



The Clean Power Plan Is No Climate Fix

Obama's signature climate effort won't prevent climate change. It will only raise electricity costs without reducing the growth of global carbon dioxide emissions.

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The Clean Power Plan is among the most controversial mandates ever attempted by the federal bureaucracy. The Environmental Protection Agency has received over 1.6 million comments on the proposed regulation, which seeks to reduce carbon dioxide emissions from the electricity-generation sector by 30 percent from 2005 levels by 2030.

Attorneys general from 17 states have sued, claiming the plan “has numerous [legal defects](#).” Senate Majority Leader Mitch McConnell has advised the states to ignore the EPA's proposed rule. An analysis of the proposed measure by NERA Economic Consulting estimated that the Clean Power Plan [could cost](#) the electric sector between \$41 billion and \$73 billion per year.

But amidst all the legal wrangling and cost estimates, an essential question is being ignored: Will the Clean Power Plan have a significant impact on global carbon dioxide emissions and therefore climate change? The short answer: no.

Proving that requires only a bit of math and a scan of recent headlines. As an example of the latter, consider [an article published](#) earlier this month by the Associated Press of Pakistan about how China is financing a massive new coal mine in Pakistan's Thar Desert. The project will eventually produce nearly 20 million tons annually, which will be fed into electricity-generation units with about 3,600 megawatts of capacity. The article said the mining and generation will “boost economic activities and insure availability of cheap electricity.”

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Pakistan desperately needs more electricity. An average Pakistani uses 363 kilowatt-hours of electricity per year. The [average American](#) uses more than 12,000 kilowatt-hours. Put another way, Americans use more electricity in an hour than Pakistanis use in an entire day.

Lack of electricity in Pakistan (and numerous other impoverished countries) results in a lack of economic opportunity. Pakistan's [per-capita GDP](#) is about \$4,700 per year. In the U.S., that figure is \$54,800, roughly 12 times as much. To alleviate its electricity shortages, Pakistan is [planning to add](#) more than 15,000 megawatts of new coal-fired power plants.

The new Pakistani power plants are part of a surge of coal-fired capacity that's coming online in wealthy and poor countries alike. Earlier this month, the Kiko Network, a Kyoto-based environmental group, reported that Japan is planning to add some 21,000 megawatts of [new coal plants](#). India [is planning](#) another 90,000 megawatts. Globally, about 500,000 megawatts of new coal-fired capacity is either under construction or planned for the next two and half decades. That's more than 1.5 times as much coal-fired capacity as [now exists](#) in the U.S.

Now for the math. The Clean Power Plan [aims to cut](#) annual carbon dioxide emissions from electricity generation by about 730 million tons by 2030. If the plan is implemented and the reduction goal is met, it will be a mere drop in the global carbon dioxide-emissions bucket. In 2013 alone, global emissions rose by 630 million tons. Thus, in just 12 months, global CO₂ emissions rose by nearly 90 percent of the reductions being proposed by the EPA over 15 years.

Or consider China, which now consumes half of the world's coal. Between 2009 and 2013, China's carbon dioxide emissions jumped by 2.3 billion tons. Thus, in one four-year period, China's emissions increased by more than three times the amount the EPA wants to cut by 2030.

The hard reality is that the U.S. leads the world in reducing its carbon dioxide emissions. The main reason for that achievement isn't the EPA, but the shale revolution. Thanks to horizontal drilling and hydraulic fracturing, a flood of low-cost natural gas has hit the market, and it is displacing significant quantities of coal in the electricity sector. Indeed, since 2005 — which, remember, is the baseline year the EPA is using for the Clean Power Plan — U.S. coal use has fallen by a whopping 20 percent, and that reduction has meant big cuts in carbon dioxide emissions.

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Between 2005 and 2013, U.S. emissions fell by 560 million tons. That reduction is 14 times as much as was achieved by Germany, a country that has subsidized renewable energy to the tune of some \$100 billion over the past decade or so, and in doing so, has seen its electric prices skyrocket. Residential electricity prices in Germany are now about 38 cents per kilowatt-hour, which [is roughly three times](#) the average U.S. residential price.

Furthermore, even if the U.S. implements the Clean Power Plan, the expected emissions reductions won't "save the climate," whatever that dubious phrase might mean. That was shown last November by two analysts at the libertarian Cato Institute, Paul Knappenberger and Patrick Michaels. Using a climate model known as MAGICC (the development of which was supported by the EPA), Knappenberger and Michaels showed that the Clean Power Plan's expected cuts in emissions [would reduce](#) global temperatures by about 0.02 degrees Celsius by 2100.

Not only will the Clean Power Plan not save the climate, it simply isn't needed. Over the past few years, the U.S. electric industry has been reducing its coal use as natural gas has gotten cheaper. And electricity producers are using the lower-cost fuel to produce power from generation units that are far smaller and cheaper than the ones that burn coal. Today, utilities can purchase natural-gas-fueled reciprocating engines with capacities of 10 megawatts or so. And those engines are nearly 50 percent thermally efficient. Thus, utilities can spend a few million dollars to add the capacity they need, and they can do so incrementally. By contrast, coal-fired generation units [are far bigger](#), with typical outputs of 500 megawatts or more. The cost to build a new coal plant (and remember, there are zero of them under construction in the U.S., and none of them can be built under the Clean Power Plan) is usually measured in the billions of dollars.

Meanwhile, solar power — nearly all of it heavily subsidized — is growing rapidly and is eating into the revenue of the incumbent utilities. The same is true of wind energy. Meanwhile, many of America's decades-old coal plants and decades-old nuclear plants are facing shutdown due to rising operating costs and more stringent regulations ranging from coal ash management to post-Fukushima safety protocols. The result of these many factors: The U.S. electric sector has already achieved about half of the carbon dioxide emissions reductions that the Clean Power Plan aims to achieve.

The Clean Power Plan isn't needed. It won't stop climate change. It will only further burden American industry — and therefore, American consumers — with unneeded and costly regulation.