Insight

Trump To Repeal All GHG Regulations on Power Plants

SHUTING POMERLEAU | JUNE 13, 2025

Executive Summary

- The Trump Administration's Environmental Protection Agency (EPA) has announced two proposals to repeal existing U.S. regulations on power plants, including all existing greenhouse gas emissions (GHG) regulations and certain amendments to the 2024 Mercury and Air Toxics Standards.
- EPA estimates that the proposed repeal of all GHG regulations on power plants would save compliance costs between $9.6–$19 billion (in 2024 dollars) and lead to $PM_{2.5}$ (fine inhalable particulate matter) and ozone-related health costs of $76–$130 billion; most striking is that the agency does not provide any monetized estimates associated with the increased GHG emissions from the proposed rule.
- If the proposed rules are finalized, they will be subject to substantial legal challenges across the country, which would create significant policy uncertainty for players in the U.S. electricity market, such as investors, energy developers, and utilities.

Introduction

The Trump Administration's Environmental Protection Agency (EPA) has announced two proposals to repeal existing U.S. regulations on power plants, including all existing greenhouse gas emissions (GHG) regulations and certain amendments to the 2024 Mercury and Air Toxics Standards.

EPA's Regulatory Impact Analysis (RIA) estimates that the proposed repeal of all GHG regulations on power plants would save compliance costs between $9.6–$19 billion (in 2024 dollars) and lead to $PM_{2.5}$ (fine inhalable particulate matter) and ozone-related health costs of $76–$130 billion; most striking is that the agency does not provide any monetized estimates associated with the increased GHG emissions from the proposed rule.

If the proposed rules are finalized, they will be subject to substantial legal challenges across the country, which would create significant policy uncertainty for players in the U.S. electricity market, such as investors, energy developers, and utilities.

Proposal To Repeal Obama and Biden Regulations on Power Plants

Policy goal

The EPA press release on the proposed rule states the goal of the rule as:

Ensuring affordable and reliable energy supplies drives down the costs of transportation, heating, utilities, farming, and manufacturing while boosting our national security. Coal and natural gas power plants are essential sources of baseload power that are needed to fuel manufacturing and turn the United States into the Artificial Intelligence capital of the world. The proposed repeals would remove regulatory barriers that limit access to our Nation's energy resources and unleash America's true potential.

Rationale

The proposed rule states the following consideration behind the Trump Administration's decision to not regulate GHG emissions from power plants:

Unlike other air pollutants with a regional or local impact, the targeted emissions are global in nature. As a result, any potential public health harms have not been accurately attributed to emissions from the U.S. power sector.

Proposed actions

The proposed rule summarizes the EPA's planned actions as:

1. "…proposing to repeal all greenhouse gas (GHG) emissions standards for fossil fuel-fired power plants."
2. "…proposing that the Clean Air Act (CAA) requires it to make a finding that GHG emissions from fossil fuel-fired power plants contribute significantly to dangerous air pollution, as a predicate to regulating GHG emissions from those plants."
3. "…further proposing to make a finding that GHG emissions from fossil fuel-fired power plants do not contribute significantly to dangerous air pollution."
4. "…also proposing, as an alternative, to repeal a narrower set of requirements that includes the emission guidelines for existing fossil fuel-fired steam generating units,

the carbon capture and sequestration/storage (CCS)-based standards for coal-fired steam generating units undertaking a large modification, and the CCS-based standards for new base load stationary combustion turbines."

Under the first proposed action, EPA seeks to repeal all existing GHG emissions regulations on U.S. power plants, including:

- The Obama Administration's regulation issued on October 23, 2015: New Source Performance Standards (NSPS) for coal and gas power plants.
- The Biden Administration's regulations issued on May 9, 2024: Specifically, promulgated in the Carbon Pollution Standards (CPS), NSPS for coal-fired steam generating units undertaking a large modification, and new gas power plants, as well as emission guidelines for existing coal-, oil-, and gas-fired steam generating units.

The second and third proposed actions are linked. The former proposes to require the EPA to find that the targeted emissions from fossil fuel-fired power plants "contribute significantly to dangerous air pollution" before issuing relevant regulations. The latter proposes that GHG emissions "do not contribute significantly to dangerous air pollution."

The fourth action proposes to repeal additional standards in Biden's CPS, including the carbon capture and sequestration/storage (CCS)-based standards for coal-fired electric generating units (EGUs) undertaking a large modification, and the CCS-based standards for new base load stationary combustion turbines. As part of this proposal, the EPA will take public comments on the efficiency-based requirements for new natural gas power plant requirements.

A cost-benefit analysis that excludes GHG emissions impact

EPA's regulatory impact analysis (RIA) provides estimates of the associated quantified benefits and costs in dollar value for the proposed rule and concludes that "the net benefits are negative using the economy-wide cost estimate."

Here are some selected estimates in the analysis:

- **"Compliance costs saving":** EPA estimates the proposed rule would save between \$9.6–\$19 billion (in 2024 dollars).
- **"CO_2 Emissions Changes":** EPA projects that U.S. power plants' CO_2 emissions would increase from the baseline with Biden Administration's CPS regulation by 38 million metric tons (MMT) in 2028, 50 MMT in 2030, 123 MMT in 2035, 54 MMT in 2040, and 42 MMT in 2045.

- **"Energy market impacts":** As shown in Table 1 below, EPA provides energy market analysis of the proposed rule similar to the analysis of Biden's CPS regulation, including price and production projections of electricity, natural gas, and coal for 2028, 2030, 2035, 2040, 2045. Of note, the numbers across the two sets of RIAs are the same, but their signs are the opposite. As explained in the analysis by Trump's EPA, "The proposed action would reverse these potential impacts, so the signs on these projected impacts are the opposite from what they were in the 2024 CPS RIA." As a result, Trump's EPA projects that if the proposed rule goes into effect, U.S. coal production for power sector use will increase by 84 percent from the baseline with Biden's CPS.
- **"PM_5 and Ozone-Related Human Health Benefits":** The estimates in this section are as confusing to interpret as the section title itself. The total estimated "$PM_{2.5}$ and O_3-related health benefits" is between -$76 billion to -$130 billion in present value. In other words, the health costs of $PM_{2.5}$ and ozone-related mortality and illness between $76–$130 billion. While the Biden RIA of the CPS regulation provides positive number estimates of potentially avoided ozone-related and particulate matter (PM)-related premature deaths, all the estimate numbers are negative in Trump's RIA. The analysis states that "Estimates of avoided premature mortalities due to this proposed action quantified using the described approach are provided…. Negative numbers indicate avoided premature mortalities that are estimated to no longer occur under this proposed action." As a result, all the economic-value estimates of the "avoided pm2.5 and ozone-related attributable premature mortality and illnesses" are also negative.
- **"Non-Monetized Disbenefits":** EPA does not provide dollar-value estimates of the costs, or "disbenefits" as labeled in the analysis, of the negative impacts resulting from the proposed rule, such as increases in Hazardous Air Pollutants (HAP) and GHG emissions, changes in water quality and availability, or ecosystems changes. It is most striking that the Trump Administration does not provide any analysis of the costs of the increased GHG emissions associated with the repeal of the emissions regulations. In contrast, the Biden Administration calculated the total climate benefits of reducing GHG emissions to be $270 billion from 2028–2047 (in 2019 dollars).

Table 1. Comparison of EPA's Regulatory Impact Analysis of Potential Energy Market Impact as a Result of the Respective Power Plant Rules Under the Trump and Biden Administrations

Summary of Certain Energy Market Impacts for the Illustrative Final Rules Scenario Relative to the Baseline
(Biden Administration)

	2028	2030	2035	2040	2045
Retail electricity prices	-1%	0%	1%	0%	1%
Average price of coal delivered to the power sector	-1%	-1%	0%	0%	-32%
Coal production for power sector use	-6%	-4%	-21%	15%	-84%
Price of natural gas delivered to power sector	-2%	0%	3%	0%	0%
Price of average Henry Hub (spot)	-2%	-1%	3%	0%	0%
Natural gas use for electricity generation	-1%	-2%	4%	0%	2%

AMERICANACTIONFORUM.ORG AMERICAN ACTION FORUM

Summary of Certain Energy Market Impacts (Trump Administration)

	2028	2030	2035	2040	2045
Retail electricity prices	1%	0%	-1%	0%	-1%
Average price of coal delivered to the power sector	1%	1%	0%	0%	32%
Coal production for power sector use	6%	4%	21%	-15%	84%
Price of natural gas delivered to power sector	2%	0%	-3%	0%	0%
Price of average Henry Hub (spot)	2%	1%	-3%	0%	0%
Natural gas use for electricity generation	1%	2%	-4%	0%	-2%

AMERICANACTIONFORUM.ORG AMERICAN ACTION FORUM

Source: Data in in the top table is from the "Regulatory Impact Analysis for the New Source Performance Standards for Greenhouse Gas Emissions from New, Modified, and Reconstructed Fossil Fuel-Fired Electric Generating Units; Emission Guidelines for Greenhouse Gas Emissions from Existing Fossil Fuel-Fired Electric Generating Units; and Repeal of the Affordable Clean Energy Rule" by the EPA under the Biden Administration in April 2024; data in the bottom table is from the "Regulatory Impact Analysis for the Proposed Repeal of Greenhouse Gas Emissions Standards for Fossil Fuel-Fired Electric Generating Units" published by the EPA under the Trump Administration in June 2025.

Proposal To Repeal Amendments to the 2024 Mercury and Air Toxics Standards

Policy goal

EPA states that:

This proposed action would enhance efforts to Restore American Energy Dominance by removing costly burdens on coal- and oil-fired power plants while still accomplishing the EPA's core mission of protecting human health and the environment.

Proposed actions

The rule proposes to:

- "Repeal certain amendments issued on May 7, 2024, to the National Emission Standards for Hazardous Air Pollutants for Coal- and Oil-Fired Electric Utility Steam Generating Units – a rule commonly known as the Mercury and Air Toxics Standards for power plants, or simply MATS."
- "…revert back to 2012 standards that have driven sharp reductions in harmful air toxic pollutants from coal- and oil-fired power plants."
- "…relieve all facilities of the more stringent filterable particulate matter (PM) emission standard for coal-fired EGUs, the tighter mercury standard for lignite-fired EGUs, and the requirement to use PM Continuous Emissions Monitoring Systems (CEMS)."

Regulatory impact

EPA estimates that this proposed rule would save $1.2 billion in regulatory costs over 10 years, which is about $120 million per year.

Analysis

Trump Administration's energy and environmental approach

EPA's proposals to repeal the above regulations on U.S. power plants are aligned with the administration's overall approach to energy and environmental policy, which is to provide strong support for certain energy sources including fossil fuels and nuclear energy. On day one of President Trump's second term, he signed several energy-related executive orders (EOs) intended to boost U.S. oil and gas production and exports by declaring a national energy emergency, removing regulatory barriers, and expediting permitting approval for oil and gas projects. On April 8, 2025, he signed several EOs intended to significantly boost U.S. production of "beautiful, clean" coal. On May 23, 2025, he signed several EOs intended to promote U.S. deployment of advanced nuclear technologies.

Additionally, the two proposals are a follow up on EPA's announcement in March to plan to strike down the agency's 2009 endangerment finding, which was the agency' original legal basis for regulating GHG emissions. Previous American Action Forum analysis explains what the endangerment finding is, potential arguments to rescind the finding, and its implications.

A tug of war on emissions regulations on power plants

The proposed repeal of certain regulations on power plants are part of a tug of war between the Trump and the Obama and Biden Administrations.

- Back in 2015, President Obama's EPA releases the Clean Power Plan (CPP), which was the first-ever regulation to limit GHG emissions from U.S. power plants.
- In February 2016, a majority of the Supreme Court voted to stay the CPP in a case brought by the U.S. Chamber of Commerce against the EPA, which prevented it from being implemented.
- In 2019, President Trump's EPA repealed the CPP and replaced it with the Affordable Clean Energy (ACE) rule.
- In 2021, the D.C. Circuit Court of Appeals vacated the ACE and its repeal of the CPP.
- In 2022, however, the Supreme Court reversed the D.C. Circuit Court of Appeals' decision in *West Virginia v. EPA* and ruled that EPA lacks the statutory authority to implement the CPP. As a result, the CPP repeal was upheld and the ACE reinstated.
- On May 9, 2024, President Biden's EPA promulgated the CPS, including new emission guidelines and standards for fossil fuel-fired power plants and repealing the ACE.

How much does the power sector contribute to GHG emissions?

GHG emissions from the power sector accounts for about a quarter of total U.S. emissions. According to the Energy Information Administration, U.S. electric power emissions stayed flat over the past few decades, driven by decreasing CO_2 emissions from coal-fired power plants, which offsets the increasing emissions from natural gas-fired power plants.

Regulations are costly and inefficient

Sector-based federal regulations are not an ideal approach to reducing GHG emissions. Jonathan Adler, a law professor at the Case Western Reserve University, provides an excellent summary of the pitfalls and vulnerabilities of command-and-control climate regulations:

Greenhouse gas regulations may be vulnerable to legal attacks, state resistance, and administrative delays that will compromise their ability to produce rapid reductions in emissions… climate regulations will be particularly vulnerable insofar as they are not clearly authorized by legislation.

Additionally, regulations are costly and inefficient compared to other emissions policies, such as a carbon tax.

EPA's perplexing and incomprehensive regulatory impact analysis

While the proposed repeal of the power plant regulations would save a significant amount of compliance and administrative costs, the Trump Administration does not provide any estimates of climate costs associated with the repeal of all GHG emissions regulations on U.S. power plants. The Trump EPA's regulatory impact analysis is perplexing in some cases as detailed above. Specifically, in some areas, the estimates seem to be produced by simply reversing the signs of the estimates in Biden's EPA analysis, rather than using comprehensive modeling of all relevant factors.

Looking forward

If the proposed rules are finalized, they will be subject to substantial legal challenges across the country, which would create significant policy uncertainty for players in the U.S. electricity market, such as investors, energy developers, and utilities. This would be part of the broad uncertainty in the current federal climate policy landscape, as lawmakers are working on overhauling the clean energy tax credits in the 2022 Inflation Reduction Act, and the upcoming substantial legal challenges if the EPA reverses its own endangerment finding.