



Warning: Electricity prices on the rise

By [David Hinkins Senate Deliberations](#)

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In June of 2013, President Obama issued a directive memo to the Environmental Protection Agency instructing the Agency to decrease the allowable limits of carbon dioxide (CO₂) emissions that are created by coal and natural gas fired electric power plants. The new limits are scheduled to go into effect on June 1, 2015. States then have one year — until June 2016 -- to implement the new regulations.

Those changed regulations would require electric plants using coal to reduce emissions by 30 percent of their 2005 levels.

The new limits will be required for all newly constructed power plants, and it is expected those new limits will become the new required standard for all existing coal-fueled power plants.

Utah uses coal for more than 80 percent of its electric power. Our state's electric plants are all updated to the current EPA standards. Our clean coal technology and advanced emission controls have rendered our currently operating plants more than 90 percent efficient. Because our power plants are so efficient, our current electric rates are nearly 20 percent lower than the rest of the nation.

Contrast our rates to those of California. In 2009, California enacted a moratorium on the building of any new coal-fueled power plants, choosing to convert as much of the state as possible to wind and solar produced electricity. Now just a few years later, because of this change, their electric rates are 45 percent higher than the rest of the country.

For years, Utah has been ranked as one of the most business-friendly states in the nation. As a result, businesses large and small migrate here and one of the most important factors in those relocation decisions is low operating costs. Even the Federal Government recognizes this advantage. The NSA's choice to build their enormous Data Center in Utah was mostly because of our competitively low electric power prices.

Since the beginning, the Obama administration's overarching goal had been to "decarbonize the electric sector." [In a 2008, interview in the San Francisco Chronicle, Mr. Obama said](#), "If somebody wants to build a coal-fired power plant, they can. It's just that it will bankrupt them. Under my plan ... electricity rates would necessarily skyrocket."

In order to accomplish this goal some sort of “Cap and Trade” policy for emissions must be instigated. Congress has refused for many years to make such regulatory cap and trade requirements, so now the administration has decided to implement them through the rule-making process.

It is helpful to understand what has the potential of happening in real numbers. A Gigawatt (GW) of electricity is enough power for about 1,000 homes. (But if those homes are using central air conditioning a GW is only enough for about 750 homes.) The EPA estimates that implementing the new restrictions on coal and gas powered electric plants will *eliminate* 180 GW of available electric power by 2020. That is nearly 15 percent of our current capacity. And because supply and demand affect cost, electricity prices will rise for everyone.

Additionally, the U.S. Department of Energy’s National Energy Laboratory says if these new restrictions are enforced, the end-user cost (that is what we, the consumer pays) of electricity produced by these plants could increase by as much as 80 percent. So we will have fewer plants, producing at a more expensive rate. Can you imagine what that will do to our industries, farms and businesses, let alone things like keeping the air conditioner running at home during our hot desert days?

Right now, the most efficient coal-fired power plants, the type that use ultra-supercritical and supercritical technologies are over 90 percent efficient (compared to about a 40 percent efficiency rate of older plants). But even at 90 percent, the numbers are insufficient to meet the new performance standards that the EPA intends to implement and enforce. Because of the new restrictions, there will be many plants who still have a useful life-span at a 90 percent efficiency rate but will be needlessly shut down because they cannot meet the new environmental performance requirements.

The Hunter Power plant in Castle Dale, Utah recently underwent a retrofit. The plant was above the target for the old EPA standards, but the upcoming changes would have put them barley out of compliance. The cost for the .07 percent increase in efficiency to make the plant compliant was \$70 million — a cost that is being passed on to us as ratepayers right now.

One thing that is just mind-boggling to me is that even though the total CO₂ emissions across the U.S. have been steadily decreasing and as a nation we are on track to meet the President’s original target set for a 17 percent reduction from the 2005 levels by 2020, these newly proposed restrictions are not only considerably more difficult if not impossible to attain, but they don’t acknowledge that this is a GLOBAL issue.

Just two weeks ago, the United Nations hosted the 2014 Climate Summit. President Obama was there, but China, India and Russia refused to participate. China is the world’s largest greenhouse gas emitter. No matter what any other country does or does not do if these countries refuses to participate, there is no point in any discussion.

Perhaps these countries concur with a comment made by Dr. Pat Michaels, Director for the Study of Science at the Cato Institute [regarding the UN Climate Summit](#), namely “By last count there were 42 separate explanations in the scientific or public literature on why it hasn’t been

warming. When there are 42 explanations for one phenomenon, I can tell you what the means: scientists don't know what they're talking about.”

The other part that makes no sense about this new proposal is the shortsightedness of the “one-size-MUST-fit-all” application. Each of our states have a very different combination of available fuels and resources, but coal is an affordable and reliable source for producing power in 48 states. Fifteen of those states procure well over half of their electric generation from coal-powered plants. The new EPA proposal blatantly ignores the fact that each state has different energy needs, different available resources and different economic conditions. And it goes further with the “one-size” problem by putting natural gas combined-cycle generating plants under the exact same reduction requirements as plants that use coal. Using the same emission rate regulation standard and requirement for coal-fueled and natural gas-fueled generating units is ridiculous. There are inherent differences in these fuels and the technology they use to generate electricity. But the EPA refuses to recognize those difference.

Utah is not the only state upset with these proposed restrictions. Many states are protesting in several ways. Last session, I passed legislation ([SCR 9](#)) that asked the EPA to issue separate standards for electric generating plants that use natural gas and to permit the economic utilization of all types of domestic coals. Similar legislation was run in several other states. West Virginia and 12 other states have joined in a lawsuit suing the EPA for unlawful regulation of coal powered electric plants. And the governors of 15 states have written to the President expressing their concerns regarding the negative financial impact this new directive will have.

This is unbalanced and unnecessary regulation. It will hurt our nation as a whole, but will hurt rural communities and low-income families the most. If you are concerned about these proposed regulations, there are petitions being circulated through several organizations requesting that the EPA pull back on their requirements. Two of those are <http://americaspower.org/>; and <http://heartland.org/citizens-petition-rein-environmental-protection-agency#Petition> or you could send your comments directly to the EPA at <http://www2.epa.gov/carbon-pollution-standards/how-comment-clean-power-plan-proposed-rule>.