



INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS®

Comments before the
House Majority Policy Committee Hearing
by Michael Welsh
International Brotherhood of Electrical Workers

September 6, 2012

Good morning Chairman Reed and Representative Reese. My name is Mike Welsh, and I am here on behalf of Donald Siegel, the International Vice President for the Third District of the International Brotherhood of Electrical Workers. The Third District represents over 29,000 IBEW members in Pennsylvania, and another 90,000 IBEW members in New York, New Jersey, and Delaware.

The IBEW is facing a large number of involuntary job losses at smaller and older coal generating plants in Pennsylvania that are not economic to retrofit with emission controls to meet new EPA rules. In one case, the Portland plant located in Northampton County, the closure will result mainly due to a Section 126 petition filed by New Jersey with U.S. EPA alleging that the plant violates federal air quality standards in New Jersey. The vast majority of all Pennsylvania coal plants have operated in compliance with existing EPA and DEP air quality standards and other requirements.

The new EPA rule of greatest concern to us is the Mercury and Air Toxics Standards (MATS) rule, issued last January with an initial compliance date of January 2015. This

rule will force specific retrofits of control technologies – scrubbers, particulate matter controls, and mercury controls, at more than 1,000 coal units across the nation. EPA is providing for a case-by-case 4th year compliance extension, and a possible 5th year for “reliability critical” units.

Our estimates are that this rule will lead to the closure of about 56,000 Megawatts of coal capacity around the nation, with 2,000 Megawatts already announced to be closed in Pennsylvania. The PJM Interconnection, representing 25% of US coal generation, reports 14,000 Megawatts of coal closures by 2015, rising to 18,000 Megawatts by 2018.

We estimate that 50,000 direct jobs and a total of more than 250,000 direct and indirect jobs are at risk due to these closures. The IBEW estimates that about 5,000 of these direct and indirect jobs at risk are in Pennsylvania.

This is an unprecedented disruption of the electric supply system in this country, and an unprecedented loss of highly-paid, skilled jobs. Electric rates are certain to rise as generators comply with the MATS rule, and there will be reliability issues in many areas.

The MATS rule also contains a poison pill that will prevent the construction of any new coal plants in Pennsylvania. Its new source standards for mercury and other emissions are so stringent that pollution control companies will not guarantee performance to meet the standards.

Another EPA regulation now in the pipeline – the Greenhouse Gas New Source Performance Standards for coal and natural gas units – is the double-whammy for new coal plant construction. The rule would impose carbon capture and storage requirements on new coal units, but not on new natural gas combined cycle units. Both types of plants must meet an emission rate of 1,000 pounds of CO₂ per megawatt-hour. Natural gas combined cycle gas units can meet this limit with no controls, but even highly-efficient supercritical coal units emit at roughly twice this rate. Adding a CCS requirement for new coal plants means that the plants cannot be financed.

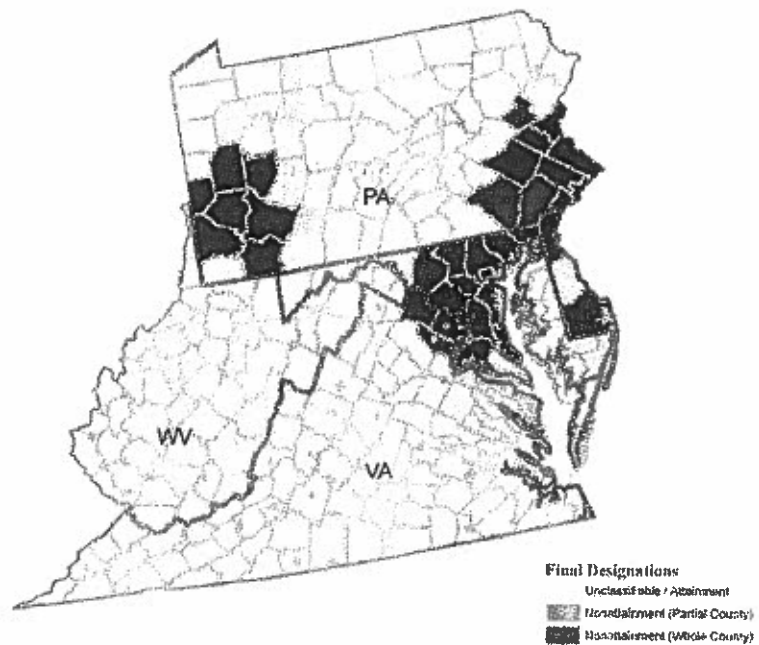
The IBEW participated in the recent litigation overturning EPA's Cross State Air Pollution Rule (CSAPR). This rule did not provide enough time for generators to meet its 2-year compliance timetable. While the reversal of this rule is good news for our members, it will not really change the outlook for the number of coal plants that will be taken offline and retired over the next few years. The driver for this is the MATS rule, which remains in effect. Litigation challenging MATS is not scheduled to go to oral argument before the DC Court of Appeals until next spring, with a decision later next year. As with all lawsuits, the outcome is uncertain. Meanwhile, generators must be in position to comply with the rule if it is upheld.

We are encouraged by other developments, such as DEP's issuance of permits to construct scrubbers at the Homer City Station, and the work underway now to build these controls. Dozens of pollution control retrofit projects already have been completed in

Pennsylvania to comply with the Clean Air Interstate Rule – the rule that CSAPR was designed to replace under a previous court decision.

Pennsylvania also is facing new air quality standards from US EPA that could pose formidable challenges. EPA has begun to implement the 2008 ozone standard of 75 ppb, and numerous counties in Pennsylvania have been designated as nonattainment (see map below).

US EPA Final Designations with 2008 8-Hour Ozone Standards



With the number of pollution control retrofits already installed in Pennsylvania, and those that would result from the MATS rule and Phase II of CAIR in 2015, there is little if any blood to squeeze from the electric generator turnip. Emission reduction policies in Pennsylvania will need to focus more intensely on the motor vehicle sector, which emits the majority of the smog-producing emissions in the Commonwealth. We also are pleased that DEP has initiated a multi-county monitoring program for air quality associated with shale production, since this is an important emerging source of emissions contributing to ozone.

We support reducing emissions and we have publicly supported a diverse energy portfolio. However, new nuclear plants take years to permit and construct. Despite efforts to introduce more renewables into our nation's energy mix – efforts the IBEW fully supports – the Department of Energy estimates that only 2 percent of our electricity was derived from wind, solar and geothermal in 2009.

We agree with those who are calling on Congress to act. We will work with those who will craft a balanced approach to emissions limits with the need for jobs and reliable electricity.

I thank you again for the opportunity to come before the Committee and look forward to working with you in the future.