

LOUISIANA PUBLIC SERVICE COMMISSION

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PSC challenges EPA's interstate emissions rule

BATON ROUGE – Today, the Louisiana Public Service Commission and the Louisiana Department of Environmental Quality separately filed a Request for Reconsideration regarding the U.S. Environmental Protection Agency's interstate emissions rule known as the Cross-State Air Pollution Rule. This rule addresses emissions from power plants in one state which purportedly create air pollution problems in another state. EPA modeling shows Louisiana emissions add to Houston's ozone issues.

A Request for Reconsideration is a formal request to the EPA that it reexamine its findings in the rulemaking process to ensure the rule does not contain errors. In their requests, the PSC and DEQ said there were errors in modeling used to develop the regulation as well as the timeframe developed for compliance.

Commission Chairman Jimmy Field of Baton Rouge is concerned about the impact on consumers stating "Clean air is important to all of us. The issue that I, and my fellow commissioners, have with the EPA's rule is not that the pursuit of cleaner air is not a worthy goal. Rather, it's the fact that the EPA, which does not have any special expertise in power industry operations, has proposed rules that ignore the realities of how electricity is generated and transmitted. Cleaner air can be achieved without imposing crushing rate shocks on Louisiana consumers and businesses during these times of economic uncertainty."

When the rule was proposed, the Louisiana cap for ozone season NOx emissions from power plants was 21,220 tons. However, that number was lowered by EPA to 13,482 tons when the final rule was published in July 2011. In response to the Bush-era Clean Air Interstate Rule, or CAIR, some power plants in the state began implementing emission-reduction technology in 2005 in preparation to reach a goal of approximately 17,000 tons of NOx emissions for 2009-2014. Louisiana power plants emitted a total of 23,174 tons during the ozone season of 2010, which was down from a total of 29,443 tons in 2005.

Commission Vice-Chairman Clyde Holloway of Forest Hill is worried about the impending timeframe placed on utilities in the state. "Louisiana has made progress in improving air quality. But now EPA is arbitrarily making decisions, not based on facts or reality, but a political ideology/agenda that will burden Louisiana rate-payers with higher costs and the looming reality of brown outs. The time frame in which EPA is making the mandates flies in the face of any form of educated reality" said Holloway.

Commissioner Eric Skrmetta of Metairie echoed the concerns of his fellow commissioners stating "In football you'd call the EPA CSAPR action an end around reverse. The failure of implementing federal cap and trade to raise taxes on one front has pushed the fed to more radical action of attempting to raise taxes through utility bills. The goal of the administration is clear, implement agenda 21 with the goal to cause conservation by increasing costs and limiting service. The only thing is this isn't football, it's politics. That makes it Obama's shell game."

"We informed EPA that we were willing to actively participate in revisions to the transport rule, and we asked to review the modeling before the final rule was promulgated," said DEQ Secretary Peggy Hatch. "Our efforts were denied. Now, we are in a situation where there is really no viable way to comply with the EPA rule. Utilities could spend millions of dollars to have controls in place by May 1, 2012, but we do not believe such an endeavor would be physically possible and would create enormous regulatory burdens. Likewise, importing electricity from out of state is very difficult given localized transmission constraints. This leaves us with the very real possibility that there will be a shortage of electricity for the state next summer. This is unacceptable for the citizens of Louisiana. This is why we are challenging this rule."

The PSC, DEQ, and Attorney General all plan to appeal the rule the U.S. Court of Appeals for the District of Columbia Circuit.

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