

Opening Statement of the Honorable Ed Whitfield
Subcommittee on Energy and Power
Hearing on "The American Energy Initiative: A Focus on EPA's
Greenhouse Gas Regulations"
June 29, 2012
(As Prepared for Delivery)

This is the 22nd day of our hearing on the American Energy Initiative, and today we will discuss EPA's greenhouse gas regulatory agenda. On June 19th, we heard testimony from a variety of job-creating sectors of the economy. All of them expressed dire concerns about current and upcoming GHG regulations.

Today, we are pleased to be joined by EPA Assistant Administrator for Air and Radiation Gina McCarthy. I welcome her back and look forward to learning more about EPA's perspective on these regulations and their impacts on the economy and jobs.

But first, I would like to say a few words about the DC Circuit Court decision on EPA's GHG regulations that was handed down earlier this week. A lot has been said and written about the decision in the last few days.

I think it is important to set out what the decision says and what it doesn't say, especially on the Tailoring Rule. We need to make clear that the court never addressed the legal merits of that very important rule. Instead, the court declined to pass judgment on the Tailoring Rule because it concluded that none of the petitioners had standing to challenge it.

The end result of the court's ruling is the Obama EPA's backdoor carbon tax remains in effect. So now we have an Obama health care tax and a carbon tax.

As permitting thresholds under the Tailoring Rule are ratcheted down in the coming years, it will affect hundreds of thousands of farms and small businesses. And we heard tremendous concern last week from a wide-ranging group about it.

A witness representing the American Farm Bureau Federation testified that:

*"Farmers and ranchers receive a **double economic jolt** from the regulation of GHGs from stationary sources. First, any costs incurred by utilities, refiners, manufacturers and other large emitters to comply with GHG regulatory requirements will be passed on to the consumers of those products, including farmers and ranchers ... Secondly, farmers and ranchers will face the distinct possibility of direct regulatory costs resulting from regulation of GHGs by EPA."*

When asked about the ultimate consequences of EPA's GHG agenda, Shaffer predicted that:

*"the American consumer is going to be **living off imported food.**"*

And the American Bakers Association spoke about absurd implications of lowered thresholds under the Tailoring Rule and asked:

*"Would our baker tell a retail grocer to "wait" on filling a hot dog order while he applied for a permit modification?... The bottom line is that the cost of any new overly broad rules that [regulate GHG] in baking ovens will ultimately **force American families to pay more for baked goods.**"*

I am also deeply troubled by EPA's war on coal, and the role of GHG regulations in that war. Ms. McCarthy's written testimony today claims that the GHG NSPS "*provides a pathway forward for coal,*" but at the June 19th hearing, we heard from an electric cooperative who testified quite clearly that this "***is simply an illusion.***"

Steven Winberg, the Chairman of the FutureGen Industrial Alliance, stated that:

*"in effect, **EPA's rule will eliminate any new coal for years to come** because EPA is requiring new coal-fueled power plants to meet a natural gas equivalent CO2 standard, before CCS technology is commercially available."*

And I might add that Alpha Coal and Arch Coal have recently announced mine shutdowns and layoffs in Kentucky. The impact on jobs is no longer a matter of conjecture, it is a reality for a growing number of miners and others whose employment depends on coal.

And coal is not the only energy source under siege. A small business refiner testified that GHG regulations would result in:

*"reduced domestic refining capacity, loss of high-paying manufacturing jobs and **higher fuel costs for the consumer.**"*

Bad news for energy producers translates into bad news for energy consumers, including industrial consumers. The CEO of one industrial consumer testified that:

*"there is **no question** that Clean Air Act regulation of GHG emissions will deter production, investment, and job creation in the US in favor of other countries."*

I must say that I found this testimony compelling, especially given that so many different sectors of the economy are saying the same thing about GHG regulations. It is hard for me to believe that they are all wrong. But I am interested in gaining EPA's point of view, and hope that we can accomplish that today.

###