



STATE OF UTAH

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July 18, 2013

President Barack Obama
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Dear Mr. President:

I am writing to express concerns about the recently-announced Climate Action Plan and the Environmental Protection Agency's (EPA) proposed New Source Performance Standards (NSPS) regarding greenhouse gases for new fossil-fuel-based electric generating facilities. As written, the proposed rule would impose unrealistic standards that are simply not feasible, raise the price for electricity, and harm Utah's economy. I strongly urge you to consider an alternative approach that will not harm the economy or devastate rural communities.

I am always wary of the costs and unintended consequences of regulations, and have made eliminating unnecessary regulatory burdens that stifle innovation and economic activity a high priority during my administration. I am particularly concerned that government not impose undue burdens on consumers struggling under challenging national economic conditions. For example, I support the proposed Tier 3 Vehicle Emissions and Fuel Standards Program because I believe its benefits – reduced health-care costs, improved economic activity, and better quality of life – outweigh its modest costs. However, I do not see the same cost-benefit relationship in the proposed NSPS rule for electric generating facilities.

Supporters of this rule point to carbon capture and storage as a way for coal facilities to compete under this standard. I cannot disagree more. Utah has a unique history of carbon storage, and the Energy and Geoscience Institute (EGI), one of the premier carbon storage research organizations in the world, is, in fact, housed at the University of Utah. In 2008, the EGI and the Southwest Partnership from the New Mexico Institute of Mining and Technology were awarded an \$88 million project to inject carbon dioxide (CO₂) at a commercial scale. Unfortunately, EPA's Class VI rules for commercial scale injection of CO₂ were so exorbitant that the project was greatly altered to avoid Class VI injection rules. Because of overly restrictive regulations, carbon storage science has been set back five years, and we have a regulation that will preclude the efficacy of commercial carbon storage for the foreseeable future. Carbon capture and storage technology may be the solution in the future, but it simply is not economically viable at this time.

What is more, the proposed rule presents a number of serious concerns for Utah. Low, stable energy prices are a key driver for our state's economic prosperity, and coal provides a large portion of our

electricity. In fact, the coal industry is one of the most important industries in the State of Utah, employing thousands of residents and supporting significant rural economic activity. The proposed rule threatens to increase costs and harm local employers in the industry. There are detrimental fiscal consequences also to the local, state, and federal governments and, notably, public schools in Utah. Additionally, excluding coal from our nation's future energy mix would have a negative effect on consumers who would face deleterious higher energy prices.

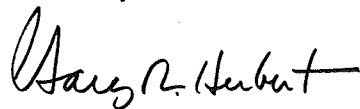
The coal industry has a proven record of reducing emissions by embracing new technological advancements. The coal-fueled electricity industry has also demonstrated its commitment to the environment by investing more than \$100 billion throughout the past few years to produce cleaner electricity. In addition, the industry plans to invest another \$100 billion to reduce its environmental footprint even further over the next 15 years. I am confident that our nation and those utilities that rely on fossil fuels will be able to rise to the challenge of lowering emissions and providing affordable energy at the same time. Our nation's scientists and engineers are among the best in the world, and we need to give them both the opportunity and science-based regulations to develop the technology for a cleaner energy future. America is, indeed, fortunate to have such diverse and abundant fuel sources. Our affordable and plentiful coal resources are, and will continue to be, an important part of that mix.

We can and must continue to use coal while also lowering emissions. Existing coal plants are being upgraded to be cleaner than ever before, supplying reliable electricity that keeps our country growing and competitive. These improvements allow us to modernize the existing coal power fleet by improving efficiency and reducing emissions per unit of energy produced, while continuing to produce low-cost electricity. However, the large-scale overhaul of the NSPS rule, unfortunately, does not permit scientists and engineers to make cost-effective improvements to reduce carbon emissions.

In addition, the newly proposed Climate Action Plan lays out a schedule to establish greenhouse gas emissions performance standards, requiring the EPA to propose existing source standards in 2014. I urge you to consider the wide-ranging consequences of proposing such standards for existing and modified coal-fueled facilities. As existing coal-fueled plants install emission controls and improve their efficiency, establishing an emission performance standard that is unachievable forces these low-cost units to fuel switch or retire, thus creating significant pressure on infrastructure requirements and costs associated with pipeline and transmission system capacity.

For the above stated reasons, I respectfully request that the EPA's upcoming re-proposed rule be both cost-effective and technologically feasible. I further request the EPA amend the proposed rule to exercise the option available to the agency to establish supercritical coal generation technology as the performance standard for new coal-based electricity. Such an amendment will create new jobs and strengthen the economy through a technology-based approach to the CO2 issue.

Sincerely,



Gary R. Herbert
Governor