

Testimony of

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on behalf of the

American Petroleum Institute

Public Meeting on the

Emission Guidelines for Greenhouse Gas Emissions From Existing Electric

Utility Generating Units;

Revisions to Emission Guideline Implementing Regulations;

Revisions to New Source Review Program

EPA-HQ-OAR-2017-0355

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Good morning, my name is Marcus Koblitz, and I am an Economic Advisor at the American Petroleum Institute. API is the only national trade association representing all facets of the oil and natural gas industry, which supports 10.3 million U.S. jobs and nearly 8 percent of the U.S. economy. API's more than 625 members span the industry.

For perspective on our comments, please note that recent record U.S. production and refining are happening alongside greater environmental progress: carbon dioxide emissions across the economy are down to 25-year lows, thanks in large part to greater use of natural gas. Additionally, cleaner burning transportation fuels, industry investments in advanced technology, and industry innovation have dramatically reduced emissions of criteria pollutants. The oil and natural gas industry is also reducing emissions through voluntary initiatives, such as the Environmental Partnership, all while providing the energy needed to power the economy and make possible the modern standard of living that Americans enjoy.

The oil and natural gas industry has succeeded despite the unprecedented level of federal regulatory actions that targeted our industry in the past. In contrast, and consistent with President Trump's stated objectives of American energy independence and economic growth, EPA and other federal agencies should embrace smart, cost-effective regulations while continuing to promote public health, safety and the environment that both industry and citizens support. API is preparing detailed written comments addressing the proposed Emission Guidelines for Greenhouse Gas Emissions from Existing Electric Utility Generating Units. Today I would like to highlight key points: on climate change, this rulemaking, and the role of natural gas.

The oil and natural gas industry considers climate change to be a very important issue and is engaging constructively to address this complex global challenge. United States climate policy must recognize the vital role of petroleum products in modern society, and the many benefits that natural gas and oil provide our nation and the world. The oil and natural gas industry is taking a variety of actions and investing in technologies from exploration through refining that reduce greenhouse gas emissions and we will continue to be an integral part of the effort to address climate change.

API has supported the Trump administration's review of the Clean Power Plan as promulgated on October 23, 2015 and supports the administration's proposed repeal of the CPP. Our April 26, 2018 comments on the proposed repeal stated:

"Any EPA regulations replacing the CPP should provide States flexibility, be fuel neutral, and fully recognize the benefits of natural gas and of combined industrial heat and power generation in reducing greenhouse gas emissions. Of course, any environmental regulations affecting power plants need to consider grid reliability and should be done in consultation with grid operators and FERC."

We are pleased that the proposed rule defines the "Best System of Emission Reduction" for GHG emissions from existing power plants to be on-site, within the fenceline. Our written comments will address how that is legally correct and many other issues raised in the proposals.

Of note, even without the Clean Power Plan's implementation, our nation has reduced greenhouse gas emissions from power generation by nearly 30 percent since 2005 thanks largely to the increased use of clean, reliable, and affordable natural gas. Even as we have become the world's top producer and refiner of natural gas and oil, economy-wide carbon emissions are at 25-year lows.

If the EPA promulgates this proposed replacement for the Clean Power Plan, the Agency must leverage the benefits of clean, reliable, and affordable natural gas. These attributes have changed, and will continue to change, the energy and environmental landscape in this country and beyond.

The American natural gas renaissance fundamentally altered the world's energy equation; natural gas now serves as a primary fuel for the electric power we use in our homes and businesses. Generators have turned to natural gas to ensure they can provide the electricity our economy needs. In fact, natural gas produces about one-third of America's electric power and generated more electricity than any other fuel source in 2017. And EIA data shows that more than 60% of the reductions in CO₂ emissions from power generation from 2005 - 2017 came from the fuel mix shifting toward natural gas. It is in the states' interest to have reliable fuel for power generation. Clean and abundant natural gas is a key driver of reliability in power generation. Any replacement of the CPP should contemplate states relying on natural gas for compliance, and all activities that reduce emissions – including increasing use of natural gas generation – should be counted and included by states as contributors to compliance.

In conclusion, we look forward to further working with Acting Administrator Wheeler, EPA leadership and staff on this and other rulemakings. Regulatory actions should be rooted in sound science and data, with a consideration of the costs and benefits, while protecting public health and the environment.