Regulation Review

Regulation Review: EPA's Greenhouse Gas Regulation

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EPA broke new ground today, regulating greenhouse gas (GHG) emissions from stationary sources. The agency already conducted two rounds of GHG regulation, with CAFE standards on heavy-duty trucks and cars.

Today's regulation is significant under Executive Order 12,866 but EPA did not deem it "economically significant" (impact of $100 million or more).

Background:

- Regulation is strictly limited to **new** fossil fuel-fired electric generating units (EGUs).
- New facilities must not emit more than 1,000 pounds of CO_2 per megawatt-hour.
- There are no new guidelines for existing power plants but several recent rules (CSAPR, Boiler MACT, Utility MACT) already address emissions from EGUs.
- EPA anticipates new coal or petroleum fired EGUs to use carbon capture and storage (CCS) technology to reduce CO_2 emissions by 50 percent.
- EPA generally has a preference for natural gas: "New natural gas-fired EGUs are less costly than new coal-fired EGUs, and as a result, our … model projects that for economic reasons, natural gas-fired EGUs will be the facilities of choice until at least 2020."
- This proposal could end coal: "EPA does not project any new coal-fired EGUs without CSS to be built in the absence of the proposal."

Costs:

- $15,570 in administrative burdens.
- 396 paperwork burden hours, including "semi-annual reports which include reporting of excess emissions and downtime."
- EPA projects no monetized benefits, costs, or employment impacts by 2020.

In lieu of the other significant air regulations, EPA had little need to apply this GHG rule to existing facilities. In total, EPA's current GHG regulation would impose $201 billion in costs and more than 1.3 million

paperwork burden hours. Its CSAPR, Boiler MACT, and Utility MACT rules would add another $16.3 billion in costs.

Thus, EPA has already implemented much of its pending clear air regulation. This proposal just strikes the final nail in the coffin for much of the coal-reliant Midwest.