

Testimony of Thomas Easterly
Commissioner, Indiana Department of Environmental Management
to the
U.S. House of Representatives
Committee on Energy and Commerce
Subcommittee on Energy and Power

**“State Perspectives: Questions Concerning
EPA’s Proposed Clean Power Plan”
September 9, 2014**

Washington, DC

Chairman Whitfield, Ranking Member Rush and Members of the Committee, good morning, my name is Thomas Easterly. I am the Commissioner of the Indiana Department of Environmental Management, also known as IDEM. I also bring you greetings from Governor Pence of Indiana, and I appreciate the opportunity to share with you Indiana’s current perspective on the Environmental Protection Agency’s proposed 111(d) regulations for fossil fueled Electrical Generation Units.

Indiana will be significantly impacted by EPA’s proposed 111(d) regulations because we are the most manufacturing intensive state in the U.S. More than 80% of Indiana’s electricity is currently produced by coal, and we have a 300 year supply of coal in our State. 28,000 Hoosiers are employed in the coal industry, and as Governor Pence has frequently stated, “Hoosiers know that coal means jobs and coal means low-cost energy.” We recognize that we need all forms of energy to power our economy, and the Pence Administration is working towards an updated energy plan for the state that will continue to foster greater use of renewable and other energy sources. But at the same

time we know that coal is a crucial Hoosier energy resource that should continue to be promoted.

IDEM's mission is to protect Hoosiers and our environment. In examining how the proposed 111(d) regulations further our mission, I have come to the conclusion that this proposal will cause significant harm to Hoosiers (and most residents of the U.S.), without providing any measurable offsetting benefits. For these reasons, I request that U.S. EPA withdraw this proposal. Instead, EPA and the Obama Administration should work with states to produce an energy policy that both provides for reliable and affordable energy as well as a healthy environment. This necessarily requires a balanced regulation that allows the use of all of our fuels in the most efficient manner. In the long run, a program focusing on the most efficient use of all of our sources of energy, including coal, nuclear, natural gas, wind, solar and others will promote economic prosperity by keeping energy affordable and reliable.

The most ironic impact of the proposed regulations is that they are likely to increase worldwide greenhouse gas emissions by decreasing the international competitiveness of U.S. businesses due to increased energy costs. Competitive businesses have been investing in cost effective energy savings activities for decades. Under this proposal the total cost of the products produced in the U.S. will need to increase eroding our international competitiveness and resulting in the loss of manufacturing jobs in Indiana and across the nation. When these businesses close, U.S. emissions will decrease, but worldwide greenhouse gas emissions will increase as our businesses move to areas with less efficient and more carbon intensive energy supplies.

In addition, U.S. EPA predicts that this proposal will increase the cost of natural gas and the per KWHr cost of residential electricity by around 10% in the next 6 years. The State Utility Forecasting Group (SUFEG) in Indiana has already predicted a 30% increase in Indiana electrical costs from other recent U.S. EPA regulations, and the SUFEG is presently studying the expected impact of this proposed regulation on energy rates, but it will no doubt find that rates will increase.

Increases in energy costs hit the poor, elderly and most vulnerable in our society first. At a time when Indiana is doing all that it can to grow its economy and create jobs, the EPA's proposal creates the very real possibility that increased energy costs will slow our economic progress and raise people's utility bills.

In Indiana we are obviously concerned about the economic impact of the EPA's proposed rules on businesses and consumers, but we also have more technical questions. We want to make sure the rule does not result in unintended consequences such as reduced reliability (brownouts) or not yet having all of the necessary infrastructure in place to convert from coal to natural gas.

The fact that this misguided policy will harm Hoosiers and other people in our country while actually increasing the worldwide level of the very emissions it is designed to decrease compels Governor Pence and me to oppose the proposed regulations. I thank you for the opportunity to share our views and welcome your questions.