



**Environmental Protection Agency Public Hearing  
Docket ID No. EPA-HQ-OAR-2008-0699  
Statement of Betsy Monseu, CEO, American Coal Council  
(5 minutes)**

**January 29, 2015**

My name is Betsy Monseu, and I am CEO of the American Coal Council (ACC). The ACC has been in existence for 33 years and represents the collective business interests of the American coal industry. Our members include coal suppliers, transportation companies, terminals, electric utilities, industrial consumers, and support services providers. They touch every aspect of turning one of America's most abundant energy resources into reliable, affordable electricity. Coal is also integral to the steel-making process and the industrial production of cement, chemicals, and paper.

I appreciate the opportunity to address the Environmental Protection Agency's (EPA) proposed National Ambient Air Quality Standards (NAAQS) for ozone. This rule is yet another example of a misguided federal regulatory approach on air quality. It will fail to deliver anything but massive costs and hardship for businesses, manufacturers, families, and state and local governments. Virtually no sector of the American economy will escape the reach of this rule. Many facilities that would be subject to it are already being impacted by other EPA proposed or enacted rules.

The rule is a needless piling on of government regulation. EPA concluded in 2008 that a 75 parts per billion (ppb) ozone standard protects American

health. There is no justifiable basis for EPA's newly-proposed standard of 65 to 70 ppb. Concerns expressed in 2008 about harmful economic repercussions of bringing the standard below 75 ppb are exponentially greater now due to increased regulatory compliance costs of other EPA rules since then. The toll such rules extract is greatest on the poor, the elderly, and small businesses. These groups were most affected by the years-long economic downturn and widely acknowledged to still be struggling.

Yet EPA has also indicated it will take comment on an even lower ozone standard of 60 ppb. I point to recent studies highlighting the dramatic impacts of: (1) a 60 ppb standard, and (2) the cumulative effects of EPA regulations.

A July 2014 study by NERA Economic Consulting (NERA) for the National Association of Manufacturers (NAM) analyzed a 60 ppb ozone standard and found huge costs and negative impacts to the economy, employment, and households. These included U.S. GDP reductions of \$270 billion per year, a loss of 2.9 million job equivalents annually, a decrease of \$1,570 in average household consumption annually, and increases in electricity costs of up to 23% and natural gas costs of up to 52% over the period to 2040.<sup>1</sup>

To achieve the 60 ppb standard, large reductions in nitrogen oxides (NO<sub>x</sub>) are required. Power plants, industrial plants, autos, agriculture, and commercial and residential buildings will be affected. NERA reported that EPA had only identified about one-third of the controls required to meet a 60

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<sup>1</sup> NERA Economic Consulting, "Potential Economic Impacts of a Stricter Ozone Standard", July 2014, at <http://www.nam.org/Issues/Environment/Ozone-Regulations/Ozone-Report-Executive-Summary-20140730.pdf>

ppb standard.<sup>2</sup> With two-thirds of the controls unknown, it would be exceedingly expensive and potentially impossible to comply.

The other study was done by Energy Ventures Analysis (EVA) in November 2014, prior to EPA's release of this ozone rule. It incorporates the cumulative cost impacts of EPA regulations including MATS, regional haze, and the Clean Power Plan. It projects residential, industrial, and commercial customers will pay over \$284 billion more in 2020 for electricity and natural gas than in 2012, a 60 percent increase.<sup>3</sup> The average household bill will increase by \$680 over the period.<sup>4</sup> EVA found that on a percentage basis the industrial sector would be hardest hit, with costs 92 percent higher in 2020 than 2012.<sup>5</sup>

Much of the cost increase is attributable to higher demand and pricing for natural gas due to the premature shutdown of coal plants. Fuel choice and diversity are reduced, coal is less available to hedge natural gas, and all American consumers pay the price. Higher prices are not the only threat. With its "four building blocks" approach under the Clean Power Plan, EPA has proposed transformational changes that unnecessarily risk electric grid reliability. ACC is gravely concerned that EPA has proposed this ozone rule in addition to other rules that will compromise the provision of such an essential service as electricity supply. This is irresponsible policy, and it is unconscionable regulation.

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<sup>2</sup> NERA Economic Consulting, "Potential Economic Impacts of a Stricter Ozone Standard", July 2014, at <http://www.nam.org/Issues/Environment/Ozone-Regulations/Ozone-Report-Executive-Summary-20140730.pdf>

<sup>3</sup> Energy Ventures Analysis, "Energy Market Impacts of Recent Federal Regulations on the Electric Power Sector", p. 4.

<sup>4</sup> *Id* at p. 5.

<sup>5</sup> *Ibid*.

EPA's rule espouses the benefits of avoided asthma and heart attacks and premature deaths. Yet EPA resorts to "co-benefits", as it has done with earlier regulations, to bolster its case. EPA also fails to include effects of other human health aspects of its rules. A group of health care professionals in Congress wrote EPA Administrator Gina McCarthy last year to address findings of Senator John Barrasso on the negative impacts to public health of costly EPA regulations.<sup>6</sup> These include more illnesses, hospital visits, and premature deaths. They stated EPA must include the net impact of their rules on health benefits, including adverse effects plausibly associated with unemployment and the increased cost of energy. ACC agrees.

The success of emissions reduction in the U.S. is a great environmental achievement. Power sector emissions of NOx, particulate matter, and sulfur dioxide taken together have been reduced by 89% through 2013.<sup>7</sup> Emissions will continue to be reduced without this unnecessary regulation. The ozone rule should be withdrawn to avoid severe, widespread economic harm across America.

Thank you for your attention.

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<sup>6</sup> Partnership for Affordable Clean Energy at <http://energyfairness.org/wp-content/uploads/2014/08/Doctors-Caucus-Letter.pdf>

<sup>7</sup> US Department of Agriculture 2013 and Energy Information Administration 2013