere but EPA's
998 proposal under the Clean Air Act would use command control
999 regulations designed by bureaucrats who know next to nothing

1000 about the circumstances of individual businesses. Therefore,
1001 there orders cannot be possibly lead to solutions as cost-
1002 effective as those that managers would find with their own
1003 additions as they face the price on carbon.

1004 It is hard for me to think of a worse design for
1005 greenhouse gas policy than Clean Air Act authorities that
1006 were designed to deal with localized emissions of trace
1007 contaminants. Not only are these an excessively costly way
1008 to bring about wholesale changes in our energy system, they
1009 will fall far short of what would have to be done to
1010 stabilize global temperatures. Pretending the EPA
1011 regulations are cost-free is only intended to distract you
1012 from designing a policy response that avoids unnecessary
1013 costs.

1014 There are many other technical deficiencies and studies
1015 of green jobs that I have described in my written testimony
1016 but I will end with just really two simple points. Given the
1017 looseness of green accounting, calculations of green jobs
1018 might simply be adding up jobs that would exist with the EPA
1019 regulations or without them so the claim of green jobs is
1020 simply re-labeling. That clearly cannot create real economic
1021 benefits though it doesn't do any harm and that is the best
1022 case. If a new job slot is created for the sole purpose of
1023 being green then these people represent a higher cost to

1024 their employer while adding nothing to their output or
1025 revenues. If green jobs are mandated to produce goods needed
1026 only because of regulation like replacements for prematurely
1027 retired power plants, they actually subtract from the present
1028 and future economic well-being of the Nation.

1029 Regulation might be justified if it produced
1030 environmental gain that is worth these costs but that should
1031 not obscure the fact that prematurely retiring power plants
1032 is a cost, not a benefit. Yet the logic used by green job
1033 proponents implies that the greater the unproductive
1034 investment caused by regulation, the greater its beneficial
1035 impact on jobs. If that logic was really valid, rather than
1036 seeking out cost-effective regulation we should seek out the
1037 highest cost way to achieve environmental goals. Businesses
1038 should hire as many workers that they can fit on the jobsite
1039 for every project. The result is absurd because the logic on
1040 which it is based is nonsense.

1041 Thank you, Mr. Chairman.

1042 [The prepared statement of Mr. Montgomery follows:]

1043 ***** INSERT 5 *****

|

1044 Mr. {Whitfield.} Thank you.

1045 Mr. Reicher, you are recognized for 5 minutes.

|
1046 ^STATEMENT OF DAN REICHER

1047 } Mr. {Reicher.} Chairman Whitfield, Ranking Member Rush
1048 and members of the committee, thank you for the opportunity
1049 to testify.

1050 My name is Dan Reicher. I am executive director of the
1051 Steyer-Taylor Center for Energy Policy and Finance, a joint
1052 center of the Stanford Law School and the Graduate School of
1053 Business. Prior to Stanford, I was director of climate
1054 change and energy initiatives at Google, president of a
1055 private equity firm that invests in energy projects and
1056 executive vice president of a venture-capital-backed
1057 renewable energy company, and prior to these roles I was DOE
1058 assistant secretary for energy efficiency and renewable
1059 energy and the Department's chief of staff.

1060 I would like to make two points today. First,
1061 controlling U.S. carbon emissions along with other policy and
1062 investment measures to address climate change and advanced
1063 clean energy technology is critical to our Nation's economy,
1064 security, health and environmental quality. Second,
1065 experience over the last few decades makes clear that well-
1066 designed environmental and energy regulation far from being
1067 an economic drag can spur U.S. innovation, enhance

1068 competitiveness and often cut development and operating
1069 costs.

1070 Regarding the first point, we can debate the relative
1071 merits of the various approaches to regulating carbon
1072 emissions but the science tells us we need to act and the
1073 vast global market for clean energy technology tell us it is
1074 in our best economic and security interest to do so. We are
1075 unlikely to see the enactment of comprehensive climate and
1076 energy legislation any time soon, therefore EPA's current
1077 authority to regulate carbon emission should be strongly
1078 supported building on the agency's solid record of air
1079 regulation over the last four decades as well as the Supreme
1080 Court's 2007 decision upholding EPA's carbon regulatory
1081 authority.

1082 Regarding the second point, Michael Porter, a top
1083 Harvard economist and an economic policy advisor to the
1084 George W. Bush campaign has been a champion of the view that
1085 well-designed and executed regulation can induce efficiency,
1086 spur technological innovation and enhance competitiveness.
1087 What Porter calls the innovation effect makes processes and
1088 products more efficient and achieves saving sufficient to
1089 compensate for both the cost of compliance and the cost of
1090 innovation. Countries all over the world from China to
1091 Germany to Japan have committed to controlling carbon

1092 emissions through a variety of policy and investment
1093 mechanisms, and in doing so have grown a massive global clean
1094 energy industry measured in the trillions of dollars and
1095 millions of jobs that was once led by the U.S.

1096 We can advocate this market by turning back the clock in
1097 carbon controls and related energy policy and investment or
1098 we can seize the opportunity to lead the global clean energy
1099 industry whether it is in nuclear power, or renewable energy
1100 or advanced coal technologies, or natural gas. We need look
1101 no further than China to see that clean energy technology
1102 industry largely invented and once dominated by the U.S.
1103 slipping away. As we have dithered in our country in recent
1104 years in setting energy and climate policy, China has been
1105 working aggressively to become the world's clean energy
1106 powerhouse. The Chinese have set standards for power
1107 companies to produce more clean electricity, shut down old
1108 power plants and outdated heavy manufacturing capacity,
1109 established a program to improve the efficiency of its 1,000
1110 most energy consuming enterprises, invested heavily in energy
1111 R&D, provided low-cost financing for clean energy projects
1112 and made major investments in the electricity grid, and
1113 importantly, set a target to reduce carbon intensity 40 to 45
1114 percent below 2005 levels by 2020. Beyond China, other
1115 countries including Germany, Japan, South Korea and Denmark

1116 are forging ahead with ambitious clean energy policy and
1117 investment strategies and seeing significant, significant job
1118 growth as a result.

1119 In contrast, the U.S. has largely stayed on the
1120 sidelines endlessly debating the need for an approach to a
1121 successful clean energy strategy. That is the bad news. The
1122 good news is that we can regain our leadership in clean
1123 energy. Among the solutions, we should adopt a national
1124 clean energy standard following the lead of many States that
1125 have set such standards. I would note that Congressman
1126 Barton and 16 of his Republican colleagues currently serving
1127 on the full committee supported an amendment to the American
1128 Clean Energy Security Act that included a detailed clean
1129 energy standard.

1130 We should increase our investment in energy R&D. We
1131 should support the DOE Loan Guaranty Program that is proving
1132 pivotal in the deployment of clean energy technologies for
1133 renewables to nuclear. Over time we should replace the DOE
1134 Loan Guaranty Program with a new Clean Energy Deployment
1135 Administration that was adopted last year by the full House
1136 and by the Senate Energy Committee. We should extend federal
1137 tax credits that have been so vital in encouraging private
1138 sector financing of clean energy projects and most relevant
1139 to this hearing, we should reject the proposal to withdraw

1140 EPA authority to regulate carbon emissions under the Clean
1141 Air Act.

1142 Mr. Chairman, I believe it is inevitable that we will
1143 put strong controls on greenhouse gas emissions. The
1144 question of U.S. carbon regulation is not whether but when
1145 and there is a significant increasing portion of the business
1146 community that agrees. A major reason they agree is that we
1147 have four decades of evidence that the federal government
1148 will implement carbon controls in a smart and cost-effective
1149 manner. For example, in 1990 power companies predicted that
1150 reducing sulfur dioxide to address the acid rain problem
1151 under the Clean Air Act would cost \$1,000 to \$1,500 per ton.
1152 In fact, the actual cost has been between \$100 and \$200 per
1153 ton.

1154 With regard to energy efficiency, as a result of a
1155 series of federal and State standards, a typical refrigerator
1156 today uses roughly a quarter of the electricity that it did
1157 in the 1970s and actually costs less in real terms. And with
1158 regard to automobile fuel economy, in early 2009 the
1159 Administration reached an agreement with the auto industry
1160 creating a single national program for fuel economy and
1161 greenhouse gas emissions that will increase fuel economy
1162 levels in new passenger vehicles to 35-and-a-half miles per
1163 gallon, save consumers roughly \$3,000 over the life of the

1164 vehicle, drive fuel consumption in new vehicles down by 30
1165 percent and along with similar efforts globally help lower
1166 oil demand and decrease oil prices making us less vulnerable
1167 to oil price shocks from international events like those
1168 occurring as we speak in the Middle East.

1169 Wrapping up, prior to my current position at Stanford I
1170 spent 4 years at Google. Coming from the energy sector I was
1171 struck by how innovation, investment and policy with great
1172 leadership from the U.S. federal government came together so
1173 effectively to build an entirely new game changing and job
1174 creating industry, the Internet, led by our Nation. We must
1175 take a similarly coordinated approach between the private
1176 sector and the U.S. government in order to seize the
1177 extraordinary opportunities in the next great industry, clean
1178 energy technology. If we don't get our act together between
1179 our government and the private sector other countries that
1180 are taking the long view will be the winners of this
1181 marathon. A prize worth trillions of dollars and millions of
1182 jobs hangs in the balance.

1183 Thank you for the opportunity to testify.

1184 [The prepared statement of Mr. Reicher follows:]

1185 ***** INSERT 6 *****

|
1186 Mr. {Whitfield.} Thank you, Mr. Reicher, and thank all
1187 of you for your testimony.

1188 You know, this testimony is so stimulating really
1189 because the perspectives on this issue are really
1190 diametrically opposed which is what makes this so
1191 interesting. We are not going to get into the science and I
1192 am going to read this one sentence, not for its truthfulness
1193 per se but just as a view. Now, this was stated by Vaclav
1194 Claus, President of the European Union, about this book which
1195 is written by Ian Plimer who has won Australia's highest
1196 scientific honor twice and he says this is a very powerful,
1197 clear, understandable and extremely useful book. Plimer
1198 convincingly criticizes the United Nations, the International
1199 Panel for Climate Change, UK, U.S. and European Union
1200 politicians as well as Hollywood show business celebrities.
1201 He strictly distinguishes science from environmental
1202 activism, politics and opportunism. Now, like I said I am
1203 not talking about the truthfulness of that but here is the
1204 issue. When you have that kind of different views on this
1205 very important subject and Congress on three separate
1206 occasions has said no to EPA regulating greenhouse gases, and
1207 when Lisa Jackson appeared before this committee a couple of
1208 weeks and she was asked by Mr. Green of Texas, can we really

1209 address climate change without strong, mandatory reductions
1210 by other major emitters in other countries and Ms. Jackson
1211 said we will not ultimately be able to change the amount of
1212 CO2 that is accumulating in the atmosphere alone.

1213 So listening to you gentlemen, many of you talk about
1214 the additional cost that would be imposed upon American
1215 businesses and that the fact that even Ms. Jackson herself
1216 has said there would not be any dramatic improvement in CO2
1217 reductions, how do draw this line? Mr. Carey, you said in
1218 your testimony that EPA has indicated that they would be
1219 closing down 14,000 megawatts of coal plants by 2011-2012.
1220 Now, all of you are businessmen but how if you lose that kind
1221 of electricity, how do you make it up at a cost that does not
1222 increase the cost of American businesses? Can you answer
1223 that for me, Mr. Carey?

1224 Mr. {Carey.} Mr. Chairman, I should be clear that the
1225 studies I am citing, there are several studies and they all
1226 vary from about 75 gigawatts that would be lost under these
1227 proposals all the way down to 60 gigawatts.

1228 Mr. {Whitfield.} Gigawatts, okay, right.

1229 Mr. {Carey.} Yeah which is also the thousand megawatts
1230 so that is where we get the number from but clearly for our
1231 industry when you are shutting down coal-based power
1232 producing facilities, much like with the Clean Air Act the

1233 rush was to put on clean coal technology which at that time
1234 is scrubbers. What we are looking at now is the baseline of
1235 CO2 in the concept of carbon sequestration. So the ability
1236 for many of these power producing facilities to actually meet
1237 the standard under a carbon sequestration standard and
1238 ultimately be able to get the carbon dioxide to the facility,
1239 the technology A is not out and ultimately what could happen
1240 and who is responsible for the carbon dioxide that goes into
1241 the ground. So those numbers would reflect a tremendous drop
1242 in coal production and when you drop the amount of coal as I
1243 stated before, Penn State said for every one coal job, up to
1244 10 supporting jobs, the secondary jobs are due to that one
1245 coal job, you are looking at taking a number from anywhere of
1246 shutting down 77 percent.

1247 Mr. {Whitfield.} Except for Mr. Reicher, it seems like
1248 most of you agree that businesses would experience higher
1249 costs and there would be some job loss. Am I correct on
1250 that? Okay, everybody says that and Mr. Reicher feels like
1251 the green energy would create additional jobs.

1252 Mr. {Reicher.} Mr. Chairman, I would have to say that
1253 there are costs but there are also benefits.

1254 Mr. {Whitfield.} Yeah and how do you determine what
1255 that line is? That is the real question.

1256 Mr. {Reicher.} That is where reasonable people will

1257 differ and that is the essence of this debate.

1258 Mr. {Whitfield.} Yeah and, you know, I am glad we are
1259 going to have Gina McCarthy with us today because she
1260 according to EPA air chief Gina McCarthy applying the 100-250
1261 tons per year limit for greenhouse gases as mandated by the
1262 Clean Air Act would require six million sources to obtain
1263 Title Five permits, lead to 82,000 permitting actions under
1264 PSD, result in an estimated combined cost of \$22.5 billion
1265 just to the permitting authorities and not to the businesses.
1266 So of course I know they are depending on the tailoring rule
1267 but a lot of people believe that tailoring rule be ruled
1268 illegal.

1269 Well, I got off my message here and I am out of time so,
1270 Mr. Rush, I will recognize you for 5 minutes.

1271 Mr. {Rush.} Thank you, Mr. Chairman.

1272 Mr. Reicher, how do you respond to the charge that many
1273 studies show that EPA's regulation of greenhouse gases will
1274 actually create jobs and stimulate growth in the economy are
1275 incomplete and give a distorted picture?

1276 Mr. {Reicher.} Could you repeat that? I am sorry, Mr.
1277 Rush.

1278 Mr. {Rush.} How do you respond to the charge that many
1279 studies that show EPA's regulation of greenhouse gases will
1280 actually create jobs and stimulate growth in the economy,

1281 that they are incomplete and they give a distorted picture?

1282 Mr. {Reicher.} Mr. Rush, I would look around the world
1283 where we are seeing a whole host of controls being put on
1284 carbon emissions from China to the European Union and a whole
1285 host of other countries where in fact clean energy industries
1286 are taking off, jobs are being created in large, large
1287 numbers. So I am--this has actually been a real net economic
1288 benefit in many respects to countries that have taken this
1289 initial step to begin to control carbon emissions.

1290 Mr. {Rush.} Do you have any particular examples in mind
1291 that you could?

1292 Mr. {Reicher.} Germany is a great example, leading the
1293 world in so many energy technologies right now and they have
1294 taken and put into effect a set of rigorous standards to
1295 control the emissions of greenhouse gas emissions over time,
1296 days in goes in. They have set and with that has come a very
1297 robust industry and a whole host of clean energy technologies
1298 from advanced natural gas technologies to cogeneration to
1299 solar and wind, and to the extent that they are actually
1300 jobs, there are actually shortages of highly-skilled
1301 employees for certain of the industries in that country.

1302 Mr. {Rush.} Dr. Montgomery, you had some interesting
1303 remarks in your testimony and you mentioned the PERI reports
1304 before as an example of how some studies are incomplete and

1305 distorted in regards to the effects of the regulation on job
1306 creation. In fact, you draw on environmental economics and
1307 management which are four of the most heavily regulated
1308 industries which are pulp and paper refining, iron and steel
1309 and estimated a net increase in employment of 1.5 jobs per \$1
1310 million and environmental spending over alternative
1311 expenditures. The same publication also found a net
1312 employment gain from environmental spending noted that and I
1313 quote, ``Environmental protection is rapidly to become a
1314 million sales generating job creating industry, \$300 million
1315 per year and five million direct and indirect jobs in the
1316 2003.'' Do you dispute those numbers and if so on what basis
1317 do you dispute them?

1318 Mr. {Montgomery.} Actually they make my point perfectly
1319 that the environmental regulations increase the number of
1320 workers that have to be employed in an industry. They have
1321 to file forms. They have to operate pollution controls and
1322 that adds to cost. Workers are a cost. It does not mention
1323 what happened to the output of those industries compared to
1324 what it would have been had they not been facing these costs.
1325 Yes, they have more workers per dollar of output and they
1326 have less output because of the effects of higher prices,
1327 shifting demand away from those industries and into other
1328 substitutes and shifting demand to other countries. Your

1329 second point which I believe was that there are many jobs
1330 that are created in what you cited a number of jobs that are
1331 created in industries producing pollution control equipment.
1332 Absolutely, that is my point and those workers are not
1333 available for producing other goods that actually go directly
1334 into the consumption and satisfaction of individuals. Those
1335 workers are not available for healthcare. Those workers are
1336 not available for producing automobiles. We are diverting
1337 resources away from other activities in the economy and the
1338 study that you cited did not mention that in any way.

1339 Mr. {Rush.} So you would say then that if those were
1340 same workers were not employed in the efficiency areas then
1341 those workers would be at work selling cars and manufacturing
1342 cars and other industries, is that what you are saying?

1343 Mr. {Montgomery.} Well yes, that is clearly true in the
1344 long run. Absolutely, the employment in this economy is
1345 determined by the available labor force and aside from
1346 occasional recessions we have done an extraordinarily good
1347 job under Democratic and Republican Presidents of maintaining
1348 full employment but it is a matter of macro-economic policy
1349 and you don't improve on that policy by imposing costs
1350 through environmental regulations. It is simply a different
1351 category of policy decisions. For example, the PERI report
1352 that claims to be talking about all of the total jobs that

1353 are going to be created in the economy. It said well yes,
1354 there are some offsetting job losses. The people who are
1355 going to be working in those coal-fired power plants that are
1356 being shut down but it didn't mention all of the workers in
1357 the coal industry that were no longer going to be producing
1358 coal to go into the 60 or so of gigawatts of coal-powered
1359 power plants. They absolutely left it out.

1360 Mr. {Waxman.} The gentleman yield to me. I want to ask
1361 you a follow-up question. Do you ever see any benefit in
1362 regulation to deal with pollution or is it all negative?

1363 Mr. {Montgomery.} Absolutely, we have had tremendous
1364 benefits from many of the environmental regulations. We have
1365 seen air quality in Southern California. I lived in Pasadena
1366 for 8 years.

1367 Mr. {Waxman.} How about in the jobs area?

1368 Mr. {Whitfield.} Sorry, we are about a minute-and-a-
1369 half over.

1370 Mr. {Rush.} Thank you, Mr. Chairman, I yield back the
1371 balance of my time.

1372 Mr. {Whitfield.} Thank you for doing that.

1373 Mr. Barton is next but it is my understanding, let us
1374 see.

1375 Mr. {Barton.} I am going to yield I think to Mr.
1376 Griffith.

1377 Mr. {Whitfield.} Mr. Griffith, I understand you have a
1378 conflict on the floor so we will recognize you for 5 minutes.

1379 Mr. {Barton.} I pass and I do want to ask questions but
1380 I wanted to let him go first.

1381 Mr. {Griffith.} I thank you, gentleman.

1382 Mr. {Whitfield.} Without objection, Morgan.

1383 Mr. {Griffith.} I appreciate it.

1384 Mr. Reicher, in your written statements you indicate and
1385 in your oral statements as well that China is well on its way
1386 to having a green or a more green energy producing economy
1387 and isn't it true though at this time that they actually
1388 produce more of their electricity with coal than we do in the
1389 United States?

1390 Mr. {Reicher.} They produce a very significant amount
1391 of their electricity with coal, absolutely but they also have
1392 been growing their renewable energy industry in a very
1393 significant way and now lead the world in renewables and now
1394 lead the world in both solar and wind. They have also made
1395 huge strides in energy efficiency. They are a quickly
1396 growing country as we know. No dispute that they use a lot
1397 of coal but the point is, the important is they have an
1398 accelerated renewable energy industry that is really creating
1399 really large numbers of jobs.

1400 Mr. {Griffith.} Isn't it their history that they do a

1401 lot of things that we don't do? For example I think in your
1402 written statement on page three you indicate that they have
1403 27 nuclear power plants under construction and is that
1404 accurate?

1405 Mr. {Reicher.} They have--yes they have a large number
1406 of nuclear power plants under construction.

1407 Mr. {Griffith.} And you also indicated that they have a
1408 lot of hydroelectric facilities that are under construction
1409 or in the plans, is that correct?

1410 Mr. {Reicher.} That is correct.

1411 Mr. {Griffith.} And isn't it true that they pay a high
1412 price for those hydroelectric generated electricity in those
1413 plants?

1414 Mr. {Reicher.} Mr. Griffith, every energy technology,
1415 all of them have their pluses and minuses, and along with
1416 hydro you get those.

1417 Mr. {Griffith.} Isn't it true that the Chinese have not
1418 paid attention anywhere near the level of the United States
1419 towards the environmental impact of so many of their
1420 facilities and I am thinking of their hydroelectric in
1421 particular and the functional extension of the Three River
1422 Gorge Yangtze River Dolphin? Are you familiar with that?

1423 Mr. {Reicher.} Yes, I am.

1424 Mr. {Griffith.} And that would be accurate, is it not?

1425 Mr. {Reicher.} There is no doubt that the development
1426 of these kinds of facilities bring with it environmental
1427 problems and there is no doubt that the Chinese have not
1428 adequately attended to those in all cases. I have actually
1429 kayaked down those Three Gorges and I know exactly what is
1430 there and what has been lost, having said that, they have
1431 been making great strides to become leaders in renewable
1432 energy. They are making great strides to improve their
1433 energy efficiency and there are increasing calls and I think
1434 increasing response to improve their environmental
1435 performance but they have got a long way to go, no doubt
1436 about it. But from an economic standpoint, they are taking
1437 over this clean energy industry in a very significant way.

1438 Mr. {Griffith.} And from an economic standpoint do you
1439 think that it is appropriate that we adopt that model because
1440 I kind of got the impression you were holding them up as an
1441 example.

1442 Mr. {Reicher.} I am holding them up as an example of a
1443 country that has put a real priority on clean energy
1444 technology research, demonstration, development and
1445 deployment. I am not holding them up necessarily as a model
1446 for how you adequately ensure all kind of environmental
1447 performance but on that front I think there are improvements
1448 but they need to continue.

1449 Mr. {Griffith.} And isn't it true that we have
1450 different standards also on human rights and as a part of
1451 their hydroelectric program they have actually moved 22
1452 million people from one location to another and offered such
1453 rich financial rewards as \$7 a lot?

1454 Mr. {Reicher.} I don't know that at all. I am sorry.

1455 Mr. {Griffith.} But you are aware of having kayaked in
1456 that area that millions just for the Three River, just for
1457 the Three Gorges Dam Project had to be moved?

1458 Mr. {Reicher.} I don't know the exact number.
1459 Certainly there were large displacements of people just as
1460 there have been all over the world including in our own
1461 country when dams get built. Let me not sit here today and
1462 tell you that hydropower is without its major environmental,
1463 human and economic costs. All technologies, all energy
1464 technologies have their pluses and minuses and there are
1465 significant ones that we know well in this country and that
1466 the Chinese are experiencing themselves with respect to
1467 hydropower.

1468 Mr. {Griffith.} And I like Mr. Montgomery's comments
1469 about the fact they never take into consideration all the
1470 coal workers and I wonder how you would address that because
1471 it is not just the folks working at the power plants who work
1472 in coal but it is all the folks who provide equipment for the

1473 coal mines who make their livelihoods by supplying the miners
1474 themselves and then of course the miners themselves. And in
1475 that economic equation that you have made where you hold
1476 China up as an example, did you calculate in all the lost
1477 jobs that we would have in the energy field in this country,
1478 particularly in the coal fields?

1479 Mr. {Reicher.} There is always again got to be pluses
1480 and minuses. You have got to look at what comes with a move
1481 from one energy technology to the other. There is
1482 displacement. There are positives. There are negatives.

1483 Mr. {Griffith.} Thank you, Mr. Chairman.

1484 Mr. {Whitfield.} Yes, sir.

1485 Mr. Waxman, you are recognized for 5 minutes.

1486 Mr. {Waxman.} Thank you very much, Mr. Chairman.

1487 This is a panel of seven people, six of whom underscore
1488 and confirm their views that are similar to the chair's and
1489 then there is one that has a different opinion and I thank
1490 you very much for letting this one witness testify. Yes, Mr.
1491 Barton was telling me how he always thought the Minority got
1492 a third of the witnesses.

1493 Nevertheless, Republicans are talking about EPA's
1494 onerous, burdensome regulations killing jobs. That is what
1495 this hearing is all about but EPA is simply requiring when it
1496 comes down to it energy efficiency when the largest polluting

1497 facilities in the country are constructed or expanded and
1498 significantly increase their pollution. That is what the EPA
1499 regulations do.

1500 Mr. Reicher, are energy efficiency improvements at new
1501 power plants, the melt kilns or the very largest
1502 manufacturing facilities going to kill jobs.

1503 Mr. {Reicher.} Mr. Waxman, I actually think
1504 improvements in energy efficiency at plants like this number
1505 one, make keep them online longer than they would otherwise
1506 operate. Number two, the amount of equipment required to
1507 improve that efficiency will create jobs. Workers will
1508 continue to be employed so I think on balance if we do this
1509 the right way and actually improve the efficiency of existing
1510 power plants this could be a very net positive economic
1511 outcome.

1512 Mr. {Waxman.} I must say from my 36 years in the
1513 Congress every time we have had an idea proposed to reduce
1514 pollution the industry representatives all come in and say
1515 they will be out of business and can't function. The economy
1516 will suffer greatly and then once the proposals are put into
1517 law they accomplish the goal. They become even more
1518 efficient and therefore more competitive.

1519 Mr. {Reicher.} Mr. Waxman, if I could, Henry Ford, II,
1520 commenting in 1966, on seatbelt and safety glass mandates for

1521 automobiles said we will have to close down the industry.

1522 Mr. {Waxman.} It is almost an article of faith among
1523 those who oppose any efforts to reduce our carbon pollution
1524 that China and the rest of the world aren't taking meaningful
1525 action to reduce their emissions and they argue why should we
1526 be doing anything that would disadvantage American companies
1527 if we take steps to reduce our own emissions. Is this an
1528 accurate statement? Is it true that China is taking no
1529 action to reduce carbon emission?

1530 Mr. {Reicher.} China has committed to reduce its carbon
1531 intensity 40 to 45 percent below 2005 levels by 2020, and
1532 they are actually expected this month, this in March to make
1533 that a binding commitment domestically.

1534 Mr. {Waxman.} Isn't it true that in China many of the
1535 people do not speak English? My next question is China is
1536 not standing still. That is the kind of question of isn't
1537 China bad on human rights and therefore we shouldn't do what
1538 they are doing on economic policy? The question then becomes
1539 is China standing still? Are China's policies costing China
1540 jobs or are their carbon and clean energy policies driving
1541 Chinese firms to dominate the global market for clean energy
1542 technologies? What do you think, Mr. Reicher?

1543 Mr. {Reicher.} You know, Mr. Waxman, it is not just
1544 that they are increasingly dominating in the manufacturing of

1545 these clean energy technologies but in a way even scarier is
1546 how increasingly they are beginning to dominate in research,
1547 development and demonstration. We see large American
1548 companies actually setting up their largest R&D facilities,
1549 Applied Materials, Incorporated, one of the largest makers of
1550 solar equipment manufacturing in the world is setting up a
1551 brand new R&D facility in China.

1552 Mr. {Waxman.} China is taking action to reduce its
1553 carbon pollution and to build strong, competitive, clean
1554 energy industries and the results are massive job gains or
1555 massive job losses?

1556 Mr. {Reicher.} The Chinese renewable energy industry
1557 has grown fantastically in terms of jobs.

1558 Mr. {Waxman.} They are the world's largest manufacturer
1559 of solar panels. Their aggressive policies are in its
1560 economic self-interest and we may not agree with other things
1561 they do and we are certainly not interested in their economic
1562 self-interest. We should be interested in our own but they
1563 are acting in their economic self-interest. Mr. Reicher, if
1564 we do nothing other than roll back EPA's modest steps to
1565 reduce carbon emissions are we at risk at losing the clean
1566 energy jobs race with China?

1567 Mr. {Reicher.} Absolutely, we need to put in place a
1568 whole host of mechanisms to really regain the lead that we

1569 once had. We developed most of this industry so for example
1570 I do think the clean energy standard makes a lot of sense to
1571 put in place. I also think we should support the DOE Loan
1572 Guaranty Program which has been so critical to building the
1573 next generation of nuclear power plants, building
1574 breakthrough renewable energy facilities and we should
1575 transition that to the Clean Energy Deployment Administration
1576 that was adopted by the full house and in the Senate Energy
1577 Committee on a bipartisan basis last year.

1578 Mr. {Waxman.} Thank you.

1579 Mr. {Whitfield.} Mr. Barton, you are recognized for 5
1580 minutes.

1581 Mr. {Barton.} Thank you and it is a joy to watch the
1582 coordination between the ranking member and the ranking
1583 minority's witness. Is there any question that he didn't ask
1584 exactly the way you wanted it asked, Mr. Reicher? I am sure
1585 we will give him some more time if we need to do that?

1586 Mr. {Waxman.} Does the gentleman find fault with any of
1587 my questions?

1588 Mr. {Barton.} No, I thought I don't find fault. I just
1589 think it is a joy to watch the coordination. I think you all
1590 handled that very well.

1591 Mr. {Waxman.} Done with the other panelists.

1592 Mr. {Barton.} I was giving you a compliment.

1593 Mr. {Waxman.} I will accept it.

1594 Mr. {Barton.} Very good.

1595 Mr. {Reicher.} Mr. Barton, I have been asked questions
1596 like this a lot so this is fairly straightforward.

1597 Mr. {Barton.} Thank you.

1598 My question to anybody on the panel, unscripted, is
1599 there a control technology to control CO2 that is in
1600 existence today and is cost effective?

1601 Mr. {McConnell.} My understanding is there is not one.

1602 Mr. {Barton.} There is not one and what about Mr.
1603 Cicio, are you aware of any control technology that exists to
1604 control CO2?

1605 Mr. {Cicio.} No, there is no end of pipe technology
1606 that is cost effective.

1607 Mr. {Barton.} Mr. Reicher, do you share that?

1608 Mr. {Reicher.} Well, the good news, Mr. Barton, is that
1609 yesterday and this will be relevant to Mr. Shimkus and Mr.
1610 Rush, a major project was announced in Illinois that would
1611 build a carbon capture and sequestration facility under the
1612 FutureGen Program.

1613 Mr. {Barton.} I am very well aware of that.

1614 Mr. {Reicher.} A billion dollar investment in the
1615 project and a thousand construction jobs and a thousand
1616 service sector jobs so we are making some progress.

1617 Mr. {Barton.} In and of itself that technology is not
1618 cost effective. It cost at least 30 percent of the cost of
1619 the power generation just to sequester the carbon.

1620 Mr. {Reicher.} We have got a long way to go no doubt.
1621 I guess the most cost effective we got one we have is
1622 probably trees.

1623 Mr. {Barton.} Okay so the answer is by if not unanimous
1624 consent by consensus, is that there is no existing technology
1625 to control CO2.

1626 Mr. {Joyce.} Well, yes it is nuclear power.

1627 Mr. {Reicher.} You are talking about capturing CO2.

1628 Mr. {Barton.} You can burn hydrogen. Hydrogen doesn't
1629 create, you know, if you burn hydrogen you get H2O, you get
1630 water vapor. Nuclear power does not combust, it fissions.
1631 So there are technologies out there but if you are going to
1632 use natural gas, if you are going to use oil, if you are
1633 going to use coal, if you are going to use even our famous
1634 biomass here, you are going to create CO2 and there is no
1635 cost-effective way currently to mitigate it.

1636 Mr. {McConnell.} But one way to reduce CO2 emissions in
1637 our industry, the automobile industry is to have one national
1638 standard, CAFE that Congress put into place that takes into
1639 consideration cost. You know, we have to sell these things.
1640 It may cost a billion dollars somewhere but ultimately what I

1641 am the expert on is selling fuel-efficient cars since I was
1642 16 and right now we have three agencies, California, EPA
1643 trying to tell us all what to do. We need one because they
1644 are the only one that take into consideration customer
1645 acceptability and choice and it doesn't do the economy any
1646 good or jobs. Auto dealers employ a million people in this
1647 country. If you have a product that sits on the lot that
1648 doesn't sell because it is not priced right there are many
1649 businesses that have been shuttered down and gone broke
1650 because they are not giving the customer what they want and
1651 so that is the reason our organization would like to see CAFE
1652 implemented.

1653 Mr. {Barton.} Mr. Chairman, I am not sure what my time.
1654 I never saw the clock start or stop.

1655 Mr. {Whitfield.} Well, I am going to ask the official
1656 timekeeper here.

1657 Mr. {Barton.} Do I have time for one more question?

1658 Mr. {Waxman.} Unanimous consent the gentleman be given
1659 2 additional minutes.

1660 Mr. {Whitfield.} Without objection.

1661 Mr. {Barton.} Be careful, my side may object to that.
1662 The unanimous consent things are shaky sometimes. I have one
1663 final question and I appreciate my friend from California and
1664 the chairman giving me some time.

1665 Administrator Jackson has testified that greenhouse gas
1666 best available technology most likely means that you just
1667 have to use energy efficiency measures. Mr. Cicio, you
1668 represent the largest energy users in America. Don't the
1669 companies that you represent already do everything they can
1670 to be energy efficient?

1671 Mr. {Cicio.} Most certainly the industrial sector
1672 spends more money and has had more success in improving
1673 energy efficiency than any of the sectors of the economy. In
1674 this case the EPA really has it backward. When a
1675 manufacturer decided--by the way, if you are not aware
1676 manufacturing has probably hundreds of thousands of
1677 combustion processes that are used to produce widgets. When
1678 we make decisions in what process is used to make a widget we
1679 take several things into consideration like how many widgets
1680 can we produce in a time period? What is the cost of a
1681 widget? What is the raw material flexibility to produce the
1682 widget? What is the quality of the product with that
1683 process? What is the flexibility of the manufacturing
1684 operating processes, all that criteria in deciding what
1685 process plus energy efficiency? How energy efficient is the
1686 process? EPA, unfortunately with the new regulation starts
1687 with the premise of what is the most energy efficient process
1688 and that is not going to create a low-cost manufacturing

1689 widget process. That is too limiting and it is going to lead
1690 to higher cost.

1691 Mr. {Barton.} I thank the discretion of the chairman
1692 and ranking member.

1693 Mr. {Whitfield.} Mr. Green, you are recognized for 5
1694 minutes.

1695 Mr. {Green.} Thank you, Mr. Chairman.

1696 First, I believe that controlling carbon shouldn't be
1697 EPA. The Supreme Court said that. I want Congress to be
1698 able to make those decisions because we can balance that
1699 economics and we tried last Congress. It couldn't get
1700 through with the cap and trade. I would hope our committee
1701 would look at it and that is why I am a cosponsor of the 2-
1702 year delay so we can force Congress to deal with it.

1703 Although the solution may be just to encourage trees but we
1704 would probably have to go to the Natural Resources Committee
1705 to do that.

1706 Mr. Cicio, in May of 2010, the EPA finalized the
1707 tailoring rule and until June 30 of this year only sources
1708 subject to the prevention of significant determination for
1709 other pollutants will be required to consider greenhouse
1710 gases in the permit. From July 1 of 2011 to June 30 of 2013,
1711 new sources the emit at least 100,000 tons of greenhouse
1712 gases per year or existing sources seeking to increase

1713 pollution by 75,000 tons per year will be required to obtain
1714 the PST permits. The EPA will determine on July 1 of 2012,
1715 whether it will lower the threshold further but it has
1716 committed that it will not consider any level below 50,000
1717 tons a year. Can you please cite how many industrial
1718 manufacturers in our country are affected by regulations at
1719 each of these three levels, 100,000 tons of GHGS a year,
1720 75,000 or 50,000? Do you have any idea from your
1721 association? I mean I represent refineries so.

1722 Mr. {Cicio.} Oh yeah, you have a lot of it in your
1723 backyard. Unfortunately, I don't have those statistics and I
1724 would be happy to try to craft something for you and provide
1725 that to you.

1726 Mr. {Green.} I would appreciate it because our
1727 testimony from Administrator Jackson a few weeks ago was that
1728 they tailored it so it would only cover the largest
1729 facilities and just see how many and granted they are trying
1730 to start with the largest so to see how many there are and
1731 appreciate you getting it back.

1732 What sort of federal carbon controlling program if
1733 developed by Congress and not the EPA could the industrial
1734 manufacturers support?

1735 Mr. {Cicio.} Well, thank you, that is a wonderful
1736 question. We have actually addressed that in what we call

1737 our Sustainable Manufacturing Growth Initiative because as
1738 manufacturers we put together policies that we felt would
1739 incentivize and remove regulatory barriers to even greater
1740 energy efficiency. And as you heard in my testimony,
1741 implementation of that program would result in 10 percent
1742 reduction of all greenhouse gas emissions in 10 years and
1743 even more importantly it would create 3.2 million man-years
1744 of jobs and almost \$500 billion of capital investment in 10
1745 years. That is capital investment that is not happening
1746 today. So the best thing is that it utilizes existing but
1747 more energy efficient technology and simply taking it off the
1748 shelf and getting it in the ground today creating jobs and
1749 investment.

1750 Mr. {Green.} Well and I don't know who answered our
1751 former chair of the committee, the ranking member that said
1752 nuclear would be the solution for some of our carbon controls
1753 and we are trying to do that because that is one of those
1754 solutions because so much of our carbon comes from our
1755 electricity producing plants. Again, I have those plants, I
1756 have coal plants but I also have refineries and chemical
1757 plants that have another issue. So but I think Congress
1758 ought to make those decisions.

1759 Mr. McConnell, California's fuel economy program exempts
1760 until 2016 automakers who sell less than 60,000 vehicles per

1761 year in California and manufacturers exempt in California are
1762 also exempt from every CARB State regardless of how many
1763 vehicles are sold outside California. After 2016, CARB has
1764 intended to regulate these vehicles at a lower standard. If
1765 the brands you sell are not exempt how will that impact on
1766 your brand line because I know you have both Honda and Acura
1767 and I think you have a U.S. model too although Honda is also
1768 a U.S. model too.

1769 Mr. {McConnell.} Well, first of all we believe the
1770 State of California should not be setting national energy
1771 policy.

1772 Mr. {Green.} Coming from Texas, I agree.

1773 Mr. {McConnell.} So I appreciate your question. I will
1774 tell you, you are absolutely right and I don't think some
1775 people realize it. Selling Honda we are under the California
1776 which is just a hodgepodge. There are three different people
1777 regulating. What we want is one, CAFE which Congress laid
1778 out, a single national standard. For example, you are right,
1779 Honda, Toyota, Nissan, Ford, Chrysler, GM are covered. BMW
1780 is covered. Mercedes is not covered. Hyundai is not
1781 covered. Kia is not covered. Porsche is not covered.
1782 Volkswagon is not covered. Jaguar is not covered. Suzuki,
1783 Mitsubishi, I could go on and on, and potential that new
1784 Chinese and Indian automakers would not be covered. That is

1785 why under CAFE they don't have all of these crazy exemptions.
1786 So we want the one national standard. It takes the most
1787 important thing to me, it take an accountability, they are
1788 required that, the EPA is not, California is not. Customer
1789 acceptability and choice because ultimately the customer is
1790 the one that spends its own, the family decides what do I
1791 want, what can I afford and if that is in the case you will
1792 sell more new cars, create more jobs and you will also get
1793 more fuel-efficient cars on the road which is obviously a big
1794 goal.

1795 Mr. {Green.} Thank you, Mr. Chairman, and the gavel is
1796 for us not to ask any more questions, not for you all.

1797 Mr. {Whitfield.} Mr. Shimkus, you are recognized for 5
1798 minutes.

1799 Mr. {Shimkus.} Thank you, Mr. Chairman.

1800 This kind of follows-up in a hearing we had 2 weeks ago
1801 on the environment and the economy. It is my subcommittee
1802 but we have to accept the fact that the decisions we make or
1803 the decision a regulator makes that there is a job aspect
1804 that people ought to debate and discuss and I come to this
1805 with great passion because and many of you have seen this
1806 before. Mr. Carey, you have. Mr. Cicio, you have seen it.
1807 This is why we killed Waxman-Markey because we made the
1808 argument that in '92 on the Clean Air Act which was a

1809 legitimate debate on cleaning the air these miners lost their
1810 jobs. This is just one group of miners at a mine in my
1811 congressional district which is closed now, 1,000 miners lost
1812 their jobs and by using this and the reality is there are a
1813 lot of fossil fuel Democrats no longer in Congress and do you
1814 know why, because they didn't protect their jobs because of
1815 the greenhouse gas movement, the Waxman-Markey threatened to
1816 destroy any remaining jobs.

1817 Mr. Carey, you have testified before. How many
1818 coalminer jobs are lost in the advent of the Clean Air Act?

1819 Mr. {Carey.} Mr. Chairman and Congressman Shimkus, the
1820 idea in Ohio and I think when I testified before we looked at
1821 the amount of tonnage of coal we lessened it by half, take
1822 away half that miners, those were roughly 3,000 miners,
1823 multiply a fact of close to 10,000 or 10 for every one coal
1824 mining job so 3,000.

1825 Mr. {Shimkus.} So your staff 35,000 jobs were lost and
1826 that was in the Clean Air Act which a lot of us would say
1827 knock socks particulate matter, some bad stuff that we really
1828 needed to get out of, you know, out of the air. There is now
1829 a debate about greenhouse gases and is it a pollutant, is it
1830 not and that is why we need to move on this legislation to
1831 let us to take into the aspect of what is the cost, what is
1832 the impact on the economy. Why are we so fired up about

1833 this? Well, here is just one rule from the EPA and they are
1834 quoted, ``The RIA for this proposed rule does not include
1835 either qualitative or quantitative estimation of the
1836 potential effects of the proposed rule on economic
1837 productivity, economic growth, employment, job creation or
1838 international economic competitiveness.'' Now, Mr. Carey,
1839 don't you think we ought to consider that when we are
1840 promulgating a rule or a regulation?

1841 Mr. {Carey.} Mr. Chairman, Congressman, yes.

1842 Mr. {Shimkus.} Mr. Cicio?

1843 Mr. {Cicio.} Absolutely.

1844 Mr. {Shimkus.} Mr. Joyce?

1845 Mr. {Joyce.} Yes.

1846 Mr. {Shimkus.} Mr. McConnell?

1847 Mr. {McConnell.} Without question.

1848 Mr. {Shimkus.} Mr. Montgomery?

1849 Mr. {Montgomery.} Yes.

1850 Mr. {Shimkus.} Mr. Reicher, do you think the EPA is
1851 wrong in not considering the economic impact of a proposed
1852 rule?

1853 Mr. {Reicher.} EPA is required to consider the economic
1854 impact of a proposed rule.

1855 Mr. {Shimkus.} This is from the EPA and I just read the
1856 quote. Let me just quote another one, economic analysis on

1857 another proposed EPA rule, let me read in subparagraph 9.2,
1858 .3, .3, impacts on employment the chapters on benefits,
1859 chapter seven and cost, chapter eight, point out that, ``The
1860 regulatory induced employment impacts are not in general
1861 relevant for a cost benefit analysis.''

1862 Mr. {Reicher.} So, Mr. Shimkus, I would just urge you
1863 to take a look at the Clean Air Act sections, the three
1864 sections that relate to.

1865 Mr. {Shimkus.} And I am going to reclaim my time. I am
1866 going to reclaim my time, sir. Sir, I am going to reclaim my
1867 time.

1868 My point is we are not disputing knock sock particulate
1869 matter. We do dispute carbon dioxide. Now, I have got a
1870 1,600 megawatt. Does everyone agree that if you raise the
1871 price of a commodity product that the cost of good sold goes
1872 up?

1873 Mr. {Carey.} Yes.

1874 Mr. {Shimkus.} That is a yes. Mr. Cicio?

1875 Mr. {Cicio.} Absolutely.

1876 Mr. {Shimkus.} Mr. McConnell?

1877 Mr. {McConnell.} Yes.

1878 Mr. {Shimkus.} Mr. Joyce?

1879 Mr. {Joyce.} Yes.

1880 Mr. {Shimkus.} Mr. Montgomery?

1881 Mr. {Montgomery.} Yes.

1882 Mr. {Shimkus.} Mr. Reicher?

1883 Mr. {Reicher.} Ask the question again?

1884 Mr. {Shimkus.} I asked Administrator Jackson if she
1885 really believe in the basic economic 101 supply and demand.
1886 If the supply is constrained or the cost of the good goes up
1887 does that mean that the price of the cost of the good goes
1888 up?

1889 Mr. {Reicher.} Well, if you have to use the same amount
1890 of that good of the product that has been improved.

1891 Mr. {Shimkus.} That was a better answer than the
1892 administrator gave and I appreciate that.

1893 Mr. {Reicher.} To improve the efficiency of the
1894 manufacturing process.

1895 Mr. {Shimkus.} And which they do, that is the whole
1896 debate that Mr. Cicio will say. It is not worth the
1897 manufacturers' time, effort and energy to run inefficient
1898 plants. Now and let me add, I am going to run out of time.
1899 Mr. Cicio, you said you don't know of a single manufacturer
1900 that would not be harmed by greenhouse gas and would lose
1901 jobs, is that true of both?

1902 Mr. {Cicio.} What I said specifically is that I talked
1903 to lots, many, many manufacturers that have facilities all
1904 over the country. I do not know and have not heard of one

1905 that support the EPA greenhouse gas regulations, yes, sir.

1906 Mr. {Shimkus.} Thank you. I yield back.

1907 Mr. {Whitfield.} Mr. Walden, you are recognized for 5
1908 minutes.

1909 Mr. {Walden.} Thank you very much.

1910 I just want to ask I think it is Mr. Carey and anybody
1911 else that wants to respond. Walk us through what you think
1912 the cost of these regulations are on jobs and the economy in
1913 your part of this debate because this is something I think
1914 people at home care a lot about. I mean none of us wants
1915 dirty air. Most of us in my part of the world in Oregon like
1916 renewable energy as long as we kind of know what the costs
1917 and tradeoffs are although some people are getting a little
1918 tired of the windmills.

1919 Mr. {Carey.} Well, Congressman, what I think we are
1920 debating is carbon dioxide and the role of the EPA in
1921 regulating carbon dioxide under the Clean Air Act so if we
1922 take that off the table, if you look at Ohio, West Virginia,
1923 Kentucky, Pennsylvania. In Ohio, 90 percent, 89 percent of
1924 all the electricity off of the grid comes from coal base so
1925 when you relate that to heavy manufacturing anybody who is
1926 making a widget understands that one of the large costs of
1927 making that widget is energy so ultimately the price of that
1928 product would go up and if it goes up possibly that product's

1929 production would be moved overseas and ultimately then we
1930 would lose the job there.

1931 Mr. {Walden.} We are seeing in the northwest is some of
1932 the renewable energy begins to feed into the system rate
1933 increases of 10-15 percent as sort of the cost, additional
1934 cost. Now, these are benefit tradeoffs we are talking about
1935 here because you have got the renewable energy but there is
1936 this cost piece.

1937 Mr. {Carey.} No doubt about it, Congressman. What was
1938 put in place in Ohio was Advanced Energy Portfolio Standard.

1939 Mr. {Walden.} Right.

1940 Mr. {Carey.} And ultimately what you are seeing now is
1941 those utilities can't meet the cost cap that was put in place
1942 by the State legislature. So the idea that the price is
1943 going to go up with those renewables is a fact and it is
1944 happening.

1945 Mr. {Walden.} Mr. Cicio.

1946 Mr. {Cicio.} Yes, on the subject of cost of regulation,
1947 number one for those who have not, who want to invest in the
1948 United States in a manufacturing facility to create jobs, a
1949 rule like this is preventing investment. So these are jobs
1950 that could have been and won't. Manufacturing is globally
1951 mobile. We must produce in countries where we can have low
1952 costs and thrive or we die as a company. So but for

1953 manufacturing facilities that stay and have these higher
1954 costs then their competitiveness is threatened and the
1955 potential for job loss and plant shutdown.

1956 Mr. {Walden.} Mr. Joyce.

1957 Mr. {Joyce.} In the permitting process, you know, just
1958 adding another layer of permits, you have got, you know,
1959 local and State permits. When we, you know, as the tailoring
1960 bleeds off and more and more buildings come under the control
1961 of EPA.

1962 Mr. {Walden.} Right.

1963 Mr. {Joyce.} And more and more permits, I mean a
1964 federal permit, any federal work is daunting for a smaller
1965 project so we have just great concern over the additional
1966 permitting in the construction side of the house and what we
1967 think is a lot of good projects is probably the straw that
1968 breaks the camel's back. They just don't get done. So those
1969 are huge costs. They are huge costs to jobs and job creation
1970 in the construction sector.

1971 Mr. {Walden.} And are those ever quantified? I mean
1972 the project that never gets built probably never gets the big
1973 press so you don't know the loss, right?

1974 Mr. {Joyce.} There is soft cost and, you know, any type
1975 of a labor paperwork intensive permitting process on a
1976 construction job is bad right now at any time.

1977 Mr. {Walden.} Yeah, Mr. McConnell, do you want to
1978 comment on this?

1979 Mr. {McConnell.} One of the biggest problems that we
1980 have because California has a waiver is they don't even have
1981 to consider affordability outside of California.

1982 Mr. {Walden.} Explain what you mean by that.

1983 Mr. {McConnell.} Well, California has ability if they
1984 control 14 other States that signed up with them on so if
1985 they decide that they don't want to participate in the
1986 national program, go along and they take their ball and they
1987 go play with somebody else, then what happens is they do not
1988 have to consider how much it costs outside of the State.
1989 They only have to consider, they are only looking at the
1990 State of California, not even these other 14 States and the
1991 problem with that is it results in a rationing of vehicles
1992 but the cost, you have got three different people. You have
1993 got to know some certainty in the automobile business to
1994 design cars in the future.

1995 Mr. {Walden.} Right.

1996 Mr. {McConnell.} How much cost is and they don't even
1997 have to consider, the EPA does not even have to consider
1998 customer acceptability.

1999 Mr. {Walden.} Right.

2000 Mr. {McConnell.} So they can stack on the cost but

2001 quite frankly that is the problem and that is the reason, you
2002 know, and you go back and forth with one national standard
2003 that this body has for fuel economy.

2004 Mr. {Walden.} Got it, I want to try and get to the
2005 other two. Mr. Montgomery, I am running out of time.

2006 Mr. {Montgomery.} I think the answer really comes down
2007 to there is no such thing as a free lunch that in our economy
2008 we have every incentive is for energy efficiency, using
2009 energy wisely and minimizing the cost of production. That is
2010 not true in China and that is why China can catch up so
2011 easily and since there is no free lunch if we are expending
2012 more of our resources on expensive energy like renewables,
2013 they are not available for producing the other things that
2014 people desire to live on and have quality of life.

2015 Mr. {Whitfield.} Thank you.

2016 Mr. {Terry.} I appreciate that, yeah, whatever.

2017 Mr. {Whitfield.} Your first name is Lee, right?

2018 Mr. {Terry.} Yeah, yeah.

2019 Mr. {Whitfield.} Thank you.

2020 Mr. {Terry.} Mr. McConnell.

2021 Mr. {McConnell.} Yes, sir.

2022 Mr. {Terry.} I appreciate you being here even though
2023 you referenced the CAFE.

2024 Mr. {McConnell.} But I was aware of the name.

2025 Mr. {Terry.} But that was a great process because A, it
2026 did involve the already existing agency that has the
2027 expertise in determining fuel efficiency in a very scientific
2028 way. Not a political way and it was a byproduct of Congress,
2029 signed into law by the President. That was very carefully
2030 crafted, pushing the automobile industry as far as we could
2031 take it. Keeping in mind safety, keeping in mind the desire
2032 to keep jobs in America and the car industry and so that is
2033 probably part of my discussion I will have with the EPA
2034 representative of why the Administration and the EPA now
2035 wants to duplicate, replace, undo what Congress did.

2036 Mr. {McConnell.} Well, we certainly appreciate that. I
2037 will say that the EPA is wasting millions of taxpayers'
2038 dollars on duplicating NHTSA's research in fuel economy for
2039 tailpipe emissions.

2040 Mr. {Terry.} Probably creating a job.

2041 Mr. {McConnell.} It is going to cost a lot of jobs.

2042 Mr. {Terry.} Well, and you had mentioned that
2043 California that you and Mr. Walden discussed but there was a
2044 statement by one of the members that there is one national
2045 standard but yet that is not what I hear and that doesn't
2046 seem to be what EPA is striving for. Would you explain?

2047 Mr. {McConnell.} Yes, there are, they are regulated by,
2048 there are three agencies, three laws and three rules, and

2049 they have termed this, I guess it is a pretty nifty thing
2050 they did was they call three different standards one national
2051 program. I mean it is a fiction. You have the correct one
2052 national program and that is CAFE and it is implemented by
2053 NHTSA.

2054 Mr. {Terry.} How does that affect the car dealers and
2055 auto manufacturing in the United States?

2056 Mr. {McConnell.} Well, first of all to me one of the
2057 biggest things is you can't have one State setting the
2058 national standard but it affects us because I buy the cars
2059 from the manufacturer. They don't consign them to me. I
2060 have these cars on my lot. If they are not, if you don't
2061 take into consideration what your plan does, CAFE does,
2062 customer acceptability and choice because the customer is the
2063 one that makes the decision. They have a choice. They can
2064 just keep riding in that car they have got and work on them
2065 and we are super busy in our shop because that is what people
2066 have done after the recession but it costs a lot of money and
2067 it is a lot of duplication. You know, when you are in
2068 business and you are planning, what you need is clear,
2069 concise guidance and I believe that one national standard
2070 under CAFE with NHTSA implementing with all of the
2071 safeguards, I think you will get the CO2 reductions. You
2072 will get to the goal but you will get to a goal that is

2073 realistic for the marketplace also.

2074 Mr. {Terry.} That is part of our goal here. All right,
2075 I appreciate that.

2076 One last question to Dr. Montgomery because I felt like
2077 I was in an alternative universe when we were having a
2078 discussion about green jobs and how great a job that China is
2079 doing in manufacturing all this equipment but the reality is
2080 it is being manufactured over there because it is inefficient
2081 to manufacture it in the United States where it was designed
2082 and engineered. You answered that or brought that up in your
2083 report. Would you expand on that? Do you think it is true
2084 that China is just doing this altruistically?

2085 Mr. {Montgomery.} No and I think there are probably two
2086 or three points about China. The first one being, it is
2087 ironic because 2 weeks ago I was testifying in the Senate
2088 hearing on green jobs where one of the witnesses was from the
2089 steel workers union which had filed the 301(b) trade
2090 complaint against China's internal subsidy practices which
2091 were enabling it to produce the wind and solar and other
2092 equipment that is now being used around the world and in the
2093 United States, and preventing U.S. firms from getting in
2094 there. So what we are looking at is not environmental policy
2095 for China. It is strategic trade policy as it has always
2096 been and do we want to imitate that? Well, if China is in

2097 violation of the WTO for subsidizing its industries, we would
2098 be as well but the real point about all of that has nothing
2099 to do with environmental regulation. China is not creating
2100 those industries by making its own country clean. It is
2101 creating them by subsidizing their exports as it has always
2102 done to create industries. And I think the other point about
2103 China is that China has a state of institution and I have
2104 been writing about this for years that lead China in the past
2105 five times the energy use for dollar of output as the United
2106 States. That is coming down but it is coming down because it
2107 is so hideously inefficient it is in their economic interest
2108 to do it. We have a well-functioning state of markets here
2109 and we don't have that free lunch.

2110 Mr. {Whitfield.} Thank you, Mr. Terry.

2111 Unfortunately, we have votes on the floor. We have
2112 three more and then that is it for the date but before we go,
2113 Dr. Burgess, I am going to recognize you for 5 minutes.

2114 Dr. {Burgess.} Thank you, Mr. Chairman.

2115 Mr. Montgomery, just to stay with you for a moment, we
2116 are going to hear on the next panel testimony about the
2117 health hazards of carbon dioxide and do higher energy prices
2118 carry with them any inherent health risk vis a vis keeping
2119 open medical offices, health centers and this type of thing.
2120 Does that affect the availability of medical care or health

2121 care?

2122 Mr. {Montgomery.} Yes, it does and it is really a
2123 problem the EPA refuses to do long risk analysis in this
2124 area. If we are going to look at risks from greenhouse gas
2125 emissions, those are highly speculative, highly uncertain and
2126 anything we do in the United States will have only a
2127 miniscule effect on them. Carbon dioxide is not like ozone.
2128 I mentioned ozone in Pasadena. Ozone in Pasadena was created
2129 in Beverly Hills, blew across and ended up in Pasadena and it
2130 produced tremendous health effects. Greenhouse gas emissions
2131 are mixed in the entire atmosphere and we are not going to
2132 change them through these regulations in a way that is even
2133 worth bothering to try to calculate unless we assume all of
2134 the rest of the world does what we are doing and that is what
2135 EPA tends to do. And so there is a small health benefit from
2136 actions that we actually take in the United States but on the
2137 other side of it, you are absolutely right, higher energy
2138 costs make air conditioning harder for people to afford. We
2139 know that the lack of air conditioning has been the primary
2140 reason for deaths during heat episodes in Chicago and other
2141 places and it takes a risk, long risk analysis which EPA did
2142 not do in determining that on balance the health risk
2143 justified the standards.

2144 Dr. {Burgess.} Of course, I suffer from asthma myself

2145 and I know what triggers there are. I try to avoid them as
2146 best I can but I have never associated carbon dioxide with an
2147 asthma trigger. It just doesn't work out medically so I
2148 appreciate your comments in that regard. On the, you know,
2149 you talked a little bit about some of the multiplier effects.
2150 Is there a way to apply the multiplier effect in reverse to
2151 this type of situation?

2152 Mr. {Montgomery.} It is interesting. There is a valid
2153 way to do it and I think the work with Jorgenson and Wilcoxon
2154 and have been doing and asking how do health effects of
2155 criteria pollutants that cause asthma affect worker
2156 productivity and they put that into their large kind of
2157 assessment of not greenhouse gas regulations but the past
2158 Clean Air Act regulations like the socks and ozone regulation
2159 clearly had health benefits. There is a way to bring it and
2160 in terms of dealing with greenhouse gas emissions, it really
2161 isn't applicable because what we are talking about are health
2162 effects that are dominated by temperature changes in tropical
2163 latitudes that lead to increased kind of vector populations
2164 that cause malaria and such diseases. So it is a global
2165 public health problem but the solution for it is global
2166 public health methods. For example, going back to DBP we
2167 could wipe out the malaria vector, no matter what the
2168 temperature was.

2169 Dr. {Burgess.} I see.

2170 Mr. {Montgomery.} So there is an ironic point about
2171 multiplier analysis because if you do the kind of multiplier
2172 analysis that PERI is doing, they argue quite explicitly over
2173 and over again that the reason they are getting increased
2174 jobs is because greenhouse gas policies favor labor intensive
2175 industries and they put more people to work that way. Well,
2176 if we have a lot of illness in the country then businesses
2177 would have to hire more workers to hire to replace their
2178 workers who were sick in order to get the same level of
2179 output and so if you applied their multiplier you would get
2180 the ridiculous conclusion that who or health actually
2181 increases jobs. It is not a reasonable conclusion for what
2182 you get out of that kind of a multiplier analysis.

2183 Dr. {Burgess.} Dr. Reicher, let me ask you a question
2184 if I could. You were at Google previously? Is that correct?

2185 Mr. {Reicher.} Yes.

2186 Dr. {Burgess.} And when you were there, did your
2187 company ask the Chinese government to institute the type of
2188 greenhouse gas reductions like the cap and trade proposals
2189 that we had before this committee 2 years ago?

2190 Mr. {Reicher.} Could you repeat the question? I am
2191 sorry.

2192 Dr. {Burgess.} When you were at Google did you or did

2193 Google ask the Chinese, did your company, Google, ask the
2194 Chinese government to institute any type of mandatory
2195 greenhouse gas reductions such as would have been required
2196 under the Waxman-Markey legislation that we debated in this
2197 committee 2 years ago?

2198 Mr. {Reicher.} I don't think the company is in the
2199 position to.

2200 Dr. {Burgess.} Well, you support or at least I got the
2201 impression you support a cap and trade type proposal in this
2202 country. Did you ever ask the Chinese government to
2203 institute a cap and trade proposal?

2204 Mr. {Reicher.} I did not ask the Chinese government to
2205 institute a cap and trade proposal. I am in favor of
2206 comprehensive energy and climate legislation. There are a
2207 whole host of means to get there and I think we should get
2208 started for economic reasons, and for security reasons, and
2209 for environmental reasons.

2210 Dr. {Burgess.} But you and Google at no time insisted
2211 that the Chinese government follow the same type of protocol
2212 that has been advocated?

2213 Mr. {Reicher.} Again, I was not in conversations with
2214 the Chinese government about greenhouse gas regulations.

2215 Dr. {Burgess.} Thank you, Mr. Chairman. I yield back.

2216 Mr. {Whitfield.} Well, once again I apologize to you

2217 all. I hope that you maybe will be able to stay another 10
2218 minutes or so. We have three votes on the floor. I don't
2219 think it will take long. We will be right back. Hopefully,
2220 I think most of our members will be back that haven't asked
2221 questions so we look forward to seeing you in a few minutes.

2222 [Recess]

2223 Mr. {Whitfield.} I call the hearing back to order.

2224 At this time, I will recognize Mr. Gardner of Colorado
2225 for 5 minutes.

2226 Mr. {Gardner.} Thank you, Mr. Chairman, and thank you
2227 to everyone for putting up with the schedule today. I
2228 appreciate your time and certainly your expertise.

2229 A couple of weeks ago we had Administrator Lisa Jackson
2230 of the EPA testify before the subcommittee and I want to read
2231 a quote that she had in our dialog. She said and I quote,
2232 ``There are tremendous opportunities in rural America for the
2233 economy to continue to grow as it has thrived over the past
2234 several years.'' This is just a couple of years ago as the
2235 economy had in her belief, her opinion has thrived over the
2236 past couple of years. So when I asked her to clarify and
2237 whether she really meant the economy has thrived over the
2238 past several years her response again and I quote was,
2239 ``Rural America's economy has done fairly well as the rest of
2240 the country has seen the housing market and economy really do

2241 poorly.' ' Well, in 17 out of the 64 counties in Colorado,
2242 they had a population decline, all of them rural, most of
2243 them rural. And many of the counties in my district, they
2244 have lost population and I am quite disturbed actually that
2245 the nature of the assertion made by Administrator Jackson
2246 really shows how out of touch the administrator is when it
2247 comes to the economic well-being of our, my State, my
2248 district and this country.

2249 I wanted to get your thoughts quickly on what is
2250 happening to our economy and economic policies in this Nation
2251 when it comes specifically to some of the testimony that was
2252 given today and some of the statements that were made. I
2253 wanted to, excuse me, find it here. Some of the questions
2254 have been offered a little bit about the nature of
2255 regulations, the impact of those regulations and what it
2256 means for our rural economies in particular. Do you think
2257 the greenhouse gas regulations will impact our rural economy,
2258 Mr. Carey?

2259 Mr. {Carey.} Congressman, yes, I do. There is no doubt
2260 about it. The greenhouse gas will directly affect jobs.

2261 Mr. {Gardner.} Mr. Cicio.

2262 Mr. {Cicio.} Some of my companies are fertilizer
2263 producers. About 75 percent of the cost of making fertilizer
2264 is the cost of natural gas and these regulations would indeed

2265 increase energy costs.

2266 Mr. {Gardner.} Mr. Joyce.

2267 Mr. {Joyce.} Yes, we would see it across the board,
2268 particularly with the farmers and the livestock sector.

2269 Mr. {Gardner.} Mr. McConnell.

2270 Mr. {McConnell.} I don't think I have anything to add
2271 to that.

2272 Mr. {Gardner.} Mr. Montgomery.

2273 Mr. {Montgomery.} Yes, I would agree with both that the
2274 costs of agriculture inputs are going to go up and that
2275 cattle is probably going to be suffering both because it uses
2276 other grains, and I think the other part of this is that the
2277 EPA regulations are not really, I don't see a way that they
2278 are going to include activities like sequestration and other
2279 farm-based activities that could potentially be profitable as
2280 a way of providing offsets for greenhouse gas emissions under
2281 a broader and more comprehensive policy.

2282 Mr. {Gardner.} Mr. Reicher.

2283 Mr. {Reicher.} Some of those impacts will be positive
2284 and some of them will be negative. If you are in the wind
2285 business it could be quite positive. If you are in the
2286 natural gas business it could be quite positive.

2287 Mr. {Gardner.} What if you are in farming and you grow
2288 crops?

2289 Mr. {Reicher.} It all depends on what you are farming.
2290 The opportunities around biomass for power for fuels are very
2291 significant and so again like so many answers to so many of
2292 these questions today, Mr. Gardner, depends on the specifics.

2293 Mr. {Gardner.} Mr. Cicio, a statement by the EPA was
2294 made earlier that said when it was talking about he pays
2295 authorities to control carbon emissions that that bill would
2296 deprive American industry of investment certainty and new
2297 incentives for upgrading to advanced to clean energy
2298 technologies. Do your members feel deprived and that they
2299 are not willing to make investment because of this
2300 regulation, the lack of this regulation?

2301 Mr. {Cicio.} No, I have not heard anyone say that.

2302 Mr. {Gardner.} Thank you.

2303 Mr. Reicher, interested in your comments on the nuclear
2304 power and I believe you talked about the need to actually
2305 improve energy permitting projects and also nuclear power
2306 permitting. What specifically do you think we could do to
2307 increase the presence of nuclear power development and to
2308 improve energy project permitting and site?

2309 Mr. {Reicher.} Well, Mr. Gardner, I think one of the
2310 challenges that advanced nuclear faces, advance renewables
2311 face, a whole host of these technologies face is how you get
2312 the first large-scale commercial plant financed and built in

2313 this country. It is fairly straightforward to get the little
2314 prototype built, venture capital.

2315 Mr. {Gardner.} Well, finance is more than permitting.
2316 You specifically said permitting.

2317 Mr. {Reicher.} Oh you said well, it is two things. One
2318 is we have got to get those first-of-a-kind commercial plants
2319 built. That is where I think the clean air and the
2320 deployment administration and its ability to finance.

2321 Mr. {Gardner.} On nuclear power, what can we do for
2322 permitting?

2323 Mr. {Reicher.} Permitting, there is to issue them. The
2324 Nuclear Regulatory Commission has taken quite a look at ways
2325 to streamline permitting. I am not, I don't know the details
2326 of the changes they propose but there are a whole host of
2327 things but you are not going to get them built if you can't
2328 get them financed and that is the real issue at this point.

2329 Mr. {Gardner.} Do you think we should include
2330 hydropower as part of the clean energy standard?

2331 Mr. {Reicher.} I think a clean energy standard should
2332 be very broad and should include all the renewables and it
2333 should include energy.

2334 Mr. {Gardner.} Including hydropower?

2335 Mr. {Reicher.} Yes, including hydropower.

2336 Mr. {Whitfield.} Mr. Inslee, you are recognized for 5

2337 minutes.

2338 Mr. {Inslee.} Thank you.

2339 I want to ask Mr. Reicher about the public's belief
2340 about this issue of whether or not we should stop the federal
2341 government from doing its job. There is basically an effort
2342 here which is pretty incredible to me to tell the
2343 Environmental Protection Agency they can't enforce the
2344 provisions of the Clean Air Act which is like telling the FBI
2345 they can't arrest terrorists or cops that they can't arrest
2346 bank robbers. We are intentionally--folks around here want
2347 to intentionally disable the ability of the government to do
2348 its statutorily mandated job. To me that is pretty amazing
2349 so I wondered what the American people thought of that and we
2350 did a little looking and the people I talked to where I live
2351 in the State of Washington certainly don't think by huge
2352 majorities the people I talk to don't think that is a very
2353 good idea to tell the federal government it can't do its job,
2354 to intentionally shackle it and put its handcuffs on and let
2355 polluters pollute. So to check out whether I am just talking
2356 to the wrong people, I did a little research and to what the
2357 polling would disclose Americans think. It was pretty timely
2358 because the poll came out by the public policy polling, NRDC,
2359 just the other day. It showed that 68 percent of Americans
2360 were opposed to delaying EPA reducing carbon pollution by

2361 enormous majority, 68 to 32 percent. You can't--it is hard
2362 to get 68 percent of Americans to agree that baseball is the
2363 American sport but we got 68 percent of Americans. Then you
2364 look at if you do it on a more granular level I saw another
2365 poll done by I believe the sustainable business or I read
2366 about it at sustainablebusiness.com of 16, excuse me, 19
2367 congressional districts asking a very similar question after
2368 asking both sort of arguments on both sides of this very fair
2369 poll showed that in 19 congressional districts represented by
2370 Republicans, in those Republican districts 66 percent of
2371 people including 45 percent of Republicans and 62 percent of
2372 Independents found that they didn't want the EPA to be
2373 disabled. There is a third poll, I don't have the results
2374 right in front of me but very similar results by almost two-
2375 to-one margins Americans didn't want to disable the federal
2376 government from doing its job to reduce pollution. Now, I
2377 have some theories as to why Americans believe that. I think
2378 it is because Americans are optimistic and know that we can
2379 do innovations and create new jobs associated with these new
2380 ways of reducing pollution but, Mr. Reicher, I just wondered
2381 if you wanted to express thoughts about why you think
2382 Americans feel so strongly that people are out to lunch who
2383 want to disable the federal government here.

2384 Mr. {Reicher.} Well, Mr. Inslee, I think it starts with

2385 the fact that there is a basic understanding that climate is
2386 going to have serious, serious impacts on human health and
2387 the environment and you start with that presumption as we did
2388 with all the other sort of pollutants we have been dealing
2389 with and that motivates people to end of saying, you know, we
2390 want our government to take action. I go from there to say
2391 the Supreme Court said figure out whether carbon is a
2392 pollutant. The EPA took that and figured out that it was and
2393 said what are we supposed to do when it is determined to be
2394 pollutant? We are supposed to go out and begin to put some
2395 controls on it so I think the public recognizes that we are
2396 dealing with a serious risk. The Supreme Court has weighed
2397 in. The relevant agency has weighed in. Plus, and this is
2398 important, our investment community Wall Street and Silicon
2399 Valley has said figure this out. If you want money to stay
2400 in this country for clean energy investments, figure out
2401 whether or not you are going to be regulating this. Figure
2402 out whether you are going to put energy standards in place,
2403 pollution standards in place to deal with this carbon. As
2404 long as we are not going to make that decision, we are going
2405 to see massive amounts of capital flow to other countries
2406 where they have made that decision.

2407 Mr. {Inslee.} So let me suggest one more reason huge
2408 majorities of Americans think it is a bad idea to disable the

2409 EPA, business people believe this. In the last 2 weeks I
2410 have had two business groups in the State of Washington come
2411 to me and tell me what climate change is doing to their
2412 business. The people grow oysters and clams, their industry,
2413 their industrial model is at risk today because of the ocean
2414 associated with carbon dioxide pollution. They want a
2415 solution to this problem. They are losing their industry in
2416 the west coast of the United States. This is a long time
2417 industry that is important in Puget Sound where I come from.
2418 This morning I had the berry growers from the northwest come
2419 to tell me and tell me that 50 percent of the actually it was
2420 grapes were essentially lost because of it is either a fungus
2421 or a bacteria associated with changes in climate they believe
2422 and they were asking me for help to solve this problem. If
2423 we don't deal with this problem we are going to lose jobs.
2424 This is a job creation engine like China gets and we don't
2425 and I hope we will wake up in the next 4 seconds and thank
2426 you, Mr. Reicher, thank you.

2427 Mr. {Reicher.} Thank you, Mr. Inslee.

2428 Mr. {Whitfield.} Thank you, Mr. Inslee.

2429 At this time, I will recognize Mr. Bilbray for 5
2430 minutes.

2431 Mr. {Bilbray.} Thank you.

2432 Mr. McConnell, you made a reference to CARB and in fact

2433 I served 6 years on CARB. You made reference to the air
2434 resources board in California and I served 6 years there and
2435 10 years on ARB district, two stints as chairman and I would
2436 like to remind you that it was California that told
2437 Washington in 1992 that the mandate that methanol was put in
2438 our fuel stream was not an environmental option. It was
2439 environmentally damaging. So Washington sometimes gets it
2440 wrong and we pointed out that people who claimed to be
2441 environmentalists in Washington aren't necessarily going to
2442 depend on in the long run and I think that experiment history
2443 is going to show is a major, major mistake and I wish the
2444 people that were so self-righteous then will now look around
2445 and say maybe we ought to try to get our science down first
2446 before we start making claims. And I think MTD and the
2447 methanol in the fuel line, you know, has been proven again
2448 and again that the so-called experts then in Washington, D.C.
2449 were behind this at CARB.

2450 But if I could propose to you, if the federal government
2451 could pass a law today that would improve your fuel mileage
2452 and reduce your emissions by 22.6 percent, what would be your
2453 industry's response to that?

2454 Mr. {McConnell.} Well, I don't represent the
2455 manufacturers.

2456 Mr. {Bilbray.} But as someone selling the product.

2457 Mr. {McConnell.} Well, I believe that California should
2458 have a voice just as but no more than any other State,
2459 provide data, political clout that they have but we feel like
2460 that we don't have a problem with reducing CO2 emissions. We
2461 do not.

2462 Mr. {Bilbray.} Okay, let me interrupt you. Look, Mr.
2463 McConnell, if I could tell you again that I have a study that
2464 shows 22.6 percent reduction in emissions and fuel mileage
2465 and it will not cost one cent to produce a car or no one more
2466 cent to produce a car. If I could show you that study, would
2467 you be willing to say maybe we ought to consider implementing
2468 these mandates if it doesn't cost one more cent to produce an
2469 automobile in this country?

2470 Mr. {McConnell.} I would be happy to do look at the
2471 study. What needs to happen though is CAFE is laid out.

2472 Mr. {Bilbray.} Let me go to CAFE. Let us go to CAFE,
2473 are you talking 100 percent of fossil fuel? Are you talking
2474 CAFE standards with 10 percent ethanol? Are you talking 10
2475 percent algae fuel? What fuel mixture here because we have a
2476 lot of fuel mixtures here and that is one thing when we talk
2477 about CAFE that the renewable fuel mandate has actually
2478 reduced the ability for automobiles to get mileage, something
2479 that nobody wants to talk about in this town.

2480 But let me go over to you, Mr. Reicher. Mr. Reicher, if

2481 we could mandate 22.6 percent more fuel efficiency and
2482 emissions, wouldn't you say that is something that we should
2483 be looking at especially if we claim we are in a crisis?

2484 Mr. {Reicher.} Sounds like a smart way to proceed.

2485 Mr. {Bilbray.} The problem is what it does it is not a
2486 mandate on the private sector. It is a mandate on
2487 government. Traffic management, inappropriate traffic
2488 management, every time you stop at a four-way stop, you
2489 remember you are polluting five-times more than if you were
2490 allowed to roll through with a yield sign. This town is
2491 quick at pointing fingers at you and your industry but those
2492 of us in government will walk away from something that
2493 studies have shown could be major breakthroughs but because
2494 it is easier to be against the business community and not the
2495 other way. And as somebody who has worked on these issues
2496 for decades, I am frustrated with the people that come out of
2497 Washington claiming that they are going to save the world by
2498 turning corn into fuel or, you know, taking methanol and
2499 converting it over, and not looking at the longer impact.
2500 And I am sorry, I hear you attack CARB, the CARB that I see
2501 today coming out is a political extension. We have been, our
2502 science has been pretty darn good.

2503 One of the things our scientists want to talk about is,
2504 Mr. Reicher, the last I checked with the UN our--the Chinese

2505 economy is about one-tenth of our economy, right?

2506 Mr. {Reicher.} I don't know the specific statistics.

2507 Mr. {Bilbray.} Okay, well let us just say this China is
2508 implementing 20 nuclear power plants. We are implementing
2509 two. Does that well, let me just say on that, I can give you
2510 that number and the executive secretary of the UN National
2511 Framework and Convention on Climate Change says he has not
2512 seen a credible scenario that does not have nuclear as a
2513 major part of their mixture. In fact, even the report by the
2514 Intergovernmental Panel on Climate Change states that a
2515 robust mix of energy sources including nuclear must be
2516 included. Now, do you believe that two out of an industry
2517 that is ten times as big as China is a robust commitment to
2518 implementing clean air strategies with nuclear power?

2519 Mr. {Reicher.} Mr. Bilbray, I came in and testified in
2520 my opening statement that we should adopt a clean energy
2521 standard that includes most of these technologies.

2522 Mr. {Bilbray.} Mr. Chairman, may I ask for 1 more
2523 minute on this item please just to follow-up?

2524 Mr. {Whitfield.} Without objection.

2525 Mr. {Bilbray.} Mr. Reicher, the State of California
2526 does not allow nuclear power today and my colleagues at the
2527 ARB are not allowed to implement a robust nuclear program
2528 while we are talking about the climate being in crisis. My

2529 concern is my colleagues in California claim they care about
2530 the environment and are willing to attack the private sector
2531 but are not willing to do things like force government to
2532 change the way it operates so we clean up our act. Your
2533 comment on that?

2534 Mr. {Reicher.} Mr. Bilbray, in that regard I would urge
2535 you to take a careful look at a national clean energy
2536 standard because it could deal with some of these
2537 inconsistencies that we have State to State over a whole
2538 range of technologies. That is one way to proceed if you are
2539 bothered by the inconsistencies State to State, take a look
2540 at what Mr. Barton supported in his amendments last year.

2541 Mr. {Bilbray.} Wouldn't you agree that it is one thing
2542 to give a loan guaranty? It is another thing not to allow it
2543 to be permitted, for government to outlaw it. In fact, let
2544 me say this as somebody who has worked on environmental regs,
2545 we talk about a Manhattan project for energy independence in
2546 this country. Ladies and gentlemen, the Manhattan Project
2547 would not be legal under existing law. You couldn't even
2548 site the test site because of Endangered Species Act. That
2549 is the kind of barrier that those of us in Washington who
2550 want to address this crisis have to be willing to stand up
2551 and address. Thank you, Mr. Chairman.

2552 Mr. {Whitfield.} I recognize the gentleman, Mr. Olson

2553 from Texas for 5 minutes.

2554 Mr. {Olson.} I thank the chair.

2555 Mr. Joyce, my first question is for you. First I want
2556 to thank you for being part of the economic engine that
2557 drives America, small business.

2558 Mr. {Joyce.} It is my pleasure.

2559 Mr. {Olson.} In your testimony you said that the
2560 environmental regulations have cost your family business
2561 upwards of \$150,000. How many more people could you hire if
2562 you didn't have that excessive cost and more importantly, how
2563 many of your current jobs are at risk right now if greenhouse
2564 gas regulations become law?

2565 Mr. {Joyce.} We can hire two additional people if we
2566 weren't doing those as required of us to do but our bigger
2567 concern is the uncertainty and the misinformation surrounding
2568 what is going on with the EPA regulations currently. We are
2569 so concerned because right now they are starting big but we
2570 know that will back up and we understand the difficulty of
2571 permitting projects even at the State level so every time
2572 something makes a project difficult, it makes it harder to
2573 get it financed. It is very difficult to finance them now so
2574 we think more and more projects theoretically could be taken
2575 off the table. We have great concern about that but what our
2576 bigger concern is and my concern as a citizen is we are in an

2577 energy crisis and we need to look at every single option out
2578 there to create more energy. And, you know, again I said I
2579 hung my hat on green energy and we do a lot in that arena but
2580 it doesn't work without new coal plants, without new nuclear
2581 plants, without creating additional energy because we are
2582 still birthing babies, we are still graduating people from
2583 college, we are still building houses and we want to be a
2584 manufacturing factor. So I sit here and I think to myself
2585 where is the outrage? Where is the outrage and the Chinese
2586 are going to corner the energy market sooner or later and we
2587 are not taking steps to create power now and electricity is a
2588 key piece of it. And I want to see our Nation look at ways
2589 to get every option on the table now and that is our concern.

2590 Mr. {Olson.} Yes, sir, what we call up here the all-
2591 vote plan. Thank you for that answer, sir.

2592 Mr. Montgomery, a question for you, sir. EPA
2593 Administrator Jackson often touts the creation of jobs by
2594 implementing new green control technologies. You have been
2595 in this field for about 40 years. Will the mandate to comply
2596 with greenhouse gas regulations produce a net job growth here
2597 in the United States as Administrator Jackson claimed, yes or
2598 no?

2599 Mr. {Montgomery.} No.

2600 Mr. {Olson.} Do you want to elaborate on that?

2601 Mr. {Montgomery.} Okay, it will certainly produce a
2602 shift. It will produce a shift of resources in industrial
2603 activity toward producing that pollution control equipment
2604 but it will be taking those resources away from producing
2605 other things that people demand and contribute to our
2606 standard of living. It is not to say it might not be worth
2607 it if you judge that the benefits are large enough but it is
2608 clearly going to be a cost. At best, it is going to involve
2609 moving people from one kind of job to another and not
2610 creating net new jobs but on top of that it is going to be a
2611 drag on productivity growth and investment which is going to
2612 slow the rate of growth in the economy overall. And this is
2613 something that has been seen by economists who have studied
2614 this going all the way back to work that Jorgenson and
2615 Wilcoxon did 20 years ago looking at the effect of the Clean
2616 Air Act amendments themselves. They found that yes, there
2617 were some industries that were doing quite well producing
2618 that pollution control equipment but the regulations were
2619 essentially a tax on capital investment so it slowed down
2620 capital investment. It reduced the growth in worker
2621 productivity because unlike the Luddites who do green job
2622 studies, they actually know from looking at history that the
2623 primary driver of productivity growth is increasing capital
2624 investments to make workers more productive. So all of those

2625 processes are slowed down by the higher costs that are
2626 imposed on the economy by the regulations so that overall
2627 there is a depressing effect on our rate of growth and
2628 internally there is some shuffling around of jobs from doing
2629 one thing to doing another.

2630 Mr. {Olson.} So no new green technologies, thank you
2631 for that answer and my final question is going to be for Mr.
2632 Carey. Mr. Carey, coal provides about 45 percent of our
2633 electric power. If the EPA regulations were to go forward as
2634 planned from what your testimony earlier today that is about
2635 75 gigawatts that are at risk?

2636 Mr. {Carey.} Within that range, Congressman.

2637 Mr. {Olson.} How would we replace the capacity of the
2638 coal industry?

2639 Mr. {Carey.} That is the 64,000 not gigawatt question
2640 but \$64,000 question, Congressman. There is no way.

2641 Mr. {Olson.} Any idea how many jobs it is going to cost
2642 us?

2643 Mr. {Carey.} Well, if we are looking at a 70 percent
2644 reduction in the amount of coal, it is a 70 percent reduction
2645 in the amount of coal jobs with a multiplier of 10. So we
2646 are in the hundreds of thousands.

2647 Mr. {Olson.} Thank you for that answer.

2648 Mr. {Whitfield.} Mr. McKinley of West Virginia, you are

2649 recognized for 5 minutes.

2650 Mr. {McKinley.} Thank you, Mr. Chairman. It has been a
2651 long day and we have broken twice. It sounds a little bit
2652 like Groundhog Day. We are back here again for the third
2653 time to try to get through all of this. After being towards
2654 the end of this questioning it appears a lot of the questions
2655 have been asked but so I just want to kind of summarize where
2656 I am so when I go home tonight. It appears that there seems
2657 to be a consensus that energy costs are going to rise if we
2658 have the greenhouse gas regulated under the Clean Air Act.
2659 There is also a consensus that that will have a negative
2660 impact on industry, manufacturers. If they are negatively
2661 impacted, we are going to lose jobs. I got a letter and
2662 there were comments made that this is just a Republican thing
2663 but here's a letter from the American Iron and Steel
2664 Institute and it is a long letter so I am not going to go
2665 through it. I am going to ask that it be put into the
2666 record.

2667 Mr. {Whitfield.} Without objection.

2668 [The information follows:]

2669 ***** COMMITTEE INSERT *****

|

2670 Mr. {McKinley.} Thank you. And he goes on in his
2671 letter about the, just talks about the new regulations will
2672 create permitting obstacles in investing in new and renovated
2673 facilities, impose significant additional cost on domestic
2674 steel producers. The development of new environmental
2675 regulatory proposals across the country it is obvious will
2676 have a deleterious effect on them. But he goes on to say the
2677 unprecedented speed of the EPA's effort to regulate the
2678 greenhouse gases under the Clean Air Act threatens serious
2679 economic disruption. The greenhouse gas emissions under the
2680 Clean Air Act will create disincentives to invest, potential
2681 for new project construction delay and increased litigation
2682 risks. He goes on to say for the Institute that it is not
2683 partisan. This is business. This is what it is all about
2684 here. We have 15 million Americans out of work today and we
2685 are letting the EPA continue to cause this kind of challenge.
2686 And he goes on to say it will raise operating costs which
2687 will place our American steel manufacturers at a competitive
2688 disadvantage while allowing overseas competitors to continue
2689 to increase their missions. The result would be limited
2690 environmental gain but significant economic challenges
2691 including further elimination of valuable American
2692 manufacturing jobs especially for energy-intensive, trade-

2693 sensitive industries.

2694 You know, I don't understand. I have only been here in
2695 Congress for not even 60 days and I don't understand why they
2696 don't get it. To me it is axiomatic. This is fundamental
2697 economics 101. Why is it that they don't get it around here?
2698 Am I the one out of step, Mr. Cicio?

2699 Mr. {Cicio.} I have very diverse energy-intensive
2700 manufacturers including some integrated steel companies plus
2701 recycle steel companies and I can, there are lots and lots of
2702 stories of truthful events where these steel companies have
2703 had to shut facilities down because of a tenth of a cent
2704 increase in the price of electricity. There are chemical
2705 companies that compete on a global scale with companies
2706 halfway around the world where they compete for a tenth of a
2707 cent per pound of a product. We are gripped and this is what
2708 I said in my testimony, our country and the manufacturing
2709 sector are gripped in competition and many times our
2710 competition are governments wrapped around companies but they
2711 are governments and they are subsidized.

2712 Mr. {McKinley.} But my question, why don't they get it?
2713 Why doesn't when we have so many people out of work, we are
2714 threatening possibly one more time another round of
2715 employment losses at a time when we need our energy, coal,
2716 nuclear, all and we are threatening ourselves. Yes, sir?

2717 Mr. {Montgomery.} This is my personal opinion and but
2718 it is this I think is a very good example of how Congress is
2719 not working well and it is a very good example of how hard it
2720 is to take on a big issue. I would say that the first lesson
2721 in environmental economics is you have to compare the cost of
2722 a regulation to the benefits that you get. Well, when the
2723 costs of a regulation are large and the benefits are in the
2724 future, it is very hard to convince your constituents that
2725 that is a good thing to work for so the analysis instead of
2726 being an objective description of what is likely to happen
2727 turns into a claim this isn't a hard decision after all.
2728 There aren't any costs because they go away and I am afraid
2729 that that is how I see the debate being destroyed here.

2730 Mr. {McKinley.} Thank you.

2731 Mr. {Whitfield.} Mr. Scalise, you are recognized for 5
2732 minutes.

2733 Mr. {Scalise.} Thank you, Mr. Chairman.

2734 The theme of today's hearing is the greenhouse gas
2735 emissions and specifically the impact of these regulations on
2736 American jobs and I think when we talk about American jobs we
2737 had a hearing a few weeks ago. It has been referenced a few
2738 times with EPA Administrator Jackson and then we had a panel
2739 right after Administrator Jackson spoke and it was a panel of
2740 business people, employers in this country and it was like

2741 there was parallel universe. You had the head of EPA talking
2742 about how the regulations that she is implementing are
2743 creating jobs and then you literally had employer after
2744 employer after employer talking about those very EPA
2745 regulations and the uncertainty associated with it are
2746 costing American jobs. And so maybe what the EPA
2747 Administrator Jackson is referring to were the jobs she is
2748 creating in China, in India, in other countries because when
2749 you talk to employer, they are actually looking at real job
2750 losses. There was a company, a major steel manufacturer that
2751 talked specifically about the burdensome permitting
2752 requirements and rising energy costs, increasingly industrial
2753 projects are no longer even being considered for development
2754 in the United States. It doesn't mean they are not being
2755 considered. They are just not being considered in the United
2756 States. They further went on to talk specifically about one
2757 of their projects, ``Due to the uncertainty created by these
2758 regulations, we made the difficult decision to delay the \$2
2759 billion investment also delaying the creation of 2,000
2760 construction jobs and 500 permanent ones.'' This was one
2761 company and we have heard this story over and over and over
2762 again, jobs that are leaving our country.

2763 And I want to ask Mr. Reicher, you know, we have heard
2764 testimony in the past over this issue about carbon leakage

2765 and the fact that let us say you are not building a steel
2766 mill here in the United States. You are going to build it in
2767 Brazil which is a viable option when people are looking at
2768 where they are going to build it. So if they build it in
2769 Brazil you actually have maybe four times the amount of
2770 carbon and greenhouse gases emitted than if you would have
2771 built that plant today under current environmental
2772 regulations in the United States, not to mention the job
2773 loss. So first, do you recognize one, there is real job loss
2774 going on out there in America? And number two, that because
2775 of these regulations by EPA you are actually emitting more
2776 carbon because they are building these plants in other
2777 countries that actually have lower standards than us?

2778 Mr. {Reicher.} Well, Mr. Scalise, responding to you and
2779 Mr. McKinley, I think this issue of why ``they don't get it''
2780 is first, I think there are serious issues here with human
2781 health and the environment and it can flow from these
2782 greenhouse gas emissions. Secondly, there are in fact
2783 serious economic issues. We are losing vast investment in
2784 this country.

2785 Mr. {Scalise.} Because of these regulations and the
2786 uncertainty.

2787 Mr. {Reicher.} To countries where they have in fact
2788 decided to control the emissions of greenhouse gases and

2789 other pollutants, to the EU, increasingly to China, to places
2790 where they are taking these issues seriously.

2791 Mr. {Scalise.} Well, what you are saying they are
2792 taking them seriously. They actually emit more greenhouse
2793 gases to do some of these manufacturing jobs in those
2794 countries like China. Do you recognize that?

2795 Mr. {Reicher.} Fair question so all the more reason why
2796 we have got to step up to it and the rest of the world does
2797 as well. That is why we have international green age. That
2798 is why we go and negotiate these.

2799 Mr. {Scalise.} But do you recognize that the
2800 uncertainty though of what is going on in this country is
2801 costing American jobs? Will you at least acknowledge all of
2802 these, business after business?

2803 Mr. {Reicher.} Certainly, the uncertainty on Wall
2804 Street are moving their money away from this country to
2805 countries where in fact they are putting controls on
2806 greenhouse gas emissions.

2807 Mr. {Scalise.} Well, Wall Street has done enough damage
2808 to our economy already.

2809 Let me ask Mr. Montgomery something because I am on
2810 limited time and I apologize but, Mr. Montgomery, I am not
2811 sure if you read there was a study about Spain's experiment
2812 with this scheme of cap and trade, greenhouse gas emission

2813 regulation where they said they are going to create all these
2814 green jobs. What they found out later is for every green job
2815 they created they lost 2.2 jobs but then when they dug deeper
2816 into that 90 percent of those jobs they created were part-
2817 time jobs. So in essence for every green job they created
2818 they lost 22 full-time jobs in their economy. I am not sure
2819 if you are familiar with that Spain study or if you want to
2820 comment on that?

2821 Mr. {Montgomery.} Yes, there have been some criticisms
2822 of the study but I think it has made some very good points.
2823 One of them is just how phony the accounting for green jobs
2824 can be depending on what you are counting. The second one is
2825 that yes, the cost of the mandate or a subsidy is borne by
2826 the country that does it and Spain decided to put on huge
2827 subsidies and that both decreased their own competitiveness
2828 across the board and it attracted a lot of equipment to be
2829 built elsewhere.

2830 Mr. {Scalise.} Like we are seeing here.

2831 And I only have got a few seconds left and I want to ask
2832 Mr. Joyce something because you talked about in your opening
2833 testimony and then I don't know if this was on behalf of NFIB
2834 or just your small business but you referred to a recent
2835 study by the U.S. Small Business Administration that found
2836 that the total cost of regulation on the American economy is

2837 \$1.75 trillion per year and then further that the study
2838 reaffirmed that small businesses actually bear a much larger
2839 percentage. I think what, over 30 percent more of the cost
2840 than large businesses so the uncertainty in these regulations
2841 are killing small businesses primarily which is the real
2842 heart of our job creation in this country. I want to ask you
2843 to comment further on that.

2844 Mr. {Joyce.} Yeah, absolutely because they are smaller,
2845 you know, smaller network of sales to diversify the cost of
2846 implementing whatever the regulation is so little businesses
2847 are widely more impacted with these regulations than big ones
2848 who have got, you know, staffs that run it and they just
2849 blend it in there and it goes away. This hits the little
2850 businesses very, very significantly.

2851 Mr. {Scalise.} Thank you, Mr. Chairman, I yield back.

2852 Mr. {Whitfield.} I thank you and I want to thank the
2853 witnesses very much. We appreciate your testimony and I know
2854 you didn't plan to spend this much time with us but we hope
2855 maybe you will come back someday and this panel is dismissed.

2856 Mr. {Bilbray.} Mr. Chairman.

2857 Mr. {Whitfield.} Yes.

2858 Mr. {Bilbray.} I want to thank you for having this
2859 hearing and let me just point out.

2860 Mr. {Whitfield.} We are not through.

2861 Mr. {Bilbray.} I know I just before they leave though I
2862 think it is great to point out for 4 years there was an
2863 effort to green the Capitol and try to reduce our footprint
2864 here but in 4 years Congress is still burning coal to fire up
2865 the lamps over our head and I think that if that is any
2866 indication of the progress we have made it is just good luck.

2867 Mr. {Whitfield.} Well, of course I like coal myself but
2868 we will call at this time on the second panel. we have Ms.
2869 Gina McCarthy who is the assistant administrator for the
2870 Office of Air and Radiation at the U.S. Environmental
2871 Protection Agency and, Ms. McCarthy, we appreciate you being
2872 us today. I trust that you have enjoyed yourself as much we
2873 have already and I will tell you we have adopted a new policy
2874 and we are supposed to start hearings at nine o'clock or 9:30
2875 and we have no votes so that we can go straight through
2876 before anyone has to leave. So unfortunately it didn't work
2877 out that way today but we do appreciate your patience and
2878 your being with us very much.

2879 Ms. {McCarthy.} Thank you, Mr. Chairman, it is nice to
2880 be here.

2881 Mr. {Whitfield.} And with that, we will go on and
2882 recognize you for your 5 minute opening statement, Ms.
2883 McCarthy.

|
2884 ^STATEMENT OF GINA A. MCCARTHY, ASSISTANT ADMINISTRATOR,
2885 OFFICE OF AIR AND RADIATION, UNITED STATES ENVIRONMENTAL
2886 PROTECTION AGENCY

2887 } Ms. {McCarthy.} Thank you very much and again I want to
2888 thank the chairman and the ranking member, Rush, for inviting
2889 me here and the members of the committee to testify on this
2890 important subject.

2891 Let me get started. I know you have listened to a lot
2892 of testimony so I will be as crisp as I can and then we can
2893 get to questions and answers.

2894 But EPA is just starting to update existing Clean Air
2895 Act programs in order to address greenhouse gas emissions.
2896 The Clean Air Act tools that we have been using are exactly
2897 the same Clean Air Act tools that have been responsible for
2898 achieving dramatically cleaner air and important public
2899 health benefits at reasonable cost. With its 40 year history
2900 of success the Clean Air Act continues to be one of this
2901 country's greatest bipartisan achievements. Today EPA is
2902 releasing a peer review study of the cost and benefits of the
2903 Clean Air Act since 1990. It demonstrates both the Clean Air
2904 Act's tremendous public health benefits and well how cleaner
2905 air strengthens the economy. In the last year alone,

2906 programs implemented pursuant to the Clean Air Act amendments
2907 of 1990, are estimated to have reduced premature mortality
2908 risks equivalent to saving over 160,000 lives, to have spared
2909 Americans more than 100,000 hospital visits, prevented
2910 millions of cases of respiratory problems like asthma, to
2911 have enhanced productivity by preventing 13 million lost
2912 workdays, and have kids healthy and in school avoiding 3.2
2913 million lost school days due to respiratory illnesses and
2914 other diseases that are either caused or exacerbated by air
2915 pollution.

2916 EPA can't monetize all the benefits from recent Clean
2917 Air Act regulations but to the extent that we can this study
2918 tells us that the Clean Air Act provides \$2 trillion in
2919 benefits in 2020 alone. That is over \$30 in benefits for
2920 every single dollar that we spend. This is a tremendous
2921 value for the American people. Most of the rules that gave
2922 us these huge gains in public health were adopted amidst
2923 claims similar to what we are hearing today, claims that they
2924 would be bad for the economy and bad for employment. Some
2925 claim that the Clean Air Act amendments of 1990 themselves
2926 would cost at least 200,000 or up to even 2 million jobs. In
2927 contrast to all of those dire predictions, history has shown
2928 again and again that we can clean up pollution. We can
2929 create jobs and we can grow our economy all at the same time.

2930 Since 1970, air pollution has actually declined 63
2931 percent while at the same time the economy has grown 204
2932 percent. Discussions of job impacts often overlook the jobs
2933 that come from building and installing pollution control
2934 equipment. The Institute for Clean Air Companies estimated
2935 that over the past 7 years the implementation of just one
2936 rule, the Clean Air Act interstate rule resulted in 200,000
2937 jobs in the air pollution control industry. In a recent Wall
2938 Street Journal op-ed, eight major utilities that will be
2939 affected by our greenhouse gas regulation said that,
2940 ``Contrary to claims that EPA's agenda will have negative
2941 economic consequences, our companies experience complying
2942 with air quality regulations demonstrates that they can yield
2943 important economic benefits including job creation while
2944 maintaining the liability.''

2945 The Clean Air Act has also helped spark world-class
2946 innovations in the United States. For example, EPA vehicle
2947 emissions standards led to the development and application of
2948 a huge range of technologies like catalytic converters,
2949 onboard computers, fuel-injection systems, even unleaded
2950 gasoline. These innovations are now found throughout the
2951 global automotive market. In the vehicle emission control
2952 industry now employs approximately 65,000 Americans with
2953 domestic annual sales of \$26 million.

2954 The environmental technology and services industry
2955 employed 1.7 million workers in 2008, and that taps into the
2956 global market that is worth over \$700 billion, and that is a
2957 market the size of the aerospace or the pharmaceutical
2958 industry. Globally, America can compete and lead in, I am
2959 sorry, can compete and lead in the environmental and clean
2960 energy sectors but only if we take steps at home to continue
2961 to innovate. As we drive towards cleaner air and clean
2962 energy we need to challenge innovation and challenge
2963 technology excellence.

2964 We are now starting to achieve greenhouse gas, address
2965 greenhouse gases by applying Clean Air Act regulatory tools
2966 that have been used successfully now for 4 decades. EPA is
2967 compelled to do so by the Clean Air Act, the Supreme Court's
2968 decision, as well as sound science. These greenhouse gas
2969 tools that we are going to use require the agency always to
2970 take cost into consideration and they will allow the agency
2971 to move forward using commonsense, reasonable, measured
2972 requirements.

2973 The first greenhouse gas rule EPA issued is already
2974 demonstrating how practical regulations can make sense for
2975 the economy. Last April, EPA and the Department of
2976 Transportation completed harmonized national standards to
2977 reduce greenhouse gas pollution from new cars and trucks.

2978 The vehicles sold in model years 2012 to 2016 will save 1.85
2979 billion barrels of oil while reducing greenhouse gas
2980 emissions by 962 million tons. The rules were supported by
2981 both the auto workers as well as the auto manufacturers who
2982 recognize that these standards help them stay competitive in
2983 a global marketplace where fuel efficiency increasingly
2984 matters. We will also save consumers money. A 2016 model
2985 year vehicle will save you \$3,000 over the life of that
2986 vehicle.

2987 The regulatory focus on improved efficiency isn't unique
2988 just to motor vehicles. EPA is also focusing on energy
2989 efficiency as the preferred method of meeting greenhouse gas
2990 permit requirements for power plants and large industrial
2991 facilities. And let us all be clear, these new greenhouse
2992 gas permit requirements apply only when a facility is being a
2993 new facility is being built or when a company is making major
2994 modifications at an existing facility. The universe for
2995 these greenhouse gas permits are large greenhouse gas
2996 emitters but the universe is very small and it is manageable
2997 to achieve.

2998 Leadership in new technologies combined with healthier
2999 workers and fewer air-related health effects have laid the
3000 foundation for robust, long-term economic growth and the
3001 employment that comes along with it. We shouldn't pass up

3002 the opportunity to use the Clean Air Act to promote
3003 efficiency, energy security, to protect public health because
3004 of the same inaccurate claims about job losses that have been
3005 leveled against major actions under the Clean Air Act for 4
3006 decades now. Thank you very much.

3007 [The prepared statement of Ms. McCarthy follows:]

3008 ***** INSERT 7 *****

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3009 Mr. {Whitfield.} Thank you, Ms. McCarthy. I was
3010 reading an article recently of Duke University, the Nicholas
3011 Institute of Environmental Policy Solutions and in there they
3012 quoted you and you had said that if you apply the 100-250
3013 tons per year limit for greenhouse gases that it would
3014 require six million sources to obtain Title 5 permits and
3015 lead to 82,000 permitting actions under PSD resulting in an
3016 estimated combined cost of \$22.5 billion to the permitting
3017 authorities alone. Now, I know you have the tailoring rule
3018 but without referring to the administrative necessity
3019 doctrine or the absurd results doctrine, doesn't your
3020 tailoring act explicitly violate the terms of the Clean Air
3021 Act as to the limits?

3022 Ms. {McCarthy.} Mr. Chairman, I would tell you that
3023 your quote is correct. That is the reason why the
3024 administration puts together the tailoring rule and we
3025 believe that it is not only a legally sound approach to
3026 making sure that we.

3027 Mr. {Whitfield.} But without reference to the
3028 administrative necessity or absurd result it does violate the
3029 precise wording of the Clean Air Act?

3030 Ms. {McCarthy.} I am trying to explain to you that we
3031 believe that that is the best interpretation of Congress'

3032 intent when it is a new pollutant.

3033 Mr. {Whitfield.} But you do recognize it does violate
3034 the explicit terms of the Clean Air Act?

3035 Ms. {McCarthy.} I do not believe that it violates the
3036 Clean Air Act.

3037 Mr. {Whitfield.} Well, your limits are above the 100 to
3038 250 tons per year.

3039 Ms. {McCarthy.} They certainly are and we approach it
3040 in a very measured way to make sure that we don't.

3041 Mr. {Whitfield.} Thank you. Now, let me make ask you
3042 did your agency conduct a comprehensive economic or job
3043 analysis of the impact of the greenhouse gas regulations?

3044 Ms. {McCarthy.} I am sorry. Could you say that again,
3045 Mr. Chairman?

3046 Mr. {Whitfield.} Did your agency conduct an analysis of
3047 the impact of the greenhouse gas rules on jobs and the
3048 economy?

3049 Ms. {McCarthy.} Yeah, the greenhouse gas rules
3050 certainly we did with the light duty vehicle rule we have
3051 talked about that a little bit.

3052 Mr. {Whitfield.} But on stationary sources.

3053 Ms. {McCarthy.} On stationary sources the way in which
3054 the Clean Air Act works is that we are not setting a standard
3055 for permitting. Those permitting decisions are rightly.

3056 Mr. {Whitfield.} So is your answer no?

3057 Ms. {McCarthy.} My answer is that States do that in the
3058 course of doing the best available control technology
3059 permitting process.

3060 Mr. {Whitfield.} But the EPA, you do not do that then?

3061 Ms. {McCarthy.} Well, we do not know businesses'
3062 intent.

3063 Mr. {Whitfield.} Do you all do any sort of analysis on
3064 how you are going to replace lost electricity generating
3065 capacity from any of the regulations?"

3066 Ms. {McCarthy.} I do not anticipate the greenhouse
3067 gases will result the greenhouse gas regulations will result
3068 in any lost electricity generation?

3069 Mr. {Whitfield.} So you don't think the regulations
3070 will cause the loss of any capacity?

3071 Ms. {McCarthy.} In terms of electric generating, no, I
3072 do not.

3073 Mr. {Whitfield.} Okay, that bell wasn't my time but I
3074 am going to at this point recognize Mr. Rush for 5 minutes.

3075 Mr. {Rush.} Thank you, Mr. Chairman.

3076 Ms. McCarthy, I really want to apologize first of all
3077 that you had to wait this long and most of the members have
3078 gone and we have suspended the activities on our floor and
3079 the media for the most part has left during your testimony so

3080 I apologize for that but necessarily we have to do what we
3081 have to do here.

3082 Let me just ask you while today's hearing focused on the
3083 jobs impacted by greenhouse gas regulations under the Clean
3084 Air Act and there is no question that this Congress must
3085 focus on job creation. Unemployment rates are exceptionally
3086 high and joblessness is taking its terrible toll on our
3087 Nation and in your professional opinion what would be some of
3088 the consequences particularly economically but also
3089 environmentally and in the area of public health if Congress
3090 did enact such a bill as the Upton-Inhofe bill where the EPA
3091 ability to regulate greenhouse gases would be repealed
3092 without any type of legislative alternative that has been
3093 presented to us, can you?

3094 Ms. {McCarthy.} Yes, I can speak to that and I
3095 appreciate the question. We are very concerned with the bill
3096 in terms of what it might do for our ability to make sure
3097 that businesses that want to actually be constructed or
3098 businesses that want to modify being able to make sure that
3099 those Clean Air Act permits are available to them. So we are
3100 very concerned that we protect the interests of the Clean Air
3101 Act, that we protect our ability to issue permits when
3102 permits should be required and deserved and that we move
3103 forward with the Clean Air Act as it was intended. Carbon

3104 pollution is a pollutant. It is a pollutant under the Act.
3105 It is a danger to public health and welfare. We believe we
3106 can take measured approaches to controlling that pollutant
3107 into making sure that as new facilities are constructed and
3108 major modifications are done that we minimize the kind of
3109 greenhouse gas emissions that are additionally emitted into
3110 the atmosphere.

3111 Mr. {Rush.} The idea that the Clean Air Act
3112 requirements can control carbon pollution have anything to do
3113 with unemployment problems to me is a sheer fantasy. We are
3114 suffering a worldwide global recession. Normally, the
3115 regulations don't cause anything. On the contrary they
3116 actually will benefit regulations caused the financial
3117 meltdown. All right, you testified that EPA recently
3118 prepared a white paper highlighting information which are the
3119 Clean Air Act and jobs and the economic in the United States.
3120 Are the findings highlighted in that paper based on peer
3121 review literature?

3122 Ms. {McCarthy.} Yes, they are.

3123 Mr. {Rush.} And what did these peer review studies
3124 findings actually take on Clean Air Act regulations on jobs
3125 and the economy?

3126 Ms. {McCarthy.} Well, what it found and it is rather
3127 remarkable is that when the economists looked at some of the

3128 most heavily regulated industry they did not find evidence
3129 that regulation leads to larger job losses. For example,
3130 there was an article by Morgan Stern that looked at four of
3131 the most heavily regulated industries and it found that
3132 increased environmental spending does not cause a significant
3133 change in employment in those regulated industries. On
3134 average there was a gain of 1.5 jobs for every \$1 million in
3135 additional environmental spending. Now, that doesn't mean
3136 that the Clean Air Act is a jobs act. It is clearly a public
3137 health act but the most remarkable thing is that for every
3138 dollar that you spend in order to clean up the air under the
3139 Clean Air Act, you get \$30 in health benefits so it is a
3140 significantly effective public health measure. But the great
3141 thing is that it does have ancillary benefits of job growth
3142 and there is no evidence that it is a factor in significant
3143 job losses in the economy, in fact just the opposite.

3144 Mr. {Rush.} Can you give us some examples of the types
3145 of jobs created when we clean up the environment?

3146 Ms. {McCarthy.} Sure, someone when they have to design
3147 and build and run and maintain pollution control equipment,
3148 those some ones are jobs. For example, installing a scrubber
3149 on a power plant can create up to a thousand construction
3150 jobs and a hundred permanent jobs. In addition, scrubbers
3151 require steel. That creates jobs as well. There was a study

3152 by the U.S. boilermakers that looked at jobs between '99 and
3153 2001 and it found that their jobs grew by 35 percent that is
3154 6,700 jobs. So what we find now is there is a thriving
3155 environmental protection industry. In 2008, that was \$300
3156 billion in revenues were generated from that industry sector,
3157 1.7 million jobs, American jobs in that sector and they were
3158 exporting \$44 billion worth of equipment and technology. We
3159 think that is rather a good success story.

3160 Mr. {Barton.} [Presiding] The gentleman's time has
3161 expired.

3162 The chair now recognizes himself for 5 minutes.

3163 Welcome, Assistant Administrator. Just for the record,
3164 are you a presidential appointee or a civil servant?

3165 Ms. {McCarthy.} I am a presidential appointee.

3166 Mr. {Barton.} Okay and how long have you held the
3167 position?

3168 Ms. {McCarthy.} Since June of 2009.

3169 Mr. {Barton.} Thank you and what was your prior
3170 position within the Administration, if any?

3171 Ms. {McCarthy.} It was not. I did not work for the
3172 Administration. I worked for the Connecticut Department of
3173 Environmental Protection. I was the commissioner of that
3174 agency.

3175 Mr. {Barton.} Okay, thank you very much. Your opening

3176 in your statement in your testimony, prepared testimony talks
3177 about all the things that are the benefit of the Clean Air
3178 Act. It may surprise you but I was a supporter and voted for
3179 the Clean Air Act back in 1990. I mean it was bipartisan. I
3180 would say that the attempt to tie greenhouse gas regulation
3181 to the Clean Air Act is a stretch because in my opinion I
3182 don't believe that CO2 is a pollutant under the definition of
3183 the Clean Air Act nor do I believe that it is a health
3184 hazard. Do you have any statistics that indicate CO2 has
3185 caused any kind of a poisoning that requires emergency room
3186 assistance or anything like that?

3187 Ms. {McCarthy.} CO2 is not a toxic pollutant.

3188 Mr. {Barton.} So in terms of when you are talking in
3189 your testimony about the benefits of the Clean Air Act you
3190 talked about premature mortality savings and things like
3191 that, those types of criteria would not apply to CO2.

3192 Ms. {McCarthy.} No, Mr. Barton, that is where I would
3193 differ. I would tell you that CO2 is very much a pollutant
3194 that impacts public health and welfare. I would tell you
3195 that CO2 actually does contribute to ozone pollution which is
3196 a significant health hazard and I would tell you that the
3197 Supreme Court that really interprets Congress' intent for the
3198 rest of us told us that we had to consider greenhouse gas as
3199 a pollutant.

3200 Mr. {Barton.} Well, actually the Supreme Court said
3201 that the EPA had to make a decision whether it should be
3202 regulated.

3203 Ms. {McCarthy.} That is correct, consider it.

3204 Mr. {Barton.} Okay, do you know what the level of CO2
3205 right now generally speaking is in the atmosphere?

3206 Ms. {McCarthy.} Actually, I don't have that figure.

3207 Mr. {Barton.} If I was to say it was around 380 parts
3208 per million would you accept that in the ballpark?

3209 Ms. {McCarthy.} That is probably right.

3210 Mr. {Barton.} Okay, do you know what a greenhouse that
3211 grows plants and food within a greenhouse, do you know what
3212 the average CO2 parts per million is in a greenhouse?

3213 Ms. {McCarthy.} I am sure you will tell me.

3214 Mr. {Barton.} You don't have any idea?

3215 Ms. {McCarthy.} No.

3216 Mr. {Barton.} So if I say it is around a thousand which
3217 is what it is you won't dispute that?

3218 Ms. {McCarthy.} No.

3219 Mr. {Barton.} Do you know what you create in CO2 when
3220 you answer my questions? Do you know what the amount of CO2
3221 coming out when you answer a question is? We have about 380
3222 parts per million in the atmosphere. Commercial greenhouse
3223 gases exist in about a thousand parts per million and when

3224 you answer a question or when I ask you a question, I expel
3225 CO2 at the rate of about 40,000 parts per billion. So how in
3226 the world can that be a pollutant? If it is, my good friend
3227 Bobby Rush would be gasping for breath right now and turning
3228 red in the face and my good friend, Mr. Waxman, I mean the
3229 fact is under any definition greenhouse gas if CO2 is one are
3230 necessary for life.

3231 Ms. {McCarthy.} No one is disputing that.

3232 Mr. {Barton.} So I know you are here to be the good
3233 soldier and I know there is a massive world debate about the
3234 greenhouse gases but when we try to apply the Clean Air Act
3235 which I voted for and which a majority of the Republicans on
3236 this committee, in fact I think all but one or two voted for
3237 that were on the committee, it just doesn't work. It just
3238 the definitional terms are different so we have a difference
3239 of opinion on our side in terms of whether this is a
3240 necessary thing. Why do you need the tailoring rule to
3241 implement greenhouse gas regulations?

3242 Ms. {McCarthy.} Greenhouse gas is as you know a new
3243 pollutant under the Clean Air Act. We took a look to ensure
3244 that the application of the Clean Air Act to the greenhouse
3245 gas pollutants was done in a reasoned, commonsense way. We
3246 wanted to make sure that we phased in the greenhouse gas
3247 regulations in a way that made sense, in a way that was

3248 manageable, in a way that would meet the intent of Congress.
3249 When we looked at that we decided and the Administrator
3250 clearly made a determination that there were many small
3251 sources that could potentially be regulated like greenhouse
3252 gases, she made a determination that that didn't make sense
3253 under the law and so we issued the tailoring rule so that we
3254 got at the vast majority of greenhouse gases by regulating a
3255 minimum of the largest sources first.

3256 Mr. {Barton.} My time has expired. Before I recognize
3257 the next witness or I mean the next questioner, would you
3258 submit for the record the EPA's official position on the
3259 control technology if any that is best able right now to
3260 actually regulate greenhouse gases, if there is such a
3261 technology?

3262 Ms. {McCarthy.} There are many technologies for
3263 greenhouse gases.

3264 Mr. {Barton.} Would you submit for the record those
3265 technologies and their cost effectiveness if you have that
3266 information?

3267 Ms. {McCarthy.} I could certainly provide you a range
3268 of technology choices that we have put out in white papers to
3269 help guide a decision that are efficient technologies that
3270 help advance reductions in greenhouse gases.

3271 Mr. {Barton.} Thank you.

3272 The chair inquires of the Minority Mr. Markey was the
3273 one here closest but Mr. Waxman is the ranking member. Who
3274 should? Okay, the chair would recognize Mr. Waxman for 5
3275 minutes.

3276 Mr. {Waxman.} Thank you very much.

3277 Ms. McCarthy, we have heard a lot today about the
3278 greenhouse gas regulations that went into effect in January
3279 and we have heard from witnesses today that these regulations
3280 will be ``nearly impossible to meet.'' Yet this committee
3281 has also received testimony from industry that EPA's approach
3282 has been ``reasonable and does not impose undo hardship.'' I
3283 would like to ask you some questions to help me understand
3284 exactly what is required under these new regulations for
3285 stationary sources. First, can you confirm that only new
3286 sources or existing sources that expand and significantly
3287 increase emissions are currently subject to any requirements?

3288 Ms. {McCarthy.} That is correct.

3289 Mr. {Waxman.} Thank you. So for example, if I own a
3290 power plant that is already up and running and I don't make
3291 any changes I don't have to do anything differently, do I?

3292 Ms. {McCarthy.} No.

3293 Ms. {Waxman.} But new facilities will have to go
3294 through a technology review process to determine best
3295 available control technology or BACT to limit carbon

3296 pollution at the facility. In most of the country this
3297 review is carried out by State or local permitting agencies
3298 not by EPA itself. Are you aware that the National
3299 Association of Clean Air Agencies has surveyed its members
3300 and most States reported that they only expect to do zero,
3301 one or two permits this year?

3302 Ms. {McCarthy.} Yes.

3303 Mr. {Waxman.} Members of the National Association of
3304 Clean Air Agencies recently briefed House staff on some of
3305 the permit reviews they have already begun. In the examples
3306 they share they concluded that energy efficiency would likely
3307 be all that was needed. I would like to use an example that
3308 New York State shared in order to ask if this is consistent
3309 with EPA's guidance. In New York, a Lafarge cement plant
3310 volunteered to go through the process. The State began by
3311 identifying all available technologies that might limit
3312 carbon pollution. This initial list included carbon capture
3313 and sequestration but did not include switching to a
3314 different type of fuel. Is this consistent with EPA's
3315 guidance?

3316 Ms. {McCarthy.} Entirely, yes.

3317 Mr. {Waxman.} The State then quickly eliminated CCS as
3318 technically infeasible. The State indicated that because no
3319 geologic formation existed close to the cement plant, CCS

3320 would not be feasible. Is this consistent with the guidance?

3321 Ms. {McCarthy.} Yes.

3322 Mr. {Waxman.} The State then ranked the various options
3323 for limiting emissions and eliminated options that were too
3324 expensive. Finally, the State selected the technologies that
3325 it thought would be required. The State determined that the
3326 cement plant could reduce its carbon pollution by 12 percent
3327 by installing several types of energy efficiency equipment
3328 including high-efficiency motors, fans and burners. These
3329 efficiency features would constitute BACT. Is this the type
3330 of determination appropriate under EPA's guidance?

3331 Ms. {McCarthy.} Yes.

3332 Mr. {Waxman.} It sounds to me like this was a logical,
3333 reasonable process and I understand that Lefarge Cement
3334 expects that these efficiency improvements will reduce their
3335 operating costs and save them money. Is it fair to assume
3336 that many other facilities may actually save money too?

3337 Ms. {McCarthy.} Yes.

3338 Mr. {Waxman.} I hope the other States will follow this
3339 commonsense example and find ways to reduce pollution and
3340 improve efficiency. I have some time remaining if any of my
3341 colleagues wish me to yield to them, otherwise I will yield
3342 back my time. Mr. Green.

3343 Mr. {Green.} I thank my friend.

3344 Ms. McCarthy, yesterday my good friend in the Senate who
3345 served on this committee, Sherrod Brown from Ohio called on
3346 President Obama to direct EPA to implement a plan to provide
3347 financial and technical transition assistance protecting U.S.
3348 manufacturing as we move forward with the greenhouse gas
3349 regulations. Last Congress when this chamber considered cap
3350 and trade I was equally concerned about the issue and working
3351 hard. Can you comment on what the Administration is doing to
3352 address these concerns moving forward with these regulations?

3353 Ms. {McCarthy.} Yes, I would be happy to. We have
3354 taken great pains as we begin to regulate greenhouse gases to
3355 work with the States and work with the permitting entities.
3356 We have provided a wealth of technical assistance. We have
3357 produced guidance documents that help walk them through this
3358 process. We have put white papers out that explain the cost
3359 effective technologies available in all of the major industry
3360 sectors that could be potentially regulated. We are also
3361 having listening sessions before we move forward with
3362 additional regulation to make sure that we understand the
3363 needs of the company and that we can effectively reduce
3364 greenhouse gases in ways that are cost effective. Every rule
3365 that we have available to us under the Clean Air Act that is
3366 suitable for greenhouse gas regulations requires us to look
3367 at cost so we will go out of our way to make sure that we use

3368 not just a commonsense approach but one that reduces cost to
3369 the fullest extent we can and still achieve the required
3370 reductions under the Clean Air Act.

3371 Mr. {Green.} I know that time has expired and I have a
3372 question I would like to submit about how good natural gas is
3373 to replace the problem we have with carbon, Mr. Chairman.

3374 Mr. {Barton.} Well, certainly without objection I will
3375 support that.

3376 Mr. {Green.} Okay, thank you, thank you.

3377 Mr. {Barton.} The gentleman's time has expired.

3378 The gentleman from Texas, Dr. Burgess is recognized for
3379 5 minutes.

3380 Dr. {Burgess.} Thank you, Mr. Chairman.

3381 Ms. McCarthy, thank you for being here. In Phoenix in
3382 fact just about a month ago at the Fourteenth Annual Energy
3383 Utility and Environmental Conference in Phoenix, it says that
3384 you were involved or advocating a not just a tweaking of
3385 current energy use but a fundamental overhaul of the Nation's
3386 production use of energy. EPA is ready, willing and able to
3387 drive this overhaul, you emphasized in a quote here, ``We
3388 must transform the power sector in a way that meets the needs
3389 of the 21st century.'' You repeatedly use the word transform
3390 to describe EPA's goal for the Nation's energy use so I guess
3391 a question that would come up where in the statute does the

3392 EPA get the authority to transform the power sector?

3393 Ms. {McCarthy.} That was, if I may, just to give you
3394 the background for the conference. That was a conference of
3395 technology developers. What we were referring to was the
3396 range of Clean Air Act actions that are impacting the utility
3397 sector and we were talking about the fleet that is out there
3398 in the utility sector and the extreme inefficiency of many of
3399 the units that out there. In the Clean Air Act implications
3400 of having those facilities install current technology,
3401 technology that is available currently and has been available
3402 for 30 years that can actually clean them up and move towards
3403 a cleaner fleet.

3404 Dr. {Burgess.} But fundamentally it is the job of the
3405 legislative branch to come to those conclusions in
3406 conjunction with the development of a national energy policy
3407 so transformation of the power sector of America really
3408 should be a legislative initiative, not an Administrative
3409 initiative or an Executive Branch initiative.

3410 Ms. {McCarthy.} I am not sure if that was a direct
3411 quote but what I was there to talk about was our opportunity,
3412 our opportunity to achieve significant public health
3413 protection for American families by looking at how we could
3414 provide certainty in the regulated community so investments
3415 would flow to utilities. Those that are inefficient would be

3416 able to upgrade. Those that are inefficient would know what
3417 their regulatory obligation was.

3418 Dr. {Burgess.} Let me just ask a question before the
3419 time expires. In a transformed power sector, how much coal
3420 would we be able to use in a transformed power sector? Do
3421 you have a figure in mind for that? Is it along the same
3422 lines that Gene Green just asked the question about natural
3423 gas? How much coal? How much natural gas? How much
3424 nuclear?

3425 Ms. {McCarthy.} No, we EPA is rightly not in the
3426 business of choosing fuels. We are in the business of
3427 regulating pollutants and what we have done with the
3428 greenhouse gas rules is we have made sure that if you are
3429 building a coal facility, you should be as clean as a coal
3430 facility can get. We have not suggested that a different
3431 fuel needs to be used. Again, we are trying to provide
3432 certainty for businesses as they need to be permitted that
3433 are coming in new and making major modifications.

3434 Dr. {Burgess.} Well, speaking in terms of certainty,
3435 you were here a year ago or just right after the deep water
3436 horizon started causing problems and the subject that day was
3437 a briefing. It wasn't a hearing so there is no record of it
3438 unfortunately but the subject was on the Environmental
3439 Protection Agency going to a new standard of 15 percent

3440 ethanol in motor fuels and gasoline.

3441 Ms. {McCarthy.} Yes.

3442 Dr. {Burgess.} And I don't know if you recall or not
3443 but I asked you and the Department of Energy who was there
3444 with you that day about where were the studies that we could
3445 look at that shows that this indeed was a reasonable thing to
3446 do and that in fact people who had snow blowers and two-cycle
3447 engines would not have damage to their equipment by a 15
3448 percent ethanol mixture. Do you recall that briefing that we
3449 had?

3450 Ms. {McCarthy.} I do.

3451 Dr. {Burgess.} And you know, I never got any
3452 information from either EPA or the Department of Energy about
3453 the testing that was done or supposedly done. In fact, it
3454 almost seemed to be finger pointing one agency pointing at
3455 the other saying well the other guy is responsible for this
3456 but as we come up with this mandate that was described in
3457 Congress in December, 2007, the amount of ethanol that has to
3458 be offloaded into the Nation's fuel supply is I believe what
3459 was driving the, no pun intended, what was driving the
3460 concerns to bump the amount up to 15 percent. Is that
3461 correct?

3462 Ms. {McCarthy.} Not on the part of EPA. EPA was
3463 responding to waiver requests.

3464 Dr. {Burgess.} But where are we?

3465 Mr. {Barton.} The gentleman's time just expired.

3466 Dr. {Burgess.} Do we have those studies available?

3467 Ms. {McCarthy.} We do and I apologize if we weren't as
3468 responsive as we should be. We will send you the waiver
3469 decisions that were made and incorporate all of the
3470 scientific information in them.

3471 Dr. {Burgess.} Thank you, Mr. Chairman.

3472 Mr. {Barton.} Okay, the gentleman from Massachusetts,
3473 Mr. Markey for 5 minutes.

3474 Mr. {Markey.} Thank you, Mr. Chairman, very much.

3475 Gasoline prices went up almost 20 cents in the last
3476 week, the biggest weekly jump in prices since Hurricane
3477 Katrina. In 1975, we imported six million barrels of oil per
3478 day. Today that number is nearly 12 million barrels per day.
3479 Prices have risen by a factor of 13 since 1975. Foreign oil
3480 purchases account for roughly one-half of the United States'
3481 trade deficit, just to input that oil largely from OPEC. Oil
3482 money supports Iran's nuclear program, roadside bombs in
3483 Iraq, rockets for Hezbollah and Hamas, and hate filled
3484 Wahhabi teachings in Saudi Arabia. Now, the Republicans are
3485 busy raising the specter of the Clean Air Act's devastating
3486 economic impacts despite reports showing that the Clean Air
3487 Act has historically led to increases in jobs and will

3488 provide \$2 trillion in benefits in 2020. But what the
3489 Republicans are planning in order to address this fabricated
3490 threat is likely to create a real danger for the United
3491 States. This committee may soon take up a bill that would
3492 tie EPA's hands and prevent it from taking any steps to
3493 reduce dangerous global warming pollution under the Clean Air
3494 Act. What the legislation would also do is prevent EPA from
3495 taking any steps to reduce our dangerous dependence on
3496 foreign oil.

3497 Ms. McCarthy, the legislation this committee may soon
3498 act on could open up the existing car and light truck oil
3499 saving standards to legal challenge and will prevent further
3500 standards from being set. It will prevent further
3501 implementation of the renewable fuels standard and it will
3502 prevent EPA from doing anything to reduce oil use from
3503 planes, trains, boats and other industrial sources. In fact,
3504 this bill could result in an increase in our oil dependence
3505 of more than five million barrels of oil a day by the year
3506 2030, more than we currently import from OPEC. Do you agree
3507 that this legislation could dangerously increase our
3508 dependence on foreign oil by preventing EPA from being able
3509 to take any steps to reduce demands?

3510 Ms. {McCarthy.} I would agree.

3511 Mr. {Markey.} Two weeks ago, the House passed a

3512 continuing resolution for spending for the rest of 2011 and
3513 that legislation was containing a rider that would block the
3514 EPA from using any funds to move forward in any way on
3515 curbing global warming pollution. For the landmark car and
3516 light truck efficiency standards to be fully implemented, EPA
3517 still has to sign off on California's plan to allow companies
3518 that are complying with the national standard to be deemed
3519 compliant with California standards. If EPA is not allowed
3520 to sign off on California's compliance plan could that put
3521 the entire fuel economy agreement that is supported by all
3522 stakeholders in jeopardy?

3523 Ms. {McCarthy.} It could.

3524 Mr. {Markey.} The President recently issued an
3525 executive order that requires federal agencies to propose
3526 regulations only after seeking the views of those who might
3527 be impacted by them. Can you give me an example of how EPA
3528 is complying with this directive in its efforts to regulate
3529 global warming pollution?

3530 Ms. {McCarthy.} Very quickly, we have the Administrator
3531 has charged us and we have gone out and done listening
3532 sessions even before we begin the regulatory process to look
3533 at new source performance standards for greenhouse gases.

3534 Mr. {Markey.} The President's executive order also
3535 requires agencies to take the special needs of small

3536 businesses into account while developing regulations. Can
3537 you give me an example of how EPA has complied with this
3538 directive as it contemplates regulations to reduce global
3539 warming pollution?

3540 Ms. {McCarthy.} The greenhouse gas tailoring rule
3541 eliminated the need to permit six million small facilities.

3542 Mr. {Markey.} The threat to our economy is the threat
3543 that is coming from a dramatic spike in oil. That usually
3544 signals the return of a recession. That is where we lose the
3545 jobs. If we tie the hands of EPA from taking the kind of
3546 bold action which they should take in order to reduce our
3547 dependence on imported oil, in the long run we are going to
3548 repeat this cycle of job destruction that has been our
3549 relationship with imported oil going all the way back to
3550 1973. How many times do we have to re-learn this lesson?
3551 1973, 1979-80, 1991-92, on and on right up to the \$4 a gallon
3552 gasoline in 2008 that foreshadowed this economic catastrophe.
3553 It is imperative that we defeat this Republican effort to tie
3554 the hands of the EPA from ensuring that the renewable fuel
3555 standard that the fuel economy standards are in place that
3556 increase using technology our ability to tell OPEC we don't
3557 need their oil anymore than we need their sand.

3558 Thank you, Mr. Chairman.

3559 Mr. {Barton.} We thank the gentleman.

3560 It shows Mr. Olson is next, is that your understanding?
3561 Okay, we are going to go with Mr. Olson and then Mr. Bilbray
3562 and then Mr. McKinley. What is your timeframe, Madam
3563 Administrator? Are you okay for another 15 minutes or so?

3564 Ms. {McCarthy.} I am here for you, Mr. Chairman.

3565 Mr. {Barton.} Okay, thank you, ma'am.

3566 Mr. {Olson.} I thank the chair.

3567 Ms. McCarthy, as you know jobs are the biggest concerns
3568 of the American people right now, that 10 percent
3569 unemployment for about 2 years, and EPA Administration
3570 Jackson touts the job creation of the new green control
3571 technologies. When I asked one of our previous witnesses if
3572 she was right or wrong about creating these great jobs, he
3573 said wrong. Are you aware of any analysis done by EPA to
3574 determine the economic impact specifically with regard to
3575 jobs of the EPA's greenhouse gas regulations?

3576 Ms. {McCarthy.} No.

3577 Mr. {Olson.} Don't you think EPA should look at jobs in
3578 proposing some greenhouse gas regulations?

3579 Ms. {McCarthy.} Let me just expand on that. The
3580 greenhouse gas tools that we are using, the tools we are
3581 using to regulate greenhouse gases are the same tools that we
3582 have used in the Clean Air Program for 40 years and what we
3583 have found is that those tools actually provide cost-

3584 effective, public health measures that actually grow the
3585 economy and in many ways provide one of the most significant
3586 public health benefits that are available to us. So for
3587 every dollar we spend on clean air, we get \$40 in public
3588 health benefits and so we believe that our job is to deliver
3589 public health to the people in this country but we are not
3590 insensitive to the cost impacts and the job impacts. And
3591 what I would say is the other point I would really like to
3592 make is that the Clean Air Act because of the public health
3593 benefits it creates in terms of making sure that people can
3594 get to work means that people can be productive and keep
3595 their jobs. What it means in terms of kids staying healthy,
3596 staying in school is incredibly important if you are a single
3597 parent or if you are parents where both need to work. We are
3598 providing opportunities for clean air. We are providing
3599 opportunities to keep people healthy, that certainly keeps
3600 people productive.

3601 Mr. {Olson.} Yes, ma'am. I ask you to submit further
3602 answer for the record please, ma'am.

3603 Ms. {McCarthy.} Yes.

3604 Mr. {Olson.} I have little time here. Would you be
3605 opposed to an inclusion of a detailed job statement and an
3606 impact statement any time EPA proposes new regulations?
3607 Would you be opposed to that?

3608 Ms. {McCarthy.} We already do a detailed regulatory
3609 impact assessment with the Office of Management and Budget
3610 for our rules.

3611 Mr. {Olson.} Something that we could include the
3612 private sector in to get their opinion as well?

3613 Ms. {McCarthy.} We actually do peer review of all our
3614 methodologies. That includes going to the private sector
3615 using economists and scientists so everything we do is peer
3616 reviewed in terms of the methodology, the data is transparent
3617 and we believe we do a very good job.

3618 Mr. {Olson.} Well, thank you then I will put you down
3619 as a big yes for having a more determinative jobs' impact
3620 statement from EPA when they propose to change regulations.
3621 And coming down the home stretch here, I want to talk about a
3622 problem my home State is having with the EPA regarding the
3623 permitting process that has been done by the Texas Council on
3624 Environmental Quality for the last 15 years. Basically, EPA
3625 is taking over the regulation of the power generation and
3626 refineries in our State and again, it has been going on for
3627 the last 15 years. Our State had a SIP approved 15 years
3628 ago, three Administrations, two Democrat, one Republican that
3629 Texas operated under and again approved by the EPA.
3630 Essentially it achieves its clean air goals by giving Texas
3631 the flexibility to establish caps for all emitting facilities

3632 at a plant instead of each individual piece of equipment.
3633 EPA is hurting Texas economy and jobs right now by taking
3634 over this permitting process. Just as example what has
3635 happened since EPA has done that in late-December, a major
3636 refinery has spent \$4 million to ``deflex.'' The problem I
3637 have with all of this is the flexible permitting process has
3638 worked. Since 1999, flexible permitting has achieved a 22
3639 percent decrease in ozone, a 53 percent decrease in nitrous
3640 oxide compared to the national average of 15 percent for
3641 ozone and 27 percent for nitrous oxide. So Texas 22 percent
3642 in ozone, the Nation 15 percent, Texas 53 percent in ozone
3643 and the Nation 29 percent. We are doing all of this while
3644 adding 3.5 million people and creating half the private
3645 sector jobs in America since our country went into recession
3646 in 2009.

3647 Mr. {Barton.} The gentleman's time expires and he needs
3648 to--

3649 Mr. {Olson.} I will wrap up real quickly. The point of
3650 the Clean Air Act is clean air. Texas has done better than
3651 most. Why is EPA taking this over?

3652 Ms. {McCarthy.} I would just have to object to the
3653 phrase that we are taking anything over, Mr. Olson. I
3654 believe we are doing the best job that we can to work with
3655 TCEQ to make sure that the permits they issue are federally

3656 enforceable, that provide a sound platform for your
3657 businesses to operate with confidence. We do not believe
3658 that the flexible air permits are enforceable under federal
3659 law. We believe they put those businesses at risk. We
3660 believe they are not transparent enough for the communities
3661 that live around those facilities to know that they are on a
3662 level playing field with the way that every other State
3663 issues its permit and does business.

3664 Mr. {Barton.} And why did it take 18 years to come to
3665 that conclusion?

3666 Ms. {McCarthy.} I believe that it was under the Bush
3667 Administration that first raised the issue that these
3668 flexible air permits need to be fixed.

3669 Mr. {Barton.} Then you don't dispute that for 18 years
3670 EPA you said it was--well they didn't positively say it was
3671 okay. They didn't choose to say it was not okay and they
3672 only decided that it was not okay this last year?

3673 Ms. {McCarthy.} Well, we have made a concerted effort
3674 to try to work with the State and work with the industries to
3675 switch what we believe is not an appropriate and federally
3676 enforceable.

3677 Mr. {Barton.} Is there any other State that has had the
3678 success in actually reducing the criteria pollutants like
3679 Texas has?

3680 Ms. {McCarthy.} We have had many areas that have had
3681 great success and I am not disputing that Texas hasn't had
3682 reductions in air pollution. What I will say is they don't
3683 use a process that even EPA can figure out what is going on
3684 in those facilities and ensure that they are complying with
3685 federal.

3686 Mr. {Barton.} And that is a subject for another
3687 hearing. The gentleman's time has expired.

3688 The gentleman from California, Mr. Bilbray, is
3689 recognized.

3690 Mr. {Bilbray.} Ms. McCarthy, the CAFE standard.

3691 Ms. {McCarthy.} Yes.

3692 Mr. {Bilbray.} Is the CAFE standard set with 100
3693 percent fossil fuel gasoline, 10 percent or 15 percent
3694 ethanol? What is the fuel mixture that is used to set the
3695 CAFE standard?

3696 Ms. {McCarthy.} The CAFE standard isn't based on the
3697 fuel mixture, it is based on fuel efficiency. It is based on
3698 the efficiency of the vehicle.

3699 Mr. {Bilbray.} So I was the guy who had the emissions
3700 put on the sticker next to the mileage but when the consumer
3701 gets the mileage reading.

3702 Ms. {McCarthy.} Right, it is based on zero. It is
3703 based fuel without any ethanol if that is your question.

3704 Mr. {Bilbray.} Okay.

3705 Ms. {McCarthy.} That is our certification code.

3706 Mr. {Bilbray.} So if you are using 100 percent fossil
3707 fuel as your standard for CAFE.

3708 Ms. {McCarthy.} That is correct.

3709 Mr. {Bilbray.} And is there a reason why you don't use
3710 ethanol in the mixture?

3711 Ms. {McCarthy.} It just hasn't been updated of late to
3712 recognize the fact that there is ethanol in most of the fuel.

3713 Mr. {Bilbray.} And ethanol has an impact on fuel
3714 mileage, right?

3715 Ms. {McCarthy.} It does.

3716 Mr. {Bilbray.} What is your number, 66 percent, 70
3717 percent of diesel, I mean of gasoline?

3718 Ms. {McCarthy.} I don't have that on the top of my
3719 head. It depends on certainly the amount of ethanol in the
3720 mix.

3721 Mr. {Bilbray.} Well no, I am talking about ethanol as
3722 compared to gasoline.

3723 Ms. {McCarthy.} Yeah.

3724 Mr. {Bilbray.} The carbon chain is 66 percent, 70
3725 percent?

3726 Ms. {McCarthy.} I don't know the answer.

3727 Mr. {Bilbray.} Okay, I think that is a critical

3728 component I would like to talk to you about because as
3729 somebody who has worked at the local level on it when we talk
3730 about if you we are going to address that issue, first of all
3731 the consumer is not allowed in the United States to use 100
3732 percent gasoline in the fuel system because the retailer is
3733 not allowed to sell it to the consumer without 10 percent.

3734 Ms. {McCarthy.} No, that is incorrect.

3735 Mr. {Bilbray.} Okay, I can go buy real straight
3736 gasoline?

3737 Ms. {McCarthy.} It depends on where you live and what
3738 time of the year.

3739 Mr. {Bilbray.} Okay, that is astonishing I will just
3740 tell you because that we get into it. California fought for
3741 years to try to oppose this and you remember that battle. A
3742 lot of your State agencies supported us on this. Let me get
3743 back to and oh by the way, in California we are paying \$6 a
3744 comparable gallon for ethanol. Now, when we talk about
3745 something that has only the energy of 70 percent, let us give
3746 them 70 percent of gasoline, wouldn't you agree that our
3747 content mandate should reflect real useable energy and not
3748 just volume? Are you following what I am saying? In other
3749 words, there are certain green fuels that can produce 100
3750 percent equity with gasoline. You have right now on the
3751 market a green fuel that only provides 66 to 70 percent of

3752 the energy of traditional fossil fuel. Don't you think that
3753 it would be much more real world standard if we allowed the
3754 BTUs to be the content requirement rather than by volume?

3755 Ms. {McCarthy.} Actually, I would have to say that what
3756 we regulate are air emissions. We don't force particular
3757 mixtures of fuels. We force those fuels to meet certain.

3758 Mr. {Bilbray.} Ma'am, no wait a second. I have got to
3759 call you down on that because we have got study on study that
3760 the CARB fuel was cheaper and cleaner than the oxidated fuel
3761 with ethanol. We have standards after standard in
3762 California. EPA, before you showed up, held us off for
3763 years. We had a cleaner, cheaper fuel. We are mandated in
3764 California to put ethanol into our fuel. All I am asking you
3765 is this, seeing that that mandate requires that only 70
3766 percent of the or comparable seven percent, not 10 percent
3767 but 7 percent of the energy in that tank is renewable, don't
3768 you think that it would be more reasonable to reflect that
3769 that we allow the standard to be either 10 percent by volume
3770 or seven percent by energy because it is the energy?
3771 Wouldn't you agree that energy is what matters, not the
3772 volume?

3773 Ms. {McCarthy.} I understand exactly what you are
3774 saying and all I would suggest is that I am unprepared for
3775 this conversation. I am here to talk about greenhouse gases.

3776 If you would like to carry on this conversation I am
3777 certainly happy to do that and we will bring our technical
3778 expert.

3779 Mr. {Bilbray.} My point is the fact that the standard
3780 that is touted so much by my colleague from Massachusetts has
3781 major problems that need to be corrected and ought to be
3782 corrected through legislation if the EPA can't address it.
3783 That fact that the consumer is actually losing out 30 percent
3784 of the energy for, you know, for ethanol that you do not get
3785 gasoline and this is what my point is on this from the
3786 emissions point of view, emission standards are set per
3787 gallon, not per BTU.

3788 Ms. {McCarthy.} I understand.

3789 Mr. {Bilbray.} So now you have got this stuff hiding as
3790 equal to gasoline when it doesn't give you the energy of
3791 gasoline but has as they are trying to compare apples and
3792 oranges and this is a major problem we need to address.

3793 Mr. {Barton.} The gentleman's time is just about to
3794 expire. We appreciate the gentleman's questions on ethanol
3795 and fuel standards. The gentle lady is right, this is a
3796 greenhouse gas hearing on CO2 but those were very good
3797 questions.

3798 Mr. {Bilbray.} Well, Mr. Chairman, let me just say that
3799 the issue here though is that mandating the fuel as part of

3800 it, the emissions issue is hidden.

3801 Mr. {Barton.} That is true.

3802 Mr. {Bilbray.} Because when you talk the fact that the
3803 efficiency of the fuel is so deficient, you are now hiding
3804 this huge pollutant that is being brought into it in volume
3805 rather than talking about the true emissions per mile driven.

3806 Mr. {Barton.} Okay, the gentleman's time has expired.
3807 We don't want to let you pull an Ed Markey on us here.

3808 Mr. {Bilbray.} Okay.

3809 Mr. {Barton.} So we also appreciate the gentle lady's
3810 refreshing candor in answering the questions. This thing
3811 with the gentleman from West Virginia is going to be the last
3812 questions unless Mr. Rush has some questions.

3813 Mr. {McKinley.} Thank you, Mr. Chairman.

3814 I read through your remarks your opening statement
3815 several times and highlighted some features too. I think
3816 what I am gathering from your remarks is that the regulation
3817 of the greenhouse gases through the Clean Air Act is going to
3818 create jobs. It is going to offset the jobs that it is going
3819 to cost and I have gone through it and it talks about how by
3820 the year 2020, we are going to have \$2 trillion in benefits.
3821 A \$30 benefit for every dollar spent, that the economy is
3822 billions of dollars larger today because of the Clean Air
3823 Act. In the past 7 years, 200,000 jobs have been created in

3824 the air pollution industry, air pollution control industry.
3825 I can go on. It was very interesting but I come from West
3826 Virginia and with all due respect I don't want to see us take
3827 risk that you are posing with that analysis and they appear
3828 as fantasy. What I believe and what I deal with, I am
3829 engineer and what I deal with is in reality and the reality
3830 is the jobs you describe, they are not going to be in West
3831 Virginia. When you crush our economy with over 50 percent of
3832 the revenue for their operators comes from coal we heard
3833 testimony earlier from some of your other compatriots that
3834 when you take away that we are either going to have in West
3835 Virginia the State government is either going to have to cut
3836 services or raise taxes and that is going to discourage a lot
3837 of investment in West Virginia. There is a steel company in
3838 Weirton and one in Wheeling that combined used to have over
3839 30,000 employees that because of your over-regulations and
3840 what has happened overseas, they are down to only 2,000
3841 employees. They are just a shadow of what they were and when
3842 you talk to them it is all because of government and the
3843 regulations and the lack of control of what is going in from
3844 overseas. So when I go back on the weekends, I meet with the
3845 steel workers. I meet with the coal miners. They are scared
3846 to death of what Washington is doing and what the EPA is
3847 doing. They don't know how they are going to have a job

3848 tomorrow. They don't know how they are going to have a roof
3849 over their heads for their children and what their future is.
3850 They are scared to death of what the EPA, their more over-
3851 regulation with it. A good remark they said why can't, you
3852 know, our families have the same enjoyment that the EPA
3853 families are having with what they are doing to us? So these
3854 realities that I have referred to, they are coming from the
3855 people in my district. They are scared. They are worried
3856 about the government and the over-regulation. When I went
3857 through your report, it is all based so much of it based on
3858 your own funded studies rather than independent scientific.
3859 It is your reports that you are quoting and then you refer to
3860 the B-rated Environmental Journal that is used. Not even one
3861 of the top ones in the country that worldwide, globally is
3862 respected. You are using a B-rated journal to use as to
3863 shore-up your argument of why you should do these kinds of
3864 things. I am just asking, madam, with a straight face how
3865 can you honestly say that the enforcement of the greenhouse
3866 gases are going to create jobs and the people in West
3867 Virginia are going to be okay?

3868 Ms. {McCarthy.} Well, you have hit many, many different
3869 issues.

3870 Mr. {McKinley.} You should speak up a little louder
3871 please.

3872 Ms. {McCarthy.} I am sorry. You have addressed a
3873 number of issues and let me try to get at these. I have been
3874 in the environmental business so to speak as a regulator for
3875 30 years. I came from a working-class family as well. I do
3876 not believe that in this day and age we need to make a choice
3877 between clean jobs, good jobs and breathing clean air. I
3878 think we have proven in 40 years.

3879 Mr. {McKinley.} Just show me how you are going to
3880 create the jobs. Tell me what is going happen?

3881 Ms. {McCarthy.} In 40 years of history of the Clean Air
3882 Act--

3883 Mr. {McKinley.} I don't want the fantasy. I want to
3884 know specifically are we going to replace those jobs because
3885 those jobs are being lost.

3886 Ms. {McCarthy.} I do not believe that the approach we
3887 are taking on greenhouse gases because it is done in a
3888 commonsense, phased, measured way that is doing anything
3889 other than trying to identify the most cost-effective ways
3890 for new businesses to get permits and to do their business.

3891 Mr. {McKinley.} Did you not hear the testimony from the
3892 people that were just here the 2 or 3 hours prior to you?

3893 Ms. {McCarthy.} I did.

3894 Mr. {Barton.} The gentleman's time has expired but we
3895 will let the administrator answer the question.

3896 Ms. {McCarthy.} Let me just make a couple of points and
3897 one is that the permit requirements only are dealing with the
3898 largest sources of greenhouse gas emissions. They are only
3899 looking at the best technology to make them efficient when
3900 new ones are coming on line or when they are making major
3901 modifications. That is what we are doing and the data that I
3902 have in my testimony is all based on peer-reviewed science.
3903 It is not just EPA studies. It is all transparent. What I
3904 listen to are many people with ideas and concerns. I
3905 appreciate those but there were some documents that you are
3906 listening to that I don't think are transparent, that I don't
3907 think have been peer-reviewed and I think the one thing that
3908 I am trying to do is to present you with information so that
3909 you can make the appropriate decisions and I do believe that
3910 there is a wealth of scientific data that says we need to
3911 take action to reduce greenhouse gases that is one of our
3912 most significant public health challenges and that the Clean
3913 Air Act for 40 years has been a premier opportunity to
3914 actually reduce pollution like carbon pollution in ways that
3915 is cost-effective.

3916 Mr. {Barton.} Does Mr. Rush wish to ask any wrap-up
3917 questions?

3918 Mr. {Rush.} No, Mr. Chairman, I don't have any
3919 additional questions.

3920 Mr. {Barton.} Okay, let me--just for clarification
3921 before we adjourn as I understand the Obama Administration
3922 approach on greenhouse gases that you elaborated on, you are
3923 not going to set a standard based on fuel. You are not
3924 trying to set an emission level based on coal or an emission
3925 level based on natural gas or an emission level based on an
3926 alternative.

3927 Ms. {McCarthy.} No, our greenhouse gas permitting
3928 process starts with the proposal on the table. If it starts
3929 with a coal facility, those are the technologies.

3930 Mr. {Barton.} So if I have in Ohio a coal-fired power
3931 plant that is 50 years old and I want to maintain that plant
3932 as is, I am not going to have to do anything under your
3933 regulatory approach?

3934 Ms. {McCarthy.} On the greenhouse gases if you are not
3935 you don't need a permit unless conducting a major
3936 modification.

3937 Mr. {Barton.} But if I freeze my technology and let us
3938 say I am going to use the same fuel source and I am going to
3939 use the same plant equipment at the same location and I have
3940 a 400-megawatt coal-fired power plant, I don't have to do
3941 anything under the regulatory approach that you all are
3942 proposing?

3943 Ms. {McCarthy.} You would not need to get a greenhouse

3944 gas permit. We would not be looking at your facility in
3945 terms of that.

3946 Mr. {Barton.} You are only going to look at facilities
3947 that are under renovation or under permitting as new source,
3948 new stationary sources?

3949 Ms. {McCarthy.} That is correct and only when you are a
3950 very large facility and you are making a large increase in
3951 greenhouse gases as a result, and even then all you are
3952 looking at are building efficiencies into the system.

3953 Mr. {Barton.} Seeing no further members present wishing
3954 to ask questions, we thank the gentlelady for her time and
3955 this subcommittee is adjourned.

3956 [Whereupon, at 6:06 p.m., the Subcommittee was
3957 adjourned.]