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Getting ready for a wave of coal-plant shutdowns

By [Brad Plumer](#)



(JOHN GILES/ASSOCIATED PRESS)

Over the next 18 months, the Environmental Protection Agency will finalize [a flurry of new rules](#) to curb pollution from coal-fired power plants. Mercury, smog, ozone, greenhouse gases, water intake, coal ash—it's all getting regulated. And, not surprisingly, some lawmakers are grumbling.

Industry groups such the Edison Electric Institute, which represents investor-owned utilities, and the American Legislative Exchange Council have dubbed the coming rules ["EPA's Regulatory Train Wreck."](#) The regulations, they say, will cost utilities up to \$129 billion and force them to retire one-fifth of coal capacity. Given that coal provides 45 percent of the country's power, that means higher electric bills, more blackouts and fewer jobs. The doomsday scenario has alarmed Republicans in the House, who have been scrambling to block the measures. Environmental groups retort that the rules will bring sizeable public health benefits, and that industry groups have been exaggerating the

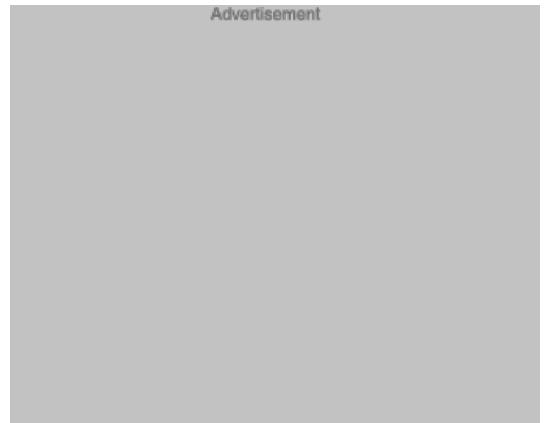
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- 1 The Government Accounting Office's [primer](#) on the debt ceiling.
- 2 Morgan Stanley says the question isn't whether governments will default. It's [how they will default.](#)
- 3 The IMF says there's [no reason any governments should default](#), and makes an interesting point on the difference between primary-deficit problems and interest-rate problems.
- 4 Do no-new-taxes pledges reduce spending, too? The evidence [suggests otherwise](#), says Brookings' William Gale.
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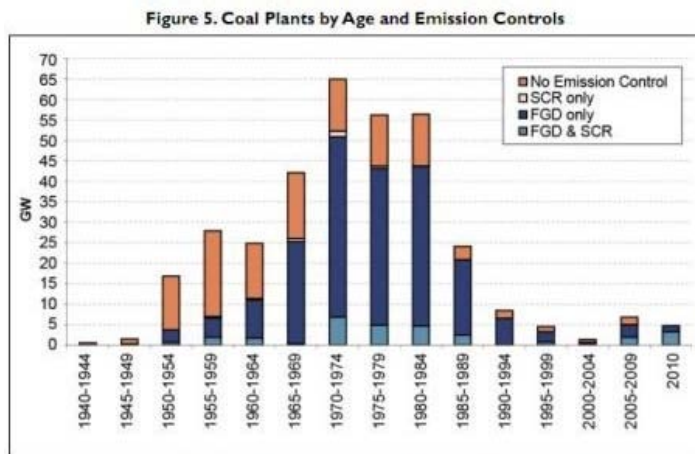
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costs of environmental regulations since they were first created.

So, who's right? This month, the nonpartisan Congressional Research Service, which conducts policy research for members of Congress, has been circulating a paper that tries to calmly sort through the shouting match. [Thanks](#) to *The Hill's* Andrew Restuccia, [it's now available](#) (PDF) for all to read. And the upshot is that CRS is awfully skeptical of the "train wreck" predictions.

First, the report agrees that the new rules will likely force the closure of many coal plants between now and 2017, although it's difficult to know precisely how many. For green groups, that's a feature, not a bug: Many of these will be the oldest and dirtiest plants around. About 110 gigawatts, or one-third of all coal capacity in the United States, came online between 1940 and 1969. Many of these plants were grandfathered in under the Clean Air Act, and about two-thirds of them don't have scrubbers:



Source: Sue Tierney, "EPA Proposed Utility Air Toxics Rule—Managing Compliance in Reliable Ways," Congressional Staff Briefing, May 9, 2011, p. 4.

(FGD = Flue Gas Desulfurization, SCR = Selective Catalytic Reduction)

CRS notes that many of the plants most affected by the new EPA rules were facing extinction anyway: "Many of these plants are inefficient and are being replaced by more efficient combined cycle natural gas plants, a development likely to be encouraged if the price of competing fuel—natural gas—continues to be low, almost regardless of EPA rules."

Still, that's a lot of plants. Won't this wreak havoc on the grid? Not necessarily, the CRS report says, although the transition won't be simple. For one, most of these plants don't provide as much baseload power as it appears on first glance—pre-1970 coal plants operating without emissions controls are in use, on average, only about 41 percent of the time. Second, the report notes that "there is a substantial amount of excess generation capacity at present," caused by the recession and the boom in natural gas plants. Many of those plants can pitch in to satisfy peak demand. Third, electric utilities can add capacity fairly quickly if needed — from 2000 to 2003, utilities added more than 200 gigawatts of new capacity, far, far more than the amount that will be lost between now and 2017.

Granted, those upgrades and changes won't be free. The CRS report doesn't try to independently evaluate the costs of the new rules, noting that they will depend on site-specific factors and will vary by utility and state. (Matthew Wald recently [wrote a helpful piece](#) in *The New York Times* looking at how utilities might cope.) But, the report says, industry group estimates are almost certainly overstated. For one, they were analyzing early EPA draft proposals, and in many cases, the agency has tweaked its rules to allay industry concerns. And many of the EPA's rules are almost certain to get bogged down in court or delayed for years, which means that utilities will have more time to adapt than they

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fear.

The CRS report also agrees with green groups that the benefits of these new rules shouldn't be downplayed. Those can be tricky to quantify, however. In one example, the EPA [estimates](#) that an air-transport rule to clamp down on smog-causing sulfur dioxide and nitrogen dioxide would help prevent 21,000 cases of bronchitis and 23,000 heart attacks, and save 36,000 lives. That's, at the high end, \$290 billion in health benefits, compared with \$2.8 billion per year in costs (according to the EPA) by 2014. "In most cases," CRS concludes, "the benefits are larger."

Granted, few would expect this report to change many minds in Congress. Just 10 days ago, Michele Bachmann was on the campaign trail [promising](#) that if she becomes president, "I guarantee you the EPA will have doors locked and lights turned off, and they will only be about conservation." That doesn't sound like someone who's waiting for a little more data before assessing the impact of the new regulations.

By [Brad Plumer](#) | 12:19 PM ET, 08/19/2011

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realist9 wrote:

First, the left agitated against nuclear power and made it virtually impossible to build new plants. Nuclear power has the virtue of not polluting. Now the left is agitating against coal-powered plants. It should have dawned on the anti-nuclear left back then that coal is less desirable. There should be no phaseout until reliable nuclear power can take its place.

If the left has its way, we'll be a third-world country in no time. I suspect that is really the left's goal.

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30Yr Fixed Mortgage	4.26%	4.23%

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