

Opening Statement of the Honorable Fred Upton
Subcommittee on Energy and Power
Hearing on “State Perspectives: Questions Concerning EPA’s Proposed Clean Power Plan”
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(As Prepared for Delivery)

Every state has its unique electricity needs. In Michigan we have significant electricity demand from our extensive manufacturing sector as well as that from other businesses and consumers. And we have very cold winters where electric reliability can literally be a matter of life and death. Other states also have particular circumstances that their own state governments are best equipped to address. I am especially troubled by the prospect of a federal takeover of state electricity planning that is embodied in EPA’s proposed Clean Power Plan, and it is critically important for this subcommittee to hear from state-level officials to more fully understand the implications of EPA’s plan.

Since its enactment in 1970, the Clean Air Act has balanced the state and federal role. In fact, the statute contains a Congressional finding that air pollution prevention and control is the primary responsibility of state and local governments. Under the Clean Air Act, EPA focused on regulating smokestack emissions from electric power plants, while most other energy planning decisions were left to the states.

For nearly 45 years, this balance has worked relatively well. We have seen dramatic improvements in air quality while keeping electricity affordable and reliable. But now, EPA’s Clean Power Plan is threatening this balance by shifting nearly all authority to EPA. If this proposed rule becomes final, it will be bureaucrats in Washington who will be micromanaging electricity production and use in each state.

For the first time, EPA would have substantial control over how electricity is generated, transmitted, and consumed. No longer would states have the last word on items such as the best mix of coal, natural gas, nuclear, and renewables to meet electricity needs. Instead, each state would have to submit to EPA a plan to bring its electricity system into compliance with the new federal requirements. And if EPA rejects a state’s plan, it will impose its own plan, the details of which the agency has not yet revealed. And all of these new burdens will be placed upon states at a time when they face many other economic challenges and budgetary constraints.

It is difficult to imagine this new level of federal control as anything other than bad news for affordable electricity prices and jobs. And it may be even worse news for electric reliability, a subject that is the primary jurisdiction of agencies other than EPA, as FERC recently confirmed at our last hearing.

For manufacturers, affordable energy is vital to remaining globally competitive. We are currently seeing the tremendous benefits of affordable domestic natural gas for our manufacturers. But high electricity costs and uncertain supplies could negate the natural gas advantage.

EPA’s regulatory scheme can harm future economic prospects in many ways. Manufacturers deciding whether to locate a new facility in the U.S. or abroad will take into account the fact that most of America’s global competitors are not burdening their electric systems with any overreach like the Clean Power Plan. The plan’s impacts on states’ individual competitiveness, and their ability to lure new jobs and development, will also likely complicate how much states can band together to effectively ration their energy use to meet the plan’s goals.

We have been down this road before with the recent health law. And one clear lesson from all of the health law’s unpleasant surprises is that policymakers should look before they leap. That is why we need to hear directly from state-level energy officials about the proposed Clean Power Plan. These are the people in the best position to anticipate the potential problems implementing this radical agenda, and I am pleased that we have a variety of state perspectives represented here today.

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