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Testimony of Craig Butler
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Energy & Power Subcommittee
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Good morning, Chairman Whitfield and members of the committee. I appreciate the opportunity to provide testimony to this subcommittee.

My name is Craig Butler, Director of the Ohio Environmental Protection Agency. I have been asked to provide testimony on Ohio's comments and interpretations of U.S. EPA's proposed Clean Power Plan. As reflected in our detailed and extensive comments to U.S. EPA, this proposal seeks to overhaul the nation's power generation, transmission and distribution system by reducing coal-based electricity and instituting federally mandated reliance on energy efficiency and renewable energy under the guise of global climate protection.

It is no secret to many states, including Ohio, that the Clean Power Plan is encumbered with significant legal problems and should not go forward. While I am not here to discuss these concerns in detail, be assured Ohio will continue to pursue these challenges either independently or by joining other states to prevent this likely illegal rulemaking from moving ahead.

U.S. EPA's request for comment on more than 500 different aspects of the proposed rule, as published in the Federal Register, combined with their inability to answer basic questions throughout the comment period, clearly highlights that this plan has not been well designed and was rushed out the door to meet a predetermined schedule. None-the-less, Ohio felt an obligation to also dissect the proposed rule from a technical standpoint. We took this seriously and partnered closely with the Public Utilities Commission of Ohio and conducted an extensive outreach effort to interested parties during our comment preparation. Our detailed review produced more than 180 pages of technical comments.

One major flaw is how U.S. EPA inexplicably ignores efficiency improvements already made at coal-fired power plants and, instead, orders sweeping new "improvements," regardless of feasibility. For example, U.S. EPA's plan requires an achievement of 4 percent or 6 percent efficiency improvement at all coal plants. We know this was established without any site-specific assessments in Ohio. In reality, Ohio's coal-fired fleet will have recognized a 5.4 percent heat rate improvement between 1997 and 2016, and as a result additional reductions will be very costly for Ohio's fleet, if not impossible. In fact, carbon emissions will be reduced by 47 percent between 2005 and early 2016 from Ohio's power plants. Yet U.S. EPA allocates no credit for pre-2012 "early adopters" of efficiency improvements, increasing costs to achieve new state targets and threatening more closures in Ohio.

Ironically, after coal-fired units are required to make new, costly upgrades, their ability to recover costs in the marketplace is minimized by utilization restrictions as a result of the remaining U.S. EPA building blocks and requiring natural gas plants to achieve up to a 70 percent utilization rate. It is nonsensical to force costly upgrades on one hand, only to deny these same units the ability to run and pay for these upgrades.

In another example, we believe U.S. EPA misapplied their economic feasibility analysis to predict the reliability impact on the bulk power system. It is not clear if U.S. EPA may have consulted the Department of Energy, North American Electric Reliability Corporation, Federal Energy Regulatory Commission or power providers to identify and use well known, technical modeling software specifically designed to analyze how changes to the bulk power transmission and distribution system affect reliability. However, of these organizations currently responsible for maintaining grid stability and reliability, several have warned of outages and “voltage collapse” if this plan is implemented as proposed. To Ohio, this signals that U.S. EPA failed to consult with these organizations in a meaningful way while formulating this plan and does not fully understand the implications of this plan.

As Ohioans discuss this issue, we hear one overriding concern; that maintaining affordable, reliable power is critical to both the pocket books of Ohioans and the continued economic development within the state. Ohio has been a manufacturing hub in the heart of the country since the industrial revolution. Fueled by electricity, which remains 9 percent below the national average, Ohio is home to a broad range of energy-intensive industries and is competitive in the national and global marketplace. The Clean Power Plan, with all its legal and technical flaws, presents a direct threat to these benefits to Ohio consumers.

One stunning statistic I will share with you is that the Public Utilities Commission of Ohio conducted a detailed analysis of the Clean Power Plan and predicted wholesale market energy prices to be 39 percent higher in calendar year 2025, costing Ohioans approximately \$2.5 billion. Additional significant costs also are predicted, including increases in capacity pricing and significant investments in upgrading the transmission system, but are not included in this figure.

In the last four years, Governor Kasich has supported an energy policy that is inclusive of all sources of generation. From our world-class energy summit held in 2011 where we discussed developing a broad portfolio of cost-effective energy sources in Ohio, to recent legislative activity to include combined heat/ cogeneration to Ohio’s list of qualifying energy sources. We have and will continue to embrace the often overused but certainly relevant “all of the above” energy strategy. We do this because we understand how important it is to provide affordable and reliable energy.

Ohio is willing and prepared to participate in a full national debate on carbon, the need (or not) to regulate carbon emissions from power plants, and how Ohio is and remains committed to being a good steward of the environment. However, this U.S. EPA Clean Power Plan is a seriously flawed proposal and should not be used to set unprecedented national policy. U. S. EPA should reconsider this misguided approach.

I am happy to answer any questions you may have. Thank you.