

Opening Statement of Chairman Fred Upton
Subcommittee on Energy and Power
“A Review of EPA's Regulatory Activity During the Obama Administration: Energy and
Industrial Sectors”
July 6, 2016

(As Prepared for Delivery)

This subcommittee has held a number of hearings on specific EPA regulations affecting the energy and industrial sectors, but today we are going to take a comprehensive look at the over 3,900 final rules EPA has published in the Federal Register. Many of the regulations on their own threaten jobs and affordable energy in Michigan and areas across the country, but it's the cumulative effect of regulations that matters most.

Regulated energy producers, manufacturers, and other job creators don't get to pick and choose which EPA requirements to comply with - they must meet them all. Likewise, state agencies responsible for maintaining affordable and reliable electricity supplies and overseeing energy production must somehow find a way to implement all of EPA's regulations and mandates, no matter how unworkable, costly, or ill-suited to that state's particular circumstances.

Setting aside legal questions raised by certain rules, the practical challenges associated with implementing the onslaught of new energy-related regulations has never been greater. The Clean Power Plan alone imposes an unprecedented set of new mandates, and in conjunction with Utility MACT, ozone, and other major rules already in place, EPA is dramatically expanding the burden on energy producers and users.

Beyond the costs, EPA is also imposing unprecedented control. The agency has effectively bypassed the Department of Energy, the Federal Energy Regulatory Commission, and the North American Electric Reliability Corporation, who have longstanding statutory roles in setting energy policy. Perhaps most concerning, the agency has sidestepped Congress, which never authorized the expansive cap-and-trade scheme that has become the centerpiece of the Obama EPA agenda.

The problem is not just that EPA lacks the statutory authority to dictate energy policy, but that it also lacks the competence to do so. For example, EPA's current and future proposed rules are contributing to an evolving power sector transformation and forcing many coal-fired power plants to shut down which raises serious concerns about electricity costs and reliability that the agency is not equipped to confront. EPA lacks the technical and policy expertise of, and should not be substituting its own judgments for, the experts at FERC, NERC, and state public utility commissions.

And, unlike FERC and state public utility commissions, the agency has no obligation to keep electric rates competitive. These increases would be even greater if not for affordable natural gas—something that is now under threat from stringent new EPA regulations targeting emissions from natural gas wells.

EPA's regulations have also been inundating American manufacturers. Not only do they face uncertainty regarding future electric rates and reliability, but many also face direct regulation under complex and unworkable rules. From bricks to cement to automobiles, the Obama administration has targeted many made-in-America products. On top of all that, the latest ozone

rule will further add to operating costs at most existing facilities while making it very difficult to open a new factory. And it is important to remember that the cumulative burden EPA imposes here in the U.S. is far more stringent than most of our industrial competitors, so American manufacturers are being placed at a global disadvantage.

The consequences are significant, and President Obama is on his way to becoming the first president in modern times to not have at least one year of 3 percent economic growth. It is important that we understand the impacts of these regulations affecting our critical energy and industrial sectors.

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