

ONE HUNDRED TWELFTH CONGRESS
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House of Representatives
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Opening Statement of Rep. Henry A. Waxman
Ranking Member, Committee on Energy and Commerce
“The American Energy Initiative”
Subcommittee on Energy and Power
September 14, 2011

This Republican House has been the most anti-environment in history. And today’s hearing builds on that unfortunate record with yet another attack on EPA’s efforts to reduce air pollution.

The rules under assault today will improve the health of millions of Americans. The first rule, the mercury and air toxics rule, will prevent up to 17,000 premature deaths each year. The benefits of this rule sharply exceed the costs by as much as thirteen to one.

The second rule, EPA’s cross-state air pollution rule, is also a tremendous victory for public health. Each year, this rule will prevent up to 34,000 premature deaths. In 2014, this rule will cost \$800 million but will produce annual health benefits to Americans of between \$120 billion and \$280 billion. That’s an outstanding return on investment for the American people.

Earlier this year, when Republicans wanted to block EPA’s climate rules, they said they wanted to clean up other air pollution, just not greenhouse gases . . . yesterday, when they voted to block air toxics rules for boilers and cement kilns, they said they care about air pollution but denied the health benefits from reducing air toxics such as mercury . . . now, they are attacking the cross-state air pollution rule, which controls fine particulates. They ignore the severe effects of particulates on health documented in reams of peer-reviewed studies. And they claim that the rules will force so many coal plants to shut down that the reliability of our electric grid will be threatened.

EPA examined this question and found that its rules will result in only a modest level of retirements – of older, dirtier, less efficient power plants – and that these retirements are not expected to have an adverse impact on the adequacy of electric generation.

EPA’s conclusions have been confirmed by several independent studies.

In August 2010, the Analysis Group concluded that [quote] “the electric industry is well-positioned to comply with EPA’s proposed air regulations without threatening electric system reliability.” And they reaffirmed this finding in a June 2011 report.

The Bipartisan Policy Center’s June 2011 analysis of the rules also found that [quote] “scenarios in which electric system reliability is broadly affected are unlikely to occur.”

In its December 2010 study, Charles River Associates found that [quote] “implementing EPA air regulations will not compromise electric system reliability.”

The Congressional Research Service and others have also examined the issue. The stack of independent studies agree on the key points.

First, there is currently a substantial amount of excess generation capacity from natural gas plants built during the last decade. The Analysis Group found that the electric sector is expected to have over 100 gigawatts of surplus capacity in 2013. That’s much more capacity than anyone has suggested might retire as a result of EPA’s rules.

Second, the electric industry has a proven track record of rapidly installing large amounts of new capacity when it’s needed. From 2000 to 2003, utilities added over 200 gigawatts of new capacity. And energy efficiency can often reduce the amount of needed generation even faster.

Third, the potential retirements are of old, small, inefficient, less-used coal plants that lack pollution controls. On average, these units are 55 years old. According to CRS, the main threat to these plants is cheap natural gas. Regardless of EPA’s rules, these old plants are being replaced by more efficient natural gas plants.

Today, we’ll hear a lot about an informal assessment by FERC's staff that 81 gigawatts of generation are likely to close as a result of EPA’s rules. Citing this assessment is a mistake, as we will hear today from FERC's chairman. This assessment was based on inaccurate assumptions and inadequate data. And it is out-of-date. It does not reflect the final EPA rules, as FERC has acknowledged.

The NERC and industry studies are also based on inaccurate assumptions of what EPA rules would require. The results are unreliable because they assumed standards far more burdensome than those EPA adopted.

The reliability of the electric grid is a serious topic, and it should not be used as an unfounded excuse to block important public health protections.