

OPENING STATEMENT

The Honorable Andy Harris (R-MD), Chairman

Subcommittee on Energy and Environment

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

June 6, 2012

I want to welcome everyone to this afternoon's hearing on *EPA's Impact on Jobs and Energy Affordability*, and thank our witnesses for lending this Subcommittee their time and expertise.

At the outset, I want to note that, unfortunately, due to a personal conflict, Administrator Cass Sunstein from the White House Office of Information and Regulatory Affairs, or OIRA, will not be testifying today. I certainly understand this explanation, although it was not communicated to the Subcommittee until late last week. I am concerned and somewhat disappointed in the lack of transparency and responsiveness demonstrated by OIRA when trying to organize this hearing. Staff reached out to identify a mutually-agreeable hearing date over two months ago, and beginning on April 24 I sent formal invitations expressing flexibility regarding OIRA's appearance that remain unanswered.

I would be greatly disappointed if Administrator Sunstein refused to testify before this Subcommittee, especially in light of the fact that his predecessors have testified before the Science Committee and its subcommittees nearly a dozen times. An unwillingness to discuss recent regulatory developments would be especially disconcerting given that Mr. Sunstein is responsible for overseeing the Open Government Initiative for the President's self-proclaimed "most transparent Administration in history." Further, his office is charged with enforcing the Executive Order requiring that the regulatory system be "based on the best available science" as well as OMB standards on information quality, peer review, and data access. These are all issues directly relevant to the Subcommittee's jurisdiction and work, and I expect the Administrator to communicate to the Subcommittee by the end of this week when it would be convenient to testify in the coming months.

While OIRA is not represented to discuss this process of integrating scientific and economics assessments into regulatory decision-making, there are numerous Executive Orders and OMB and Agency guidelines for thorough regulatory analysis. Unfortunately, many of these guidelines have been willfully ignored in order to pursue an unprecedented regulatory agenda that is at odds with the President's rhetoric about an "all of the above" energy policy.

Our witnesses today will describe a pattern of scientific and economic practices at EPA and OIRA that inflates health-based regulatory benefits, overlooks actual economic, energy affordability, and jobs impacts, and fails to reflect uncertainty in communicating risks. All too often, major EPA regulations have been underpinned by secret science, hidden data, and black box models. As demonstrated in the hydraulic fracturing cases in Pavillion, Wyoming, Parker County, Texas, and Dimock, Pennsylvania, the Agency often appears more concerned with crucifying press releases and enforcement actions than meaningful peer review or scientific analysis.

Additionally, EPA has failed to account for the health impacts of the higher energy prices and joblessness that these regulations guarantee. More and more of these regulations are almost exclusively justified on the basis of incidental “co-benefits” from particulate matter reductions (raising the specter of double-counting) and private benefits on the assumption that all regulated entities are acting irrationally and against their economic self-interest (and that EPA knows what is best for their bottom line).

The absurdity of these estimates is demonstrated in OIRA’s 2012 Draft Report to Congress, which indicates that, based upon benefits estimates generated by EPA, the Agency’s air quality regulations represent almost 80 percent of the benefits for all federal rules. Despite President Obama’s Executive Order requiring that regulatory benefits justify costs, EPA recently announced its Carbon Pollution Standard for New Power Plants and claimed that the rule “will result in negligible CO2 emission changes, energy impacts, quantified benefits, costs, and economic impacts.” As a matter of principle, regulatory benefits should justify their costs, and EPA’s pursuit of this coal-killing regulation despite its own admission that the rule has negligible benefits is mind-boggling. As several of our witnesses will testify to, this statement strains credulity, and the proposal is a de facto ban on new, cleaner coal-generated electricity in this country as well as directly at odds with the President’s “all of the above” energy rhetoric.

I want to thank the witnesses for appearing before the Subcommittee today and I look forward to a constructive discussion.