

Great Lakes Metro Chambers Coalition

Presentation to OMB:
Existing Power Plants GHG Rule
July 23, 2015



Great Lakes Metro Chambers Coalition

- Includes nearly 40 chambers of commerce representing more than 100,000 businesses employing over a million people
- Pursues constructive federal policies to help revitalize the Great Lakes trading region
- Is gravely concerned with the impact of EPA's proposed Clean Power Plan rule
- Suggests an alternative approach



Great Lakes manufacturing is vital to the US economy

- The Great Lakes trading area has 123,000 manufacturers and 5 million employees accounting for
 - 35% of the US manufacturing output
 - 42% of US manufacturing jobs
 - 28% of the nation's exports
- The bi-national Great Lakes region is the 3rd largest economy in the world with estimated annual output of \$6 trillion



Coal is extremely important to the Great Lakes region

- Coal provides affordable, reliable base load power crucial for attracting and retaining our manufacturers
- Coal provides more than half of the Great Lakes region's electricity
 - Up to 84% in Indiana, the region's most manufacturing intensive state
- Other sources of base load power – natural gas and nuclear - are also essential but subject to limitations
- Renewables have not proven to be a reliable source of base load power

EPA's CPP will have a severe impact on the Great lakes region

- EPA's CPP goal of 30% reduction in CO2 emissions by 2030 would prove to be extremely costly for manufacturers and consumers, with very little offsetting gain
- Impacts on individual states in the Great Lakes region will be significant, uneven and potentially severe

The impacts to the Great lakes region will be widespread

- Power-exporting states will be penalized
- Reliability of an interconnected electric power grid will be threatened
- Power plants scheduled for phase out by 2030 may be closed earlier, leaving the grid even more vulnerable to brownouts or blackouts
 - Half of the region is in the PJM Interconnection RRTO which already has the largest amount of planned coal-fired plant retirements
- Nearly every Great Lakes state will need to more than double deployment of renewable energy – Ohio and Pennsylvania more than eight fold

The cost of the rule will be staggering

- Power distributors and users have calculated initial costs of the rule
 - Midcontinent Independent System Operator estimates implementation of the rule will cost \$55 - \$83 billion over 20 years
 - A NERA Economic Consultant study on behalf of the American Coalition for Clean Coal Electricity projects
 - Costs of \$366 billion in current dollars
 - At least \$41 billion in cost impacts to business and consumers
 - 43 states with double digit electricity price increases with 14 having peak year increases greater than 20%



Great Lakes Leaders object to the CPP

- All 12 governors, or state environmental, natural resources or public utility agencies in the Great Lakes region have objected to important parts of the CPP
- FERC and NERC have raised concerns over reliability from the rule
- NERC has called for a detailed analysis of the availability of gas pipelines and other critical infrastructure and how to insure reliability if supply interruptions and price spikes materialize

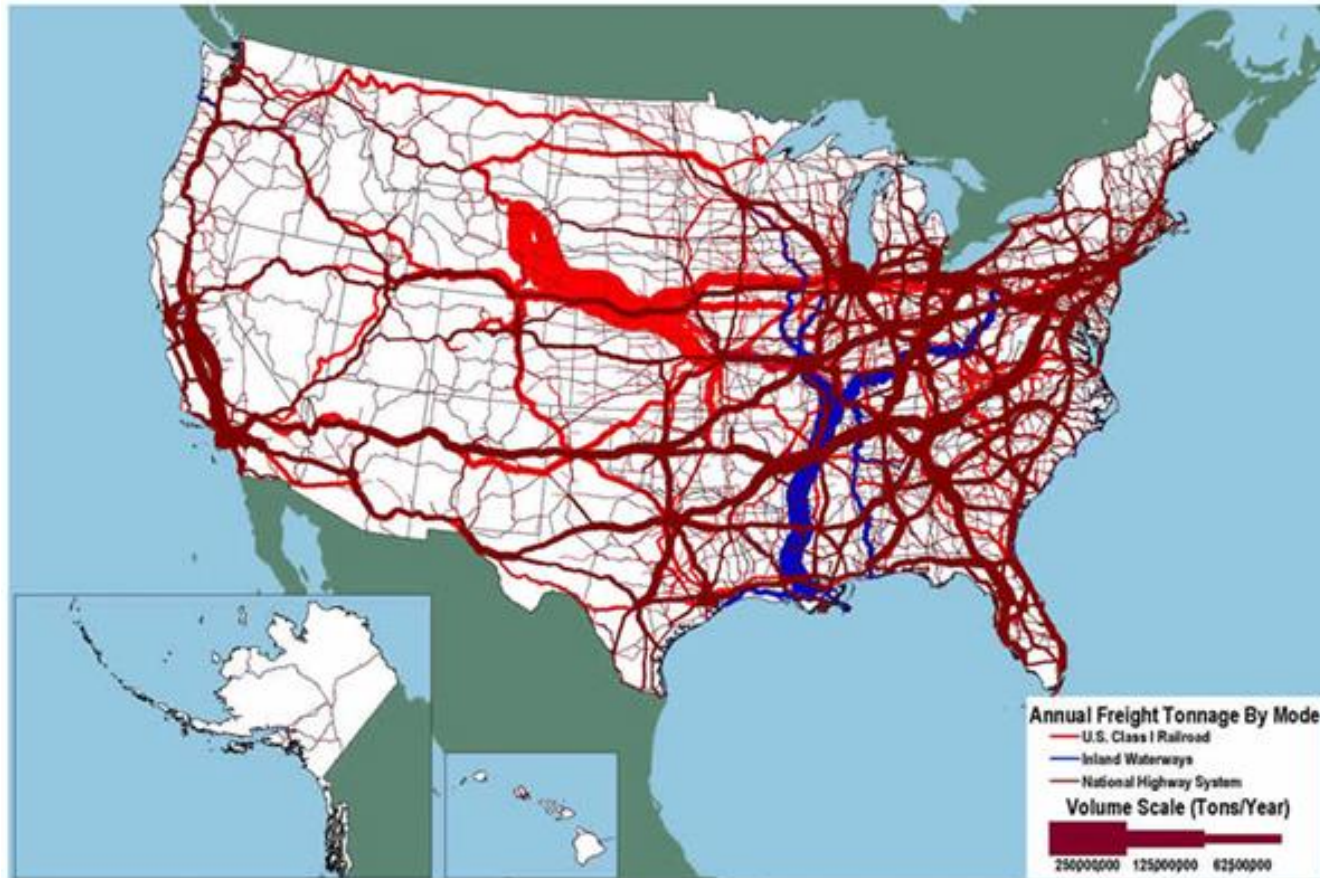


The Coalition's Proposal

- Our manufacturers need a reliable supply of electricity at stable prices to be competitive
- Before issuing any rule the Coalition urges that EPA
 - Fully utilize all of our energy resources in an “all of the above” energy strategy
 - Fully commit to CCS technologies and workforce retraining
 - Not penalize states for their success
 - Carefully consider if the benefits are worth the costs



Midwest – The Vital Center



 Great Lakes
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3rd Largest Economy in World



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