



# THE COMMITTEE ON ENERGY AND COMMERCE

---

## MEMORANDUM

September 18, 2012

TO: Members, Subcommittee on Energy and Power

FROM: Committee Staff

RE: Hearing on “The American Energy Initiative”

On Thursday, September 20, 2012, at 10:00 a.m. in room 2123 of the Rayburn House Office Building, the Subcommittee on Energy and Power will hold the twenty-ninth day of its hearing on “The American Energy Initiative.” This day of the hearing will focus on H.R. 6172, a bill that prohibits the Environmental Protection Agency (EPA) from finalizing any standards of performance under section 111 of the Clean Air Act for carbon dioxide emissions from existing or new fossil fuel-fired power plants unless or until carbon capture and storage is found to be technologically and economically feasible. This legislative hearing follows three recent hearing days held on [June 19, 2012](#), [June 29, 2012](#), and [July 16, 2012](#) on EPA’s greenhouse gas regulations, including EPA’s proposed Greenhouse Gas New Source Performance Standards for utilities.

### I. WITNESSES

**Mr. Mark C. McCullough**  
Executive Vice President – Generation  
American Electric Power

**Mr. Eugene M. Trisko**  
Attorney at Law  
On behalf of  
United Mine Workers of America

**Mr. Robert Hilton**  
Vice President, Power Technologies for  
Government Affairs  
Alstom Power

**Mr. John N. Voyles, Jr.**  
Vice President, Transmission & Generation  
Services  
LG&E and KU Energy LLC

**Dr. John R. Christy**  
Professor and Director  
Earth System Science Center, NSSTC  
University of Alabama in Huntsville

**Mr. Dan Lashof**  
Program Director, Climate & Clean Air  
Natural Resources Defense Council

**Mr. John Thompson**  
Director, Fossil Transition Project  
Clean Air Task Force

## II. BACKGROUND

In the United States, power plants generate more electricity using coal than any other energy source to meet the Nation's electricity demand. Since 2009, however, the EPA has been advancing a number of major environmental regulations that significantly affect both existing and future coal plants and that cumulatively impose billions of dollars in new costs and compliance requirements.

EPA's most recent major proposed rule impacting coal plants would establish new standards for power plants to limit emissions of greenhouse gases (GHG). EPA's proposed rule, entitled "Standards of Performance for Greenhouse Gas Emissions for New Stationary Sources: Electric Utility Generating Units" (Utility GHG NSPS), was published in the Federal Register on April 13, 2012.<sup>1</sup>

Under this proposed rule, EPA proposes to combine both coal-fired and natural gas-fired power plants into a single newly created source category, and set a single carbon dioxide (CO<sub>2</sub>) standard at a level that has been met by new natural gas combined cycle power plants. In particular, EPA proposes to require new electric utility generating units to meet an output-based standard of 1,000 pounds of CO<sub>2</sub> per megawatt hour. This sets a level of performance that future coal-fired power plants cannot meet without the installation of carbon capture and storage (CCS) technology.

This proposed rule is widely viewed as imposing a de facto ban on any new coal plants because there have been no CCS-equipped coal-fired power plants built on a commercial scale. EPA acknowledges there are currently no plants equipped with the technology that would be needed to meet the requirements in the proposed rule, and witnesses have testified that the CCS technology that would be needed to comply is not commercially available.<sup>2</sup> The Congressional Budget Office recently reported that electricity generated by a CCS-equipped coal-fired power plant has been estimated to be about 75 percent more costly than electricity generated by conventional coal-fired power plants, and has concluded that regulatory action to curb CO<sub>2</sub> emissions is likely to shift electricity production from coal to natural gas and other fuels.<sup>3</sup>

---

<sup>1</sup> See EPA [Press Release](#); [Fact Sheet](#); [Proposed Rule](#); [Regulatory Impact Analysis](#); see also May 17, 2012 [Letter](#) to EPA and June 28, 2012 [Response](#). The rule was issued pursuant to a [settlement agreement](#) announced in December 2010.

<sup>2</sup> See EPA June 28, 2012 [Response](#), p. 9; see also, e.g., [Testimony of Steven E. Winberg](#); [Testimony of Barbara Walz](#); [Testimony of Thomas F. Farrell II](#); [Testimony of John N. Voyles, Jr.](#); [Testimony of Paul H. Vining](#); see also [Report of the Interagency Task Force on Carbon Capture and Storage, August 2010](#) (identifying numerous barriers to deployment).

<sup>3</sup> See [CBO, Federal Efforts to Reduce the Cost of Capturing and Storing Carbon Dioxide, June 2012](#) at pp. 1-2. Absent GHG regulations, the Energy Information Administration projects there would be 40 gigawatts of new coal-fired capacity built from 2011 to 2035. See [DOE/EIA Annual Energy Outlook 2012 with Projections to 2035, June 2012](#) at p. 100.

### **III. SUMMARY OF LEGISLATION**

H.R. 6172 was introduced on July 24, 2012, by Representative McKinley (R-WV), together with Representatives Rahall (D-WV), Griffith (R-VA), Holden (D-PA), Lummis (R-WY), Capito (R-WV), Johnson (R-OH), Altmire (D-PA), Costello (D-IL), and Cardoza (D-CA).

#### ***Section 1:***

Section 1(a) of the bill prohibits the EPA Administrator from finalizing any rule imposing any standard of performance under section 111 of the Clean Air Act for emissions of CO<sub>2</sub> from any existing or new source that is a fossil fuel-fired electric utility generating unit (EGUs) unless and until at least 3 of 4 identified Federal officials publish in the Federal Register, and submit to Congress, a report finding that CCS is technologically and economically feasible for fossil fuel-fired EGUs.

Section 1(b) sets forth the Federal officials responsible for making the finding and preparing the report required by section 1(a):

- the Administrator of the Energy Information Administration;
- the Comptroller General of the United States;
- the Director of the National Energy Technology Laboratory; and
- the Under Secretary of Commerce for Standards and Technology.

Section 1(c) provides that the terms “existing source” and “new source” have the same meanings given to such terms in section 111(a) of the Clean Air Act.

### **IV. ISSUES**

The following issues are expected to be examined at the hearing:

- The technological and economic feasibility of CCS;
- The commercial availability of CCS technology;
- The costs and feasibility of EPA’s proposed Utility GHG NSPS rule;
- Impacts of the rule on energy costs; and,
- Impacts of the rule on jobs, the economy, and consumers.

### **V. STAFF CONTACT**

If you have any questions regarding the hearing, please contact Patrick Currier of the Committee staff at (202) 225-2927.