

Opening Statement of the Honorable Ed Whitfield
Subcommittees on Energy and Power and Environment and the Economy
Joint Hearing on “The Fiscal Year 2014 Environmental Protection Agency Budget”
May 16, 2013

(As Prepared for Delivery)

This morning’s hearing is on the Environmental Protection Agency’s proposed budget for Fiscal Year 2014. And we are pleased to be joined by Acting Administrator Bob Perciasepe to discuss the administration’s \$8.153 billion dollar proposal.

A clean environment is very important to us all, and I am proud of the improvements in air and water quality that we have seen in Kentucky and across the U.S. over the past forty years. And we all want to see continued progress. For this reason, we need to be especially critical of those EPA budget items that are unwise and wasteful and a detour from the core mission, and unfortunately there appear to be several of them.

And while \$8.153 billion dollars may seem like a small part of the Obama administration’s massive overall budget proposal, my concern is not only over the expenditures themselves but also with what the agency intends to do with the money. Indeed, the Obama administration’s EPA has demonstrated an ability to take each tax dollar given to it and return to the American people many more dollars in unnecessary regulatory costs.

The Utility MACT rule alone has been estimated by the agency to cost \$9.6 billion dollars annually, more than the entire budget proposal. And this rule is but one of many recent EPA measures targeting coal-fired electric generation. These rules have already resulted in plant shutdowns and lost jobs, and they may lead to higher electric bills and reliability issues as well.

And the regulations go beyond those aimed at coal. EPA’s new CAFE/GHG rules for cars and small trucks are estimated by the agency to cost \$210 billion dollars by 2025. When fully implemented they will add nearly \$3,000 to the sticker price of a new vehicle. And this rule is just one part of EPA’s global warming regulatory agenda that is increasingly looking like a very bad deal for the American people and the middle class citizens who rely on affordable and abundant energy resources.

Granted, the agency routinely claims regulatory benefits in excess of the costs. But while the costs are very real, the benefits are more speculative and are often based on inflated estimates of hypothetical lives saved from reducing fine particular matter. According to a recent draft OMB report, EPA’s claimed benefits from its air rules alone far eclipses the benefits of all other federal regulatory agencies combined. This simply does not pass the laugh test.

These benefits estimates are especially dubious given that the Clean Air Act has been in place since 1970 and many of the new rules add to already-strict existing measures. For example, coal-fired power plants were sharply reducing their emissions of air pollutants well before the Obama EPA launched its wave of new coal regulations. And the agency’s proposed new Tier 3 regulations to reduce sulfur in gasoline comes after Tier 2 regulations have already lowered them by 90 percent. The pattern of new agency rules imposing rising costs but diminishing or nonexistent marginal returns is very worrisome.

While the economic stakes of many EPA rules are quite high, the level of transparency and accountability is not. That is one reason why my colleague Dr. Cassidy has introduced H.R. 1582, the Energy Consumers Relief Act. This bill would provide for Department of Energy review of all energy-related EPA regulations costing a billion dollars or more, and protect the economy from job losses, higher energy prices, and other adverse impacts.

The goal of that bill is the same as the goal of this hearing – to ensure that EPA is on the right path for the environment as well as the economy.

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