



The Daily Dish

The Clean Power Plan Vanishes

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Eakinomics: The Clean Power Plan Vanishes

Wednesday the Environmental Protection Agency (EPA) finalized its Affordable Clean Energy (ACE) [rule](#), thereby repealing the Obama Administration's Clean Power Plan (CPP) and replacing it with a fairly straightforward set of regulations on coal-fired electricity generation. This regulatory approach stands in stark contrast to the CPP, which set emissions targets for each state that simply could not be achieved by focusing on power generation alone. Instead, the EPA was relying on increased use of renewable energy. This more ambitious approach raised questions about whether the targets were achievable, whether the EPA had the authority to regulate more broadly than directly on the generating facilities, and whether the very high costs of the CPP were worth it.

In light of these problems, it is hardly surprising that the EPA would replace the CPP with something like the ACE. As [detailed](#) by AAF's Dan Bosch, however, the amazing part of the ACE final rule is that it assumes the CPP does not exist!

Bear with me. When AAF did its [analysis](#) of the initially [proposed rules](#), the proposed ACE rule and the proposed CPP repeal rule (which were combined in the final rule) each reduced the regulatory burden — by \$6.4 billion and \$51.6 billion, respectively. These savings made sense because the proposed rules eliminated and replaced the CPP, and the opportunity to do so was at the heart of the administration's 2019 regulatory budget objectives. Wednesday, however, the EPA rolled out an analysis of the ACE compared to a world in which the CPP does not exist. The EPA argues that this baseline makes sense because the CPP is unlawful and the electricity sector will hit the CPP targets of its own volition with no need for regulation.

That's right. The poster child for Obama-era administrative overreach, which was so intrusive and costly that it was instantly litigated (and stayed by the courts) and repealed as soon as feasible, is really just business as usual. If you buy that, send me a check for this fine parcel of residential real estate:



Bosch further notes that the act of vanishing the CPP switches the ACE from a deregulatory reduction in burden costs to a regulatory action that imposes \$970 million in costs. This switch has further repercussions in threatening the ability of the administration to hit its [FY 2019 regulatory budget](#) goal of nearly \$18 billion in regulatory savings.

All of which raises the question: Why the switch? The best guess at this juncture has to do with the ongoing litigation over the CPP. This move delinks the ACE from the CPP, and especially the courts' decisions regarding the CPP. If there is a legal challenge to the ACE it may be more likely to pass muster.

CPP we hardly knew ye. And now you've vanished.