Regulation Review

Regulation Review: Air Toxics Final

DECEMBER 21, 2011

EPA has finalized an informal version of the Air Toxics rule. The revised rule differs little from the earlier proposal and some industry groups contend that the regulations could lead to job losses and capacity concerns. EPA argues total benefits could exceed $90 billion.

Here is some background on the rule:

- EPA will regulate mercury and other toxic gases from coal- and oil-fired electric generating utilities;
- Utilities must meet a "Maximum Achievable Control Technology" or MACT standard, which is defined as "emissions reductions achieved by the average of the top 12 percent best controlled sources;"
- Under the Clean Air Act, EPA must set the "MACT floor" but costs cannot be considered; if EPA regulates beyond those limits, EPA must consider costs;
- Existing sources will have four years to comply the rule, with some exceptions and waivers;
- According to an Associated Press review, based on EPA data, the rule could cause 68 units to close.

Here is a breakdown of the costs, based on the final rule and the earlier proposed rule:

- Costs:
  - Proposed Rule: **$10.94 billion**
  - *Final Rule*: **10.01 billion**
- Possible Job Losses:
  - Proposed Rule: -45,000
  - *Final Rule*: -39,000
- Paperwork Burden Hours:
  - Proposed Rule: 329,605 hours
  - *Final Rule*: 700,296 hours
- Net Change: **(-)$933 million** in costs and **(+)370,691** in paperwork hours

Based on EPA's long-term models, the costs should gradually decrease, with $8.6 billion in annualized compliance costs in 2020, declining to $7.4 billion in annualized costs in 2030.

According to the North American Electric Reliability Corporation (NERC), the agency tasked with ensuring "the reliability of the North American bulk power system," this rule could lead to 12 gigawatts of capacity reductions and disproportionately impact the PJM assessment area (Ohio, Pennsylvania, Maryland, Delaware, New Jersey, West Virginia, and Virginia).

Regarding unquantified benefits: "*rban ornamentals represent a potentially large unquantified benefit category. This aesthetic damage may affect the enjoyment of urban parks by the public and homeowners' enjoyment of their landscaping and gardening activities."*
For additional details:

Click here for EPA's map of affected facilities. Click here for the detailed Regulatory Impact Analysis document. Click here for more Forum research on EPA regulations.