



NEWS FROM U.S. SENATOR FOR WEST VIRGINIA

Joe Manchin III

The Fair Compliance Act of 2011

What the bill accomplishes:

Senator Joe Manchin (D-W.Va.) and Senator Dan Coats (R-Ind.) have introduced bipartisan, commonsense legislation that would delay two expensive EPA regulations to help preserve jobs in states across this country as well as protect consumers from increased utility bills.

The proposed Utility MACT and finalized Cross-State Air Pollution Rules pose a major challenge for utilities to comply by the deadline. This legislation would give utilities a reasonable, responsible timeframe to make the necessary investments that would help them meet the requirements of the proposed regulations. The proposed Utility MACT regulation would require coal-fired plants to achieve a 91 percent reduction of mercury and other emissions, and the Cross-State Air Pollution rule would impose caps on sulfur dioxide and nitrogen oxide that drift across borders.

While the Utility MACT and Cross-State Air Pollution rules address different problems, both would require utilities to make substantial investments in similar equipment. This legislation would streamline the compliance timelines for these two rules, creating one timeline for industry to meet the requirements of both regulations. The bill would extend the compliance schedule on the Utility MACT and Cross-State Air Pollution rules by two years and three years, respectively.

What this bill does not do:

This proposal does not reduce existing authority under the Clean Air Act, nor does it relax the standards under any existing or proposed Clean Air Act regulations.

Why changes to the compliance timeline are necessary:

Almost all of this country's coal-fired plants – approximately 1,100 in all – will be required to retrofit their facilities under the Utility MACT rule. If changes to the EPA's proposed regulations are not made, the short-term consequences for the economy would be devastating. According to the National Economic Research Associates (NERA), the Utility MACT rule alone will result in net job losses of more than 1.4 million job-years by 2020. (A job-year means one job for one year.)

Hundreds of coal-fired plants in 27 eastern states also will need to retrofit their sulfur dioxide and nitrogen oxide controls to comply with the Cross-State Air Pollution Rules, which is one of the most expensive rules to ever be imposed on coal-fired plants. The current compliance deadlines for this rule will result in drastic increases in electricity rates on American families and businesses. By 2016, NERA estimates the nationwide average retail electricity price to increase by 11.5 percent. In some regions of the United States, increases of 12.5 percent to 23.5 percent will occur.

Coordinating the final compliance dates is essential because the sulfur dioxide controls needed to meet the standards of both the Utility MACT rule and the Cross-State Air Pollution Rules are so similar. The additional compliance time will ensure the reliability of the electric grid and increase the number of facilities that install pollution controls, reducing plant closures and related job losses.

REASONS TO SUPPORT FAIR COMPLIANCE ACT

- (1) ***The bipartisan bill has strong support from labor and industry.*** Entitled the Fair Compliance Act of 2011, the bill represents a bipartisan solution that can get something done before jobs across the country are lost and electricity rates skyrocket due to the tight timeframes for achieving very stringent and costly control requirements.
- (2) ***The bill sets reasonable compliance deadlines in order to allow for commonsense planning and ensure electricity reliability.*** The bill provides extends the compliance schedule on two EPA regulations to limit power plant emissions. Specifically, it extends the compliance deadline of the Utility MACT Rule by two years and both phases of the the Cross-State Air Pollution Rule (CSAPR) by three years.
- (3) ***The bill does NOT change the stringency or reduction levels of any EPA regulations.*** The legislation does not roll back the environmental protections of the two EPA regulations. All of the emissions reductions mandated by UMACT or CASPR continue to apply. The only difference is that electric utilities get additional time to comply with the emissions reduction requirements.
- (4) ***The bill requires benchmarking to ensure expeditious implementation of the emissions reduction requirements.*** The bill requires utilities to submit implementation plans that setting intermediate milestones and final completion dates for the planned retrofits that are needed to ensure expeditious implementation of the emissions reductions by not later than the compliance deadlines.
- (5) ***The bill establishes a planning process to ensure reliability of the local and regional electricity grid.*** The bill requires the electric utilities to identify upfront in their implementation plans the power plants scheduled for retirement and consult with NERC and the appropriate regional reliability organizations to minimize or avoid reliability risk. These planning procedures for the retirements of existing power plants provide a vital safeguard to insure the reliability of the electric grid that does not exist today.

THE BOTTOM LINE: THE BILL STRIKES A REASONABLE BALANCE BETWEEN TWO VERY IMPORTANT GOALS: ENVIRONMENTAL PROTECTION AND JOB RECOVERY AND RETENTION IN A MANNER THAT ENSURES THE RELIABILITY OF THE ELECTRICITY GRID. THIS IS NO EASY TASK. THIS LEGISLATION PROVIDES A COMMONSENSE APPROACH TO MEETING EPA'S GOALS WHILE PRESERVING AND CREATING MANY MUCH-NEEDED AMERICAN JOBS.