



Comments Before the Pennsylvania Department of Environmental Protection in Harrisburg, Pennsylvania

RE: Guidelines To Address Carbon Emissions
From Existing Power Plants

Monday, December 16, 2013
Rachel Carson State Office Building
400 Market Street, Harrisburg, PA
1:00 p.m. to 4:30 p.m.

John Pippy
CEO
Pennsylvania Coal Alliance
pacoalalliance.com

Good afternoon.

I'm John Pippy and I'm CEO of the Pennsylvania Coal Alliance, representing underground and surface bituminous coal operators in Pennsylvania, and the businesses that service and supply the industry.

EPA's decision to regulate greenhouse gas emissions under the Clean Air Act, will have an exceptionally negative impact on employment, the economy, electricity prices and the reliability of our electric grid.

Therefore Pennsylvania's State Plan to implement Section 111(d) Emission Guidelines for the reduction of greenhouse gases must ensure it is attainable given current technology. Already, EPA regulations have contributed to the closure of 300 existing coal units in 33 states. And recently proposed regulations would ban new, efficient state-of-art coal plants.

If the agency pursues an aggressive CO2 reduction target their expected June 2014 proposal for existing source control "guidelines," Pennsylvania could lose half of its remaining coal fleet – after these plants had just invested billions of dollars in the controls needed to meet the new mercury rule.

An example is Hatfield's Ferry Power Station, which invested \$650 million to install scrubbers to remove sulfur dioxide and mercury from emissions. The scrubbers went online in late 2009. However these power plants along seven other power plants in Pennsylvania are designated for retirement, in part due to current or pending air quality regulations. The retirements of these units total over 5,000 MW of electricity, or about ten percent of Pennsylvania's currently installed electric capacity.

With coal producing 42% of the electricity in Pennsylvania for 2012, decisions such as this, in turn are displacing jobs and coal production and negatively impacting all levels of the economy. The coal industry

supports nearly 42,000 Pennsylvania jobs and contributes about \$7 billion annually to the state's economy.

Mining industry jobs pay an average annual salary of \$75,000, compared with the average private-sector salary of \$45,000 per year. Taxes on mining jobs generate \$700 million annually at the federal, state and local levels.

Eliminating coal from the nation's energy portfolio will cause electricity prices to increase significantly, putting manufacturers at a competitive disadvantage with other countries and leading to higher electric bills for consumers. And, because coal is a domestic energy source, reducing or eliminating reliance on it will increase America's dependence on foreign energy sources.

Ironically, the recently proposed EPA carbon emission standards for new power plants will do little to curb carbon emissions globally, since developing countries such as China and India burn many times more coal than the U.S. and will continue to do so, to the detriment of U.S. competitiveness.

The federal government itself provides an excellent model for how to advance environmental goals without crippling the economy. Working collaboratively with stakeholders, regulators have made major improvements in fuel efficiency standards and helped to reduce dependence on foreign oil while preserving the American auto industry.

Through technical technological advancements coal has become an increasingly cleaner burning source of electricity. According to Pennsylvania DEP data, electric generating units in Pennsylvania slashed their emissions of SO₂ by 58 percent and NO_x by 41 percent during the 2000-2010 time period.

Therefore, a reasoned approach to energy and environmental policies, based on science and technology, would create a win-win scenario. Emerging technology will continue to allow reductions in coal emissions

of sulfur, nitrogen, particulates and carbon if we give it the time and the incentives to develop.

A reasoned approach would have the following four characteristics:

1. Carbon standards would not interfere with the generation of affordably priced and reliably generated electricity, particularly in states heavily coal-reliant.
2. Carbon regulations should not precipitate additional plant closures and create stranded costs for emission control investments (e.g. Hatfield's Ferry).
3. A reasoned approach would remove regulatory barriers to efficiency improvements at existing coal plants.
4. Finally, by allowing states flexibility to develop plans unique to their specific circumstances; it would allow Pennsylvania to utilize all of our indigenous resources, including coal, to develop a balanced energy policy driven by market forces and true path towards energy security and economic prosperity.

Environmental quality is important to everyone, including the coal industry. We don't need to choose between jobs, the economy, affordable energy, a stable electric grid and a clean environment. We can have all of those things if we work collaboratively to forge rational energy and environmental policies.

Thank you for your attention.