



Manufacturing Matters

PROPOSED EPA CARBON RULE FLAWED RULE THREATENS ELECTRICITY RELIABILITY

The Texas Association of Manufacturers shares widespread concern that the Environmental Protection Agency's (EPA) proposed carbon emissions regulations for existing electric generating units threatens electricity reliability and competitiveness in Texas.

EPA's proposed rule would institute a new regulatory framework that would transform how electricity is generated, distributed, transmitted and used. The rule exceeds the EPA's authority and amounts to the federal government commandeering state government.

The proposed rule hampers Texas' ability to compete globally by threatening access to affordable and reliable electricity. TAM has determined that the proposed rule would be extremely harmful to Texas manufacturers:

- *The rule is inconsistent with Texas energy policy and energy markets.*
- *The rule would dramatically increase costs.*
- *The rule would harm Texas' competitiveness.*

TAM's Top 5 Concerns with EPA's Carbon Rule

1. **Electricity price increases and economic impacts.**

EPA itself estimates that its rule will increase electricity prices between 6 and 7 percent nationally in 2020 and up to 12 percent in some locations. Increased electricity costs threaten Texas jobs and

our economy. Affordable energy provides a critical competitive advantage in global markets, particularly for energy-intensive industries in Texas that lead the nation in job creation.

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2. Rule structure and scope. EPA is pursuing a regulatory standard on one industry source (fossil-fuel power plants) based on potential actions taken well beyond the source's physical location and controlling authority. This structure raises significant legal and practical questions

regarding the viability of the rule. EPA has to date failed to answer important questions about its authority related to this expansive regime and its plans to proceed if it does not approve individual state implementation plans. EPA must disclose this information to maximize transparency and encourage continued cooperation with states and stakeholders.

3. Technological achievability. EPA is basing enormously impactful mandates on technology assumptions that have yet to be demonstrated as achievable at a reasonable cost and in some cases achievable at *any* cost. Detailed analysis must be undertaken and made available to the public.

4. Follow-on regulations. EPA's regulations on power plants are only the first step of the Administration's broader greenhouse gas regulatory agenda. As the agency has committed to a suite of follow-on rules, many manufacturers will be impacted twice—both as

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customers and also as industries “next in line” for subsequent rules EPA plans to pursue. EPA indicated that it will soon begin considering new GHG regulations on refineries, pulp and paper, iron and steel production, livestock operations, and cement manufacturing.

5. Process and timeline. Despite paying lip service to transparency and robust public discussion on the new rule, EPA has scheduled public hearings in only four locations, with few if any opportunities for stakeholders to publicly ask the agency direct questions. And, EPA appears poised to pursue a rushed regulatory implementation timeline for a 1,600-page, highly-technical rule. A robust, inclusive rulemaking process should take priority over arbitrary and rushed deadlines.

EPA should take two critical actions to enhance the public involvement process associated with this rule:

- >> Hold additional public hearings on the rule to allow a broad range of viewpoints to provide input on the rule.
- >> Allow public meetings to be interactive so impacted stakeholders can ask EPA direct questions regarding the intent and implications of its proposed rule.