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Economic Euthanasia: More Poison Pills From The EPA

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You just gotta know President Barack Obama recognizes the U.S. economy along with his personal job prospects are truly on life support when enactment of a new industry-toxic EPA proposal is delayed until after the next election. That's the good news. The bad news is that a lot more bad medicine is about to be dispensed.

Obama's announcement to set aside the EPA's proposed "Ozone National Ambient Air Quality Standards" almost immediately followed the politically destructive September employment report that showed zero new job growth and an economy teetering on the cusp of recession. Reflecting an apparent epiphany, he issued a statement recognizing "the importance of reducing regulatory burdens and regulatory uncertainty, particularly as our economy continues to recover." As Reps. Fred Upton (R-Mich.) and Ed Whitfield (R-Ky.) top Republicans on the Energy and Commerce Committee observed in a joint response, "This sudden admission by President Obama that ill-considered regulations do, in fact, have a negative impact upon our economy is a welcome breakthrough."

Commonly known as the "smog rule", the proposed regulation would have limited ground-level ozone to between 0.06-0.07 parts per million, down from 0.075 ppm set by the Bush administration, and from 0.08 ppm under Clinton. The recent plan has been widely seen as a substitute strategy for "cap-and-trade" legislation that Obama had failed to push through Congress even when Democrats held big majorities in both houses. The smog rule would impose electricity generation-related costs projected to reach as much as \$90 billion annually by 2020, a figure that even the EPA acknowledged as possible.

An estimated 85% of monitored U.S. counties would be put into compliance "non-attainment" status, forcing many utilities, businesses and agricultural operations to forgo any expansion plans. Most of the Midwest, the South, Northeast, Florida and California would be out of compliance due to prohibitively high costs. This, according to Andrew Grossman of the Heritage Foundation, is because "the technology needed to comply doesn't exist."

For damage control against liberal fallout, Obama emphasized that his ozone override is only a temporary matter; that the EPA had planned to review the underlying science and re-evaluate the standard in 2013 anyway. In the mean time, be assured his base that there's plenty of other action going on.

As noted by H. Sterling Burnett, a senior fellow at the National Center for Policy Analysis: “The EPA is in the process of codifying a whole slate of new air quality rules, the sheer number and economic impact of which have not been seen at any time in the EPA’s history. The new standards for mercury, other toxics and greenhouse gases will have an unprecedented negative impact on the U.S. economy.” Burnett predicts that this will put millions more people out of work by 2020, will shrink local tax bases as businesses cut staff or relocate, and will force many more cities and counties into bankruptcy.

All of the debilitating new regulatory barrages are centrally targeted on coal in the EPA’s relentless war against fossil energy use. However the real casualties will be businesses, jobs and household energy budgets, with few if any public health benefits.

Even the EPA estimates that its “Mercury and Air Toxics Standards” rule scheduled for enactment by 2015 will result in a loss of nearly one percent of all U.S. electrical power generating capacity (10,000 megawatts). According to an August 12 *New York Times* report some utility experts believe that the EPA’s estimate is still way low. When combined with other restrictions on coal ash and cooling water that the EPA is planning, capacity losses will more likely be somewhere between 3.5% and 7%.

To meet these standards, new facilities will not be allowed to exceed emissions of the least polluting power plant currently using the same type of fuel. Existing coal and oil-fired power plants must reduce average emission levels of the least 12% of current plants. The North American Electric Reliability Corporation (NERC) that is responsible for the reliability of the nation’s electric transmission grid projects that this will require modifications of up to 753 generating units, resulting in power shortages and supply instability. Researchers at Credit Suisse estimate that the rule will cost the industry \$100 billion by 2017.

How much good will this rule really accomplish? Consider that America’s coal-burning power plants which provide about half of all electricity emit an estimated 41-48 tons of mercury each year. Compare this amount with U.S. forest fires that emit at least 44 tons; human cremation about 26 tons; Chinese power plants 400 tons; and volcanoes, subsea vents, geysers and other natural sources spew out 9,000-10,000 tons. Of all these emissions that enter the atmosphere, the power plants account for less than 0.5%.

Also consider some recent health survey and risk assessment results. The Centers for Disease Control’s National Examination Survey which monitors blood mercury counts for U.S. women and children found that mercury levels have decreased steadily from 1999-2008. A 17-year Seychelles Children Development Study of mercury risk to babies and children who eat several servings of ocean fish every week found “no measurable cognitive or behavioral effects.” And the World Health Organization and U.S. Agency for Toxic Substances and Disease Registry has set mercury-risk standards that are two to three times less restrictive than EPA’s.

Besides, if conditions were truly dangerous, our Congress certainly wouldn’t virtually mandate the replacement of incandescent light bulbs with compact fluorescent fixtures containing mercury destined for landfills would they?

On second thought, forget I asked that.

Then there's the EPA's new "Cross-State Air Pollution Standards" rule that will go into effect on January 1, requiring 27 "upwind" states to dramatically reduce sulfur dioxide and nitrogen oxide emissions by 2014. Based upon 2005 emissions, power plants must cut sulfur dioxide emissions 73% (from 8.8 million tons per year to 2.4 million), and nitrogen oxides 54% (from 2.6 million to 1.2 million).

How necessary are these regulations? Consider that according to the EPA's own data, nitrogen dioxide emissions fell 48% between 1980 and 2009, sulfur dioxide emissions fell by 76%, and lead emissions fell by 93%. As noted by the NCPA: "These decreases came despite a 22% increase in population and a 19% increase in energy consumption since 1990."

Still, according to the Brattle Group, an economic consulting firm, this rule can be expected to cost up to \$120 billion by 2015, and further reduce the nation's power supply by more than 55 gigawatts (almost 4%). Combined with higher fuel prices and the plant closure impacts of the Mercury and Air Toxics Standards rule, the U.S. could produce a net loss of 1.4 million jobs by 2020, along with 11.5% electricity bill increases for households and 35% increases for some businesses.

In arguably the greatest regulatory overreach of all time, the EPA now claims permitting authority to restrict carbon dioxide and other "greenhouse gas" emissions from stationary sources they attribute to causing climate change. Included are electrical generation facilities, iron and steel mills, pulp and paper mills and cement production. Individual permit approvals are subject to case-by-case "best available technology control assessments", essentially putting EPA bureaucrats squarely in corporate boardrooms and boiler houses.

Perhaps with continued Republican pressure, there is still some hope for a reprieve. Originally scheduled to take effect on September 30, the EPA has recently announced that the rules can't be finalized by that deadline. The delay length remains uncertain.

The EPA's "Endangerment Finding" used to justify these actions was even at odds with conclusions of its own internal study on the matter. That report stated "given the downward trend in temperatures since 1998 (which some think will continue until at least 2030), there is no particular reason to rush into decisions based upon a scientific hypothesis that does not appear to explain most of the available data."

It's not like a lot of tax money isn't being blown on solving a bogus climate crisis already. The U.S. Government Accounting Office (GAO) reports that federal climate spending has increased from \$4.6 billion in 2003 to \$8.8 billion in 2010 (a total \$106.7 billion over that period). This doesn't include \$79 billion more spent for climate change technology research, tax breaks for "green energy", foreign aid to help other countries address "climate problems"; another \$16.1 billion since 1993 in federal revenue losses due to subsidies; or still another \$26 billion earmarked for climate change programs and related activities in the 2009 "Stimulus Bill".

The American Council for Capital Formation estimates that the new EPA regulations will result in 476,000 to 1,400,000 lost jobs by the end of 2014. Management Information Services, Inc. foresees that up to 2.5 million jobs will be sacrificed, annual household income could decrease by \$1,200, and gasoline and residential electricity prices may increase 50% by 2030. The Heritage Foundation projects that the greenhouse gas regulations will cost nearly \$7 trillion (2008 dollars) in economic output by 2029.

EPA representatives maintain that considerations regarding such regulatory economic and employment impacts fall outside the administration's purview. Responding in a letter to a question raised by Rep. Vicky Hartzler (R-Mo), EPA Assistant Administrator Gina McCarthy was very clear on this point, stating "Under the Clean Air Act, decisions regarding the National Ambient Air Quality Standards (NAAQS) must be based solely on evaluation of the scientific evidence as it pertains to health and environmental effects. Thus, the agency is prohibited from considering costs in setting the NAAQS."

As for impacts on jobs, the EPA wrote in February that "in periods of high unemployment, an increase in labor demand due to regulation may have a stimulative effect that results in a net increase in overall employment."Huh?

Isn't this like creating jobs for underemployed doctors, medical administrators and undertakers by making more people sick? Maybe it's a good idea to get a second opinion regarding that "scientific evidence" before taking a prescription for disaster.