Press Release

Why the Trump Administration's Replacement for the Clean Power Plan is Not Deregulatory

ANDREW EVANS | JULY 9, 2019

The Trump Administration's replacement for the Clean Power Plan (CPP), the Affordable Clean Energy (ACE) rule, was expected to be a massive deregulatory change, saving the economy nearly $60 billion — but the final version projects nearly $1 billion in costs instead. Why the swing?

In this piece, AAF's regulatory policy team, Dan Bosch and Dan Goldbeck, explain why the Trump Administration changed how it calculated the rule's cost. Taking into account declining carbon emissions from the power sector in the baseline for comparison creates a more realistic portrayal of the rule's impact, but it turns what was a net deregulatory rule into a net regulatory one.

An excerpt:

> The crux of the EPA's newfound cost-benefit rationale in the ACE rule lies in the closing of this gap between the expected emissions without regulation and the expected emissions under the CPP. It contends that a series of concurrent market trends drove emissions reductions and allowed power plants to reach the CPP's goals without the CPP's requirements, thus rendering the CPP superfluous. Assuming the implementation of the CPP therefore doesn't make sense, and the EPA chose to ignore the CPP and use present power-sector projections (for emissions and fuel types) without any regulation as the new baseline. The ACE rule, and its accompanying costs and benefits, then simply builds upon this now-neutral baseline.

Read the analysis.