



ILLINOIS CHAMBER  
OF COMMERCE

**Testimony of Tom Wolf, Executive Director Energy Council  
Illinois Chamber of Commerce**

***EPA's Impact on Jobs and Energy Affordability: Understanding the Real Costs  
and Benefits of Environmental Regulations***

House Subcommittee on Energy and the Environment

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My name is Tom Wolf and I'm the executive director of the Energy Council at the Illinois Chamber of Commerce. The council is made up of companies that generate, transmit and transport energy, or supply the energy marketplace. We have voices from worlds of crude oil, coal, wind, solar, nuclear, waste-to-energy, natural gas, utility and transmission and engineering interests. The Council's goal is to make Illinois a better place for energy of all kinds because that creates economic opportunities of all kinds.

**What we're looking for in regulations**

When it comes to energy regulatory oversight, businesses are looking for a few general themes:

- Predictability – what can and should they plan for?
- A sweet spot where interests – including environmental interests -- are protected and commerce can flourish
- Benchmarks that are based on science and engineering, not wishful thinking
- Diversity – allowing everyone a shot at success so we don't rely too much on one form of energy

## Why we believe the proposed rulemaking falls short

We believe the new rulemaking on green house gas regulations for new energy sources proposed by the US EPA falls short of these goals. Here are some reasons why:

The proposed rulemaking sets a limit which most natural gas generators can accommodate with today's technology — but that coal generation cannot. It seems a bit strange that this magic limit saves the planet *and* just so happens to allow natural gas generation but not coal generation.

I know everyone, including the Chamber, is excited about the new natural gas finds across the country, but it was a few short years ago that we were talking about importing natural gas. Things change in way we cannot predict – so why preclude a solution that includes new coal generation?

We understand there is a provision in the EPA regulations for coal companies to average their GHG emissions over 30 years, theoretically allowing them to build a new plant and retrofit it with sequestration technology when (and if) it becomes available and economical.

The Administration claims that there is a 'path forward' for coal in this rule. However, the path seems to run through installation of carbon capture and storage - a technology that is still under development and too expensive for use today.

Given that, what company will be able to get financing for a new plant that is built on the hope that new technology will be available and affordable at some point in the future? We don't believe investors would or could take that risk.

From our perspective these regulations are advocating for natural gas generation and creating a regulatory wet blanket on future coal production -- in essence, picking winners and losers when we need nothing but winners.

Let's take a moment to comment on how much *cleaner* coal production has gotten in the past three or four decades. The Prairie State generation plant that's just about to become fully operational in southwestern Illinois produces 50% less regulated emissions and 15% less GHG emissions using best available control technology – a great step forward.

However, we believe if these proposed regulations come into place, the *leap* coal producers are asked to make in GHG emissions will be a roadblock to new innovation, not an incentive. The *leap* being asked for could result in companies abandoning coal research and moving to other forms of energy – leaving us more vulnerable with fewer supply choices.

We agree with the Administration when it talks about the importance of inventing new alternative energy technologies here in America. But we believe if these regulations are enacted, the cleaner coal technologies will be invented somewhere else, or they won't be invented at all

because other countries that rely on coal are making little to no efforts to minimize GHG emissions. We are a leader in cleaner coal technologies and could be going forward. But asking for this leap of faith could squash our ability to lead the world.

Finally, the Chamber has a concern that is imperative under the concept of predictability. Whatever regulations that come out of this process, they **should not serve** as a precursor to regulating GHG from *existing* plants or provide a legal trap door for regulating existing plants when they are modified with new pollution controls to comply with other regulations. The USEPA has clearly said that they would not treat modified sources as new and that they had no plans or timetable for proposing regulations for existing sources.

We ask that you stay true to that commitment as there will be voices pushing you to backtrack on that promise.

### **What does this mean for Illinois business and consumers?**

I hesitate to try and quantify the exact costs and benefits if this proposed rulemaking is adopted as is. If I've learned one thing in my four years in this position is the future is really hard to predict. Who could have predicted the natural gas finds that might turn us into a natural gas exporting country instead of an importing one. Who could have predicted that crude oil production in North Dakota would jump from 7,500 barrels per day in 2006 to more than 700,000 barrels a day today. Who could have predicted that wind turbines would be up to 30% more efficient than four years ago, or that solar equipment costs would plummet.

However, unless there is a leap in coal generation technology that is unforeseen at this time, new coal generation will be precluded from being part of the solution when it comes to energy generation. Remember, coal provides almost half of the power in our state today. These rules effectively shut down the future of new coal generation and the jobs, economic development and opportunity that would come with it.

This does have economic ramifications as we believe we are better off with a diversified portfolio of generation options. Relying on fewer instead of more options puts us in danger of paying more for electricity, which affects the economy as a whole.

## Conclusion

In closing the Chamber believes **all of the above should mean all of the above** – We believe diversity in our energy portfolio is an important. It seems these regulations push coal aside instead of forward. Therefore we're going to have to rely on everything *but* coal in our future baseload generation since it's hard to imagine anyone willing to invest in a power source that will be out of compliance before the first kilowatt is generated. We have 25% of the world's coal reserves. Isn't it worth trying a bit harder to make it part of the future energy mix?

Since the rest of the world is going to continue using coal, shouldn't rulemaking provide reasonable challenges that drive innovation that can be exported globally and make a dent in the CO2 emissions this proposal is trying to achieve?

We're afraid these new regulations will thwart, not push, innovation and discourage rather than encourage a diverse portfolio of generation recourses.

We hope the government would create an environment where all sources of power have the chance to become more efficient and cleaner. We believe coal should be an important part of that future and, if regulations allow the industry to continually improve its production methods, it can provide opportunities for continued advancements and economic opportunity at home and abroad.

We suggest taking a long, deep breath, and take a hard look at these new regulations and change them to allow new coal plants to be built, incentivized in a way that creates a market for the technological advances that will make coal cleaner and cleaner – and a viable option for a U.S. and global electricity users.

Thank you.