



Statement of Lorraine Gershman on EPA's Public Listening Session regarding Clean Air Act approaches to reducing carbon pollution from existing power plants.

American Chemistry Council

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Good morning. My name is Lorraine Gershman, and my statement today is on behalf of the American Chemistry Council¹. ACC represents the leading companies engaged in the business of chemistry. We apply the science of chemistry to create and manufacture innovative products that make people's lives better, healthier, and safer. The U.S. chemical industry is a key element of the nation's economy and one of its largest exporters. We provide 784,000 skilled, good-paying American jobs at facilities all across our country.

The U.S. chemical industry is highly energy intensive. We use energy inputs, mainly natural gas and natural gas liquids, as both our major fuel source and feedstock. Many of our processes require large amounts of electricity, which we produce onsite and also purchase from electric utilities or other suppliers.

Thanks to abundant, affordable supplies of natural gas, America's chemical industry enjoys a decisive competitive advantage in global markets. As a result, chemical makers have announced more than \$89 billion in potential new capital investment in the U.S., more than half of it foreign direct investment. Other energy-intensive industries are benefiting as well.

EPA's plan to regulate GHG emissions at existing EGUs has the potential to significantly affect this country's energy markets, including the cost, availability and reliability of natural gas and electricity for all consumers, from large industrial facilities to individual households. It could also set a precedent for EPA regulation of GHG emissions from other sectors. Consequently, the details of EPA's regulatory proposals are of acute interest to the chemical industry.

¹ *The American Chemistry Council (ACC) represents the leading companies engaged in the business of chemistry. ACC members apply the science of chemistry to make innovative products and services that make people's lives better, healthier and safer. ACC is committed to improved environmental, health and safety performance through Responsible Care®, common sense advocacy designed to address major public policy issues, and health and environmental research and product testing. The business of chemistry is a \$770 billion enterprise and a key element of the nation's economy. It is one of the nation's largest exporters, accounting for twelve percent of all U.S. exports. Chemistry companies are among the largest investors in research and development. Safety and security have always been primary concerns of ACC members, and they have intensified their efforts, working closely with government agencies to improve security and to defend against any threat to the nation's critical infrastructure.*



ACC supports efforts to reduce GHG emissions that enable our economy to grow. Such efforts must be coupled with an “all of the above” energy strategy that aggressively and responsibly develops America’s oil and natural gas resources and related infrastructure; boosts energy efficiency; promotes the development of alternative energy sources such as waste to energy; and ensures sound, balanced environmental regulations that enable the use of all economically viable energy sources including coal, natural gas, oil, nuclear power, alternatives and renewables. A comprehensive approach will help sustain U.S. industries’ current competitive advantage and support the manufacturing renaissance now underway.

If EPA proceeds with developing guidelines to reduce GHG emissions at existing EGUs, ACC believes that EPA should apply the following principles to realize the lowest costs to all:

1. Establish guidelines for setting a standard of performance that follow the best system of emission reductions for each individual source, focusing on the key phrases “achievable,” “adequately demonstrated,” and “remaining useful life of the existing source” to ensure that the path forward is workable for all states and EGUs;
2. Give states maximum flexibility to implement the most cost-effective emissions reduction programs available to the state, avoiding a one-size-fits all approach;
3. Allow states to consider all emission-reduction compliance options, including but not limited to:
 - i. Demand-side energy efficiency
 - ii. Supply-side conservation/efficiency
 - iii. Transmission upgrades
 - iv. Renewable or other low-carbon energy projects at the EGU
 - v. Offsets
 - vi. Combined heat and power
 - vii. Participation in current or future regional or national market-based CO₂ trading programs
4. Protect energy-intensive industries’ ability to compete in global markets.

One area where EPA could be extremely useful to the states is in developing guidance that details how to account for energy efficiency gains and how to translate them into CO₂ reductions. States may not have the expertise or the resources to develop methodologies for quantification and verification of energy efficiency program results. We believe that all energy efficiency improvements contribute to the goal of reducing GHG emissions, and should therefore be embraced and rewarded by this rulemaking. Since energy efficiency opportunities are one of the easiest and most cost-effective ways of achieving reductions of CO₂ and other air pollutants, this is an important gap for EPA to fill.

In closing, ACC supports EPA’s efforts to reduce GHG emissions from EGUs, provided that energy diversity is preserved and states and their utilities are allowed to determine a sensible path forward.

Thank you very much for your time.

