

The So-Called Clean Power Plan (CPP), The Economic Damage of the Final GHG Regs, and What These Regulations Actually Do

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Outline

- **The Two Top Priorities of KCA**
- **Timeline of the CPP**
- **Economic Fallout of the CPP**
- **Criticism & Summary**
- **KCA / Friends of Coal Update**



Two Top Priorities of KCA

CPP

SPR

Two Top Priorities of KCA



**CPP – How
Did We Get
Here?**



CPP – January 2008



- *“Under my plan of a cap and trade system, electricity rates would necessarily skyrocket.”*
 - U.S. Senator and Presidential Candidate Barack Obama to *The San Francisco Chronicle*, January 2008.

CPP – July 21, 2010

- *“Senate Majority Leader Harry Reid said Thursday that neither he nor the White House had managed to line up 60 senators to support even a limited proposal seeking to cap carbon-dioxide emissions from electric power companies.” – WSJ, 7/22/2010*



CPP – June 25, 2013



- *“So today, for the sake of our children, and the health and safety of all Americans, I’m directing the Environmental Protection Agency to put an end to the limitless dumping of carbon pollution from our power plants, and complete new pollution standards for both new and existing power plants.” - Pres. Obama, Georgetown University*

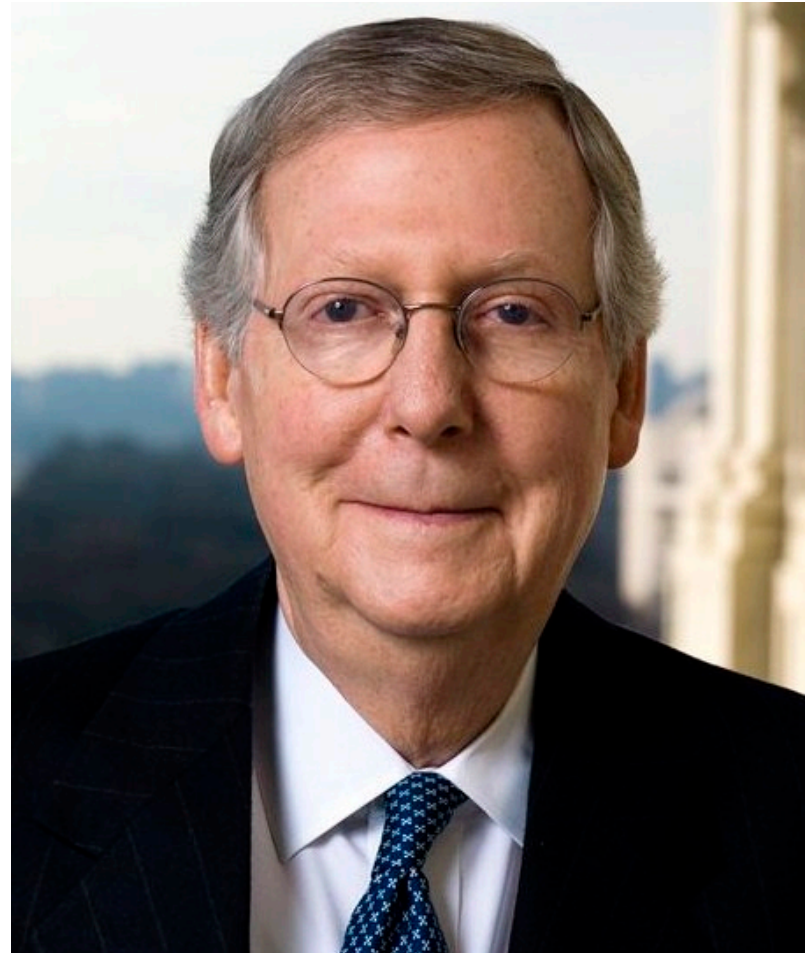
CPP – December 2, 2014



- *“EPA is attempting an unconstitutional trifecta: usurping the prerogatives of the States, Congress and the Federal Courts — all at once.”* – **Lawrence Tribe to Congress.**

CPP – March 5, 2015

- *“The Obama administration’s so-called ‘clean power’ regulation seeks to shut down more of America’s power generation under the guise of protecting the climate.” – U.S. Senator Mitch McConnell*



CPP – August 3, 2015

- “On August 3, 2015, President Obama and EPA announced the Clean Power Plan - a historic and important step in reducing carbon pollution from power plants that takes real action on climate change.” – **EPA.gov**



CPP – NOW

- Final CPP / GHG Regs Released
- Awaiting the Federal Register?
- U.S. Court of Appeals at D.C. Circuit rejects the request of 15 states for a stay of CPP
- Paris Climate Conference – Early December 2015
- Utilities are making decisions now with our litigation pending

Proposed CPP – Economic Fallout – Kentucky

- 10% increase in cost of electricity
- \$2 billion loss in Kentucky's GDP
- Job losses
- Higher natural gas prices
- Increases in renewable energy
- Threats to grid reliability and stability
- Stranded utility investments

CPP – Economic Fallout – NERA Analysis

- 43 states will have double digit electricity price increases
- 14 states will have peak-year increases greater than 20%
- Estimated annual cost of \$41 billion to \$73 billion
- Compliance costs of \$366 billion to \$479 billion
- Additional coal retirements of at least 45K MW
- Coal-fired generation will decrease at least 29%
- Natural gas prices increase from 2% to 29%



CPP – What It Will Do

- Global CO₂ concentrations will be reduced by less than .5%
- Global average temperature rise will be reduced by 0.016 degree F (less than 2/100^{ths} of a degree)
- Sea level rise will be reduced by .03 millimeter (1/100th inch or the thickness of three sheets of paper)

Emission reductions from EPA's proposal and AEO 2014 are accumulated and scaled to projected emissions reductions and resulting climate effects from EPA's *Regulatory Impact Analysis: Final Rulemaking for 2017-2025 Light-Duty Vehicle Greenhouse Gas Emission Standards and Corporate Average Fuel Economy Standards*, August 2012, page 4-134 and 6-112.

CPP – Current Criticism

- Governors & AGs from at least 33 states have expressed opposition
- Majority of Congress
- Grid operators have expressed concerns about negative impacts on grid reliability
- Many more legal challenges will be filed by states and others once the final rule is published in the Federal Register

CPP – Summary of Problems

- EPA Lacks legal authority
- EPA is usurping state authority
- Electricity prices will increase
- Natural gas prices will increase
- Electric reliability will be threatened
- There are no climate change benefits with CPP

496 Days Left



KCA / Friends of Coal Update

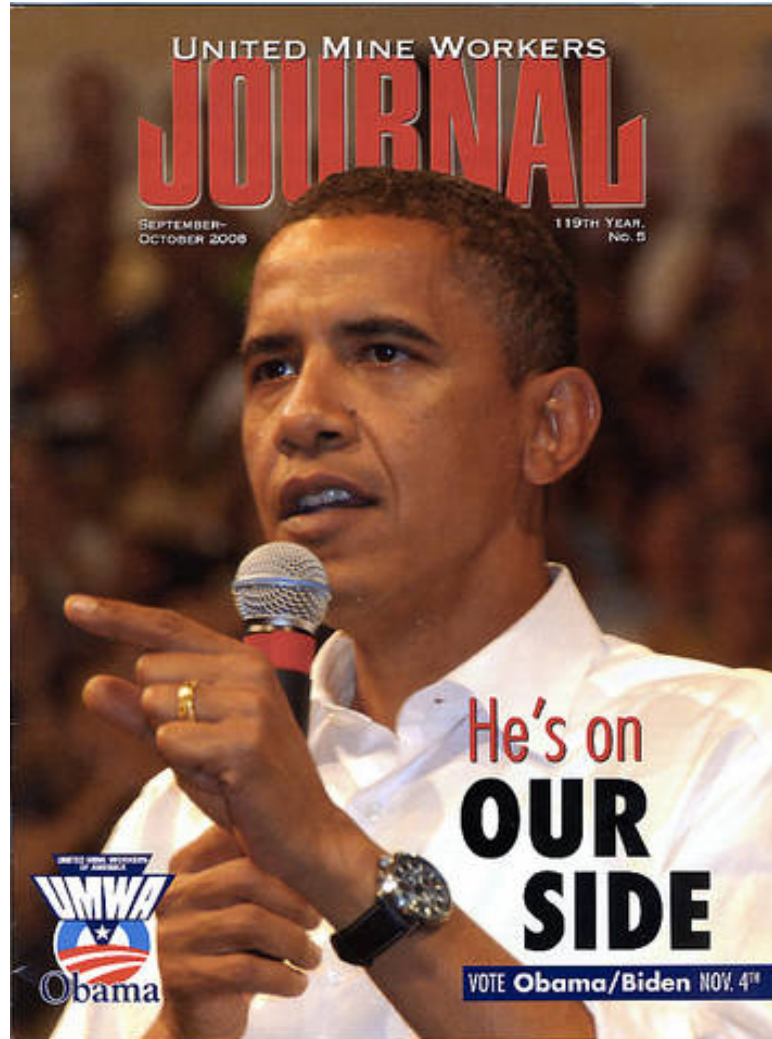
- **No UMWA Coal Miners in Kentucky**



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Kentucky Coal Issues

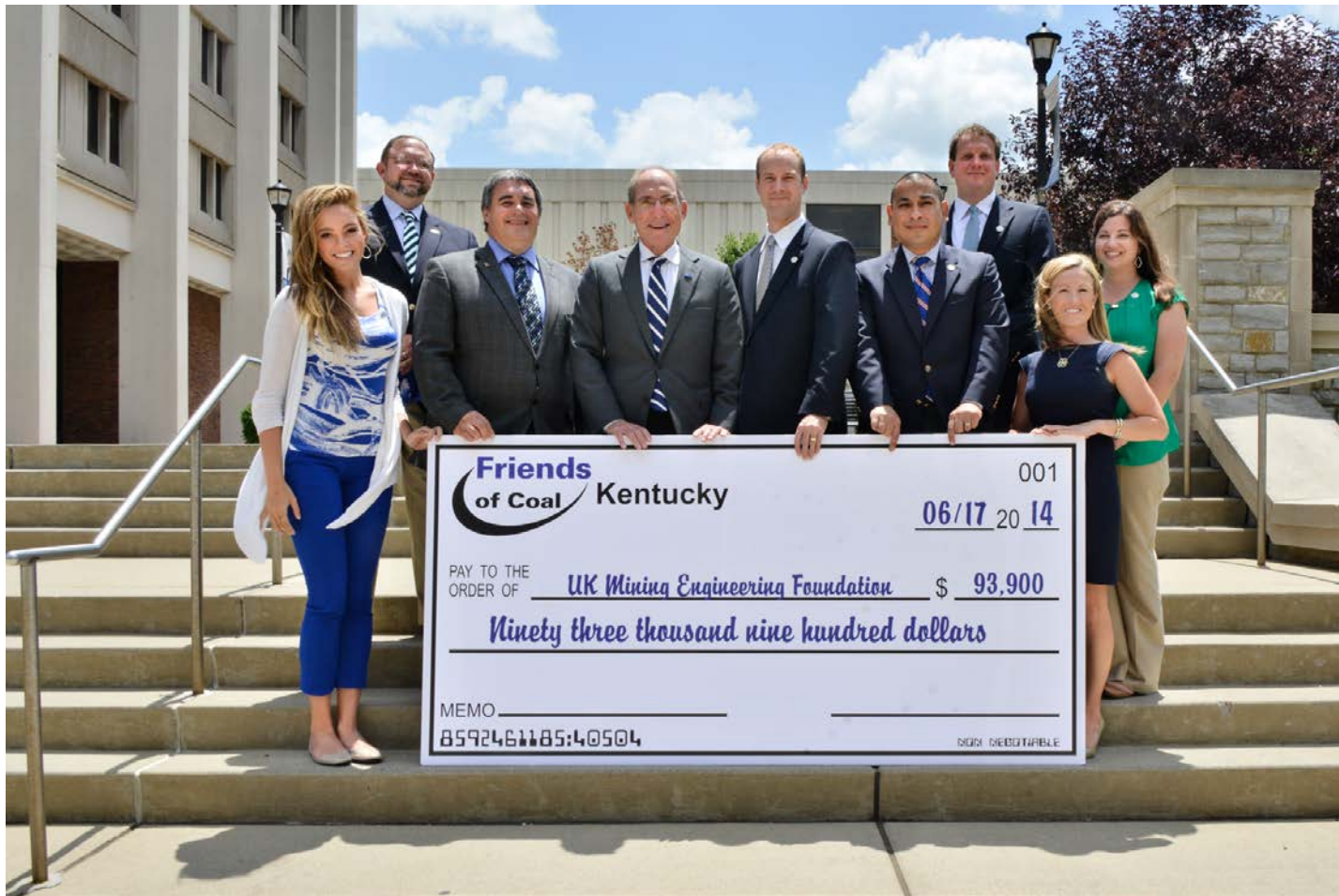
- No UMWA Coal Miners in Kentucky
- **Continued growth of Friends of Coal-Kentucky**



96,000+ Sold!



2014 Contribution from Friends of Coal-Kentucky



Kentucky Coal Issues

- No UMWA Coal Miners in Kentucky
- Continued growth of Friends of Coal-Kentucky
- **Friends of Coal Golf Open – Sep 18, 2015**



Kentucky Coal Issues

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- Continued growth of Friends of Coal-Kentucky
- Friends of Coal Golf Open – Sep 18, 2015
- **KCA Annual Meeting – Oct 7-9, 2015**





KENTUCKY COAL ASSOCIATION