

Honorable Regina A. McCarthy
Administrator
U.S. Environmental Protection Agency
1201 Pennsylvania Avenue, N.W.
Washington, DC 20460

March 10, 2014

Re: EPA Proposed CCS Requirements for New Advanced Coal Generation Plants

Dear Administrator McCarthy:

In November 2012, we wrote to President Obama to request his assistance in ensuring that U.S. EPA's then-proposed regulations limiting greenhouse gas (GHG) emissions from new coal-based power plants provide a path forward for the construction of advanced, highly-efficient coal units without carbon capture and storage (CCS). We are writing to you today to renew this request.

EPA's recently revised NSPS proposal (79 Fed. Reg. 1429) requires new coal-based electric generating units to employ partial CCS as the "Best System of Emission Reduction." We support the agency's decision to restore separate regulatory treatment for coal and natural gas combined-cycle units, but we do not agree that CCS has been adequately demonstrated. We note in particular the views of OMB and other Administration officials raising serious questions about the agency's determination to require CCS on new coal-based generation units, contrary to the findings of the Administration's CCS Interagency Task Force.

The proposed rule discriminates against new coal units by allowing natural gas combined-cycle units to be constructed with no carbon controls. Any new advanced coal units equipped with state-of-the-art control technologies for mercury and other air pollutants could not be financed – absent substantial government subsidies - due to the uneconomic burden of CCS controls. The Regulatory Impact Analysis accompanying the proposed rule indicates that partial or full CCS would raise the cost of electricity by 36% to 81% for partial or full CCS, respectively. Even plants with access to enhanced oil recovery markets for CO₂ sales would be penalized by generation costs 17% to 42% higher than EPA's base case.

In sum, the proposed rule would force all new baseload electric generation to natural gas, abandoning our nation's largest fossil energy resource as part of an "all of the above" energy policy. This would limit inter-fuel competition and effectively remove coal as a competitive cap on natural gas prices.

Hundreds of thousands of our members are employed in the electric utility, mining, railroad transportation, construction, and boiler and pollution control sectors. We are deeply concerned about the future welfare of these highly-skilled workers, their families and communities. Compliance with EPA's MATS regulations in 2015-16 will cause the closure of 60,000 or more megawatts of older coal generation capacity, with substantial job losses among our members. These plant closures will strain electric reliability and force increased dependence on volatile natural gas. Gas price volatility has caused

power prices in several markets to skyrocket in response to recent cold weather. Without a clear path forward for the construction of highly-efficient advanced coal technologies – independent of government subsidies - our members and their families face certain economic hardship.

We would greatly welcome your support to ensure that the final rule provides achievable GHG performance standards for new advanced coal generation without the need for CCS or for major government subsidies.



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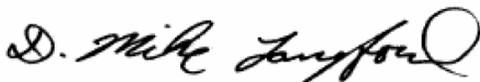
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cc: President Barack H. Obama
Honorable Ernest Moniz, Ph.D.
Honorable Thomas E. Perez
Richard L. Trumka
Members of Congress
U.S. EPA Docket EPA-HQ-OAR-2013-0495