



Thursday, October 27, 2005

1. AIR POLLUTION

Industry cost of Carper CO2 bill narrows over time -- EPA data

Darren Samuelsohn, *E&ENews PM* senior reporter

Bipartisan legislation demanding a first-ever carbon dioxide cap for U.S. power plants would impose additional costs to the electric utility industry compared to President Bush's "Clear Skies" bill, but the difference narrows over time, according to new U.S. EPA [modeling data](#) released today.



The bill from Sens. Tom Carper (D-Del.) and Lincoln Chafee (R-R.I.) would cost industry \$10.5 billion annually in 2010, \$7.8 billion in 2015 and \$9.5 billion in 2020. By comparison, the latest version of Clear Skies offered by Sen. James Inhofe (R-Okla.) would cost industry \$2.9 billion in 2010, \$4 billion in 2015 and \$6.2 billion in 2020. And the suite of EPA air pollution rules that require similar emission cuts as Clear Skies combine to cost \$2.7 billion in 2010, \$4.4 billion in 2015 and \$6.1 billion in 2020.

At the same time, the Carper-Chafee measure would generate greater public health benefits than Clear Skies because it requires more reductions in fine particles and ozone, Carper argued today.

On the benefits side, EPA said the Carper-Chafee bill would achieve annual health improvements of up to \$128 billion in 2010, \$137 billion in 2015 and \$161 billion in 2020. The latest Inhofe version of Clear Skies would provide for up to \$79 billion in health benefits in 2010, \$106 billion in 2015 and \$140 billion in 2020. EPA's analysis did not include any health benefits for reducing mercury or CO2 because of the difficulty in quantifying such results, EPA Administrator Stephen Johnson said.

In a prepared statement, Carper said the EPA data shows his bill would not have a significantly greater economic effect versus Clear Skies, though it will generate more air quality improvements. Also, Carper said his bill puts the United States on record in the global warming issue with a mandatory carbon cap that has a minimal cost on industry.

"If we can do that and do it cheaply, what are we waiting for?" Carper said of the CO2 cap, which EPA said would cost industry only \$1 per ton through 2015 and \$2 per ton in 2020.

The EPA analysis of competing Clean Air Act bills adds a new wrinkle to a pollution debate that has been stalled on Capitol Hill for more than five years. The Senate Environment and Public Works Committee in March deadlocked 9-9 on a Republican version of Bush's Clear Skies plan, which does not require cuts to the greenhouse gas, and negotiations have been at a standstill ever since.

Meeting with reporters today, Johnson said the Clear Skies concept to cap nitrogen

oxides, sulfur dioxides and mercury is "far superior" to the EPA's regulatory approach that has been the subject of intense litigation. But Johnson would not answer a question when asked directly whether the data showed Clear Skies was a better product than either the Carper-Chafee bill or a far more stringent plan from Sen. Jim Jeffords (I-Vt.).

"I know you want me to start picking and choosing," Johnson said. "Today is not the day for me to describe which piece ... we should or should not do."

For the Jeffords bill, which passed in 2002 out of the Senate EPW panel but never reached the floor, EPA found costs of \$41.1 billion in 2010, \$38.8 billion in 2015 and \$50.8 billion in 2020. Health benefits from the PM and ozone cuts alone from the Jeffords bill reach up to \$162 billion in 2010, \$183 billion in 2015 and \$211 billion in 2020.

For his part, Inhofe said he was concerned with EPA's "unrealistic assumptions" about the future costs of natural gas. EPA's work figured costs at \$3.50 per million British thermal units.

Kevin Culligan, a top EPA official, explained that the figure was chosen because of expectations that gas prices would decrease over time. Additionally, Culligan said the low price was used to better understand the extent that electric utilities would engage in fuel-switching from coal to natural gas.

In an interview earlier today, Inhofe said he hoped the new information would convince opponents to support the administration's bill. But he also stopped short of promising action this year. "If the votes are there, there's time," he said.

[Click here](#) for the EPA modeling data.



[E&E Publishing, LLC](#) • [E&E Daily](#) • [Greenwire](#) • [E&ENews PM](#) • [Land Letter](#)

[About E&E Publishing](#) • [Privacy Policy](#) • [Staff Directory](#) • [Contact Us](#)

© 1996-2005 E&E Publishing, LLC