Testimony of

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"EPA Greenhouse Gas Regulation"

Chairman Whitfield, Ranking Member Rush and Sub Committee Members, thank you for the opportunity to testify before you on EPA greenhouse gas regulation. My name is Gerry Sweeney and I am the President and Chief Executive Officer of Rain CII Carbon.

Rain CII Carbon is one of the largest producers in the world of a product called calcined petroleum coke. We have seven US facilities that employ over 250 workers in highly paid industrial jobs here in the United States. We also have operations in India and China. The majority of our US product is exported.

Another aspect of Rain CII's business is energy cogeneration. It is important to note that cogeneration of energy is very important to our competitiveness. It allows us to capture by-product heat and lower our costs, while reducing GHG emissions. Three of our facilities in the US have cogeneration plants and our fourth is under construction.

Rain CII and the industrial business community are concerned about existing and future regulation that create uncertainty and threaten high costs – both of which stymie capital investment, job creation and impair competitiveness of existing facilities. To be clear, the business community is not against responsible clean air regulation. What regulation we put in place must be necessary and not sacrifice industrial competitiveness and jobs.

Specific to GHG emissions, policies that provide incentives such as investment tax credits, grants or accelerated depreciation are more effective and create jobs and are a preference to more regulation.

It is a concern that our facilities would be regulated under the Clean Air Act Tailoring rule for facilities that emit 100,000 tons per year and would require a permit under the Prevention of Significant Deterioration (PSD) preconstruction permit program and Title V operating permit program. Both are lengthy and costly programs. We know this because we are already regulated under them.

Our experience is that regulations - while well meaning can be conflicting in purpose, reduce competitiveness and result in less that optimal environmental benefit. We believe this will be the result when EPA promulgates regulation of GHGs under the Clean Air Act. A loss of jobs will result from both burdensome cost and bureaucratic delay. EPA GHG regulations will impact the manufacturing sector in two ways: once from higher costs placed on our operations and secondly through higher electricity prices that get passed on to us.

For instance, we sit before you today waiting for a determination by EPA on the impact of the Acid Rain Program, CAIR and the Cross State Air Pollution Rule on an existing energy cogeneration project now under construction and upon which we have had discussions with EPA over the last five months. It is an example where the rules have become so complicated and the programs so overlapping, that significant delay is involved in attempting to interpret requirements even though EPA has competent and well meaning professionals examining the project. The delay exists even though the project is a “green” cogeneration facility that will result in significant reductions in GHG and criteria pollutants, increase jobs, competitiveness and generate tax revenue for the government.

Delays and regulatory uncertainty cause industry to avoid investment and job creation and renders us uncompetitive against other countries. Adding a new EPA Clean Air Act GHG regulation will increase costs and cause further delays and bureaucracy. Commercial industrial opportunities when they arise must be seized, or they disappear in favor of more nimble competition abroad.

As for cost competitiveness; an unlevel regulatory playing field against US based manufacturing production will favor production from offshore facilities. By example, our facilities in India and China are not burdened by GHG regulation. In addition, our Indian facility has benefited from emission credits for adding cogeneration to its process. One need only contrast that with the methods that are proposed to be used to regulate GHG under the Clean Air Act for our US facilities which would represent a burden and restriction without incentive.

There is no question that Clean Air Act regulation of GHG emissions will deter production, investment and job creation in the US in favor of other countries.

Thank you.