



Written by [Brian Koenig](#) on August 22, 2011

## EPA Regulations to Shut Down Coal Plants and Raise Energy Prices

Over the next 18 months, the EPA will put forth efforts to curb mercury emissions, place limits on smog-forming compounds such as sulfur-dioxide, enact new rules for coal-ash waste, and implement new standards to contain greenhouse-gas emissions from oil refineries and power plants. "This year is going to be critical for paving a pathway for reducing carbon-dioxide pollution because of those EPA rules," suggested Daniel Weiss of the Center for American Progress. "Assuming, that is, they're not stopped."



Industry leaders and congressional members note that the EPA's new regulations will place an onerous burden on the coal industry, because they will force coal-fired power plants to install costly new renovations — or, in many cases, shut down altogether.

As the stagnant U.S. economy continues to plague the country, and as regulations increase, opposition from industry leaders has sprung up. The American Legislative Exchange Council and the Edison Electric Institute, the latter an industry representative for investor-owned utilities, have tagged the developing regulations ["EPA's Regulatory Train Wreck,"](#) as they claim the new rules will cost utilities up to \$129 billion and eliminate one-fifth of America's coal capacity. The Edison Electric Institute also [noted](#) that the U.S. government's regulatory war on coal could retire up to 90,000 megawatts of coal-fired electricity generation.

Another concern is further damage to the very issue President Obama is so determined to reverse — the unemployment rate. According to a Commerce Department analysis, the regulations would [cost](#) up to 60,000 jobs, a much higher figure than the agency originally forecast.

The EPA's new rules have also drawn criticism from House Republicans and some centrist Democrats, and many are fighting to block or delay the rules. While stumping on the campaign trail, Minnesota Representative and GOP presidential candidate Michele Bachmann [promised](#) to have the EPA's doors "locked and lights turned off." GOP presidential hopeful Newt Gingrich went further, calling for the agency to be shut down entirely. The EPA is "hostile to all new technology, hostile to local community control, hostile to the business community, [and] hostile to the marketplace," Gingrich asserted.

A new report by the Congressional Research Service (CRS) is skeptical of the industry's "train wreck" predictions, and suggests that the public health benefits of the EPA's regulations outweigh the increase in costs. The report scrutinizes industry opposition: "The studies sponsored by industry groups (EEI and NERC) were written before EPA proposed most of the rules whose impacts they analyze, and they assumed that the rules would impose more stringent requirements than EPA proposed in many cases."

*The Hill* reported further on the study's observations:

The primary impacts of many of the rules will largely be on coal-fired plants more than 40 years



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old that have not, until now, installed state-of-the-art pollution controls. Many of these plants are inefficient and are being replaced by more efficient combined cycle natural gas plants, a development likely to be encouraged if the price of competing fuel — natural gas — continues to be low, almost regardless of EPA rules.

Many utilities have installed the necessary technology to comply with the regulations [and] costs will be minimal.

More broadly, the report says that industry studies go about evaluating the costs of EPA rules all wrong. It notes that the studies can't accurately predict costs on a national or regional level because they are site-specific:

In reality, evaluating regulatory impacts, compliance costs, and possible retirement decisions depends on facility-specific considerations — micro, not macro. Utilities and states will be affected differently.

But, still, the CRS report admits that the "costs of the rules may be large," and it reluctantly agrees that the new regulations will force many coal plants to close between now and 2017.

The underlying problem is that [45 percent](#) of U.S. power comes from coal, and plant shutdowns would mean fewer jobs, more blackouts, and higher electric bills. But even assuming that not a single plant would shut down, energy prices would still rise, because older plants would need upgrades to continue operations — which, in turn, would also raise prices. It's a simple economic equation: An increase in the costs of a plant's production equals an increase in the consumer's electric bill.

Unfortunately for the Republicans in Congress, they will find no help from the executive branch in fighting these measures, as President Obama [told](#) the *San Francisco Chronicle* in a January 2008 interview:

I was the first to call for a 100% auction on the cap and trade system, which means that every unit of carbon or greenhouse gases emitted would be charged to the polluter. That will create a market in which whatever technologies are out there that are being presented, whatever power plants that are being built, that they would have to meet the rigors of that market and the ratcheted down caps that are being placed, imposed every year.

So if somebody wants to build a coal-powered plant, they can; it's just that it will bankrupt them because they're going to be charged a huge sum for all that greenhouse gas that's being emitted.

The President's environmental creed shows a clear picture: If you build a coal-fired power plant, the U.S. government will bankrupt you.



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