

2015 Ozone NAAQS Proposed Rule
Public Hearings

Testimony of
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Good morning. I am Ted Steichen, Senior Policy Advisor at the American Petroleum Institute. API represents over 625 oil and natural gas companies, leaders of a technology-driven industry that supplies most of America's energy, supports 9.8 million U.S. jobs and 8 percent of the U.S. economy and, since 2000, has invested nearly \$2 trillion in U.S. capital projects to advance all forms of energy, including alternatives.

API's members engage in all aspects of the oil and gas industry and operate facilities and produce products impacted by regulations adopted to meet the National Ambient Air Quality Standards (NAAQS) under the Clean Air Act (CAA). The oil and gas industry has made significant contributions to cleaner air.

Since 1990, the oil and gas industry has invested more than \$284 billion in improving its products and processes. America's abundant supply of natural gas has contributed to lower criteria and greenhouse gas emissions. A combination of cleaner gasoline and diesel fuels, modernized equipment and facilities, and more fuel-efficient vehicles have helped reduce emissions of air pollutants by 62 percent between 1980 and 2013—even as vehicle miles traveled went up over 95 percent. Progress is clear --- ozone concentrations under the current rules have dropped by 18 percent since 2000.

These improvements are impressive, and will continue. In 2008, the ozone standards were set to the most stringent levels ever, and these standards are only now being implemented by states and businesses. Ironically, some of the guidance to meet these 2008 standards is still under review by the Obama administration's Office of Management and Budget and has not been released to help the states meet the current standards.

Nonetheless, EPA has now proposed to further tighten the standards, with the potential for far-ranging negative impacts. If the EPA chooses to unnecessarily lower the ozone standards, hundreds of billions of dollars in annual U.S. economic output and millions of American jobs could be lost. The degree and range of potential impacts from any change in the standards highlight the need for a robust debate about the science EPA is using to justify these regulations.

Regarding this proposal, API offers four points that we believe should guide the EPA Administrators decision-making process on the ozone standards:

- First, new ozone standards are simply not needed. Careful analysis of the health studies indicates that the current standards of 75 parts per billion are working to protect air quality and public health. We urge the Agency to carefully review our forthcoming

written comments to understand the limitations and lack of significance in the health studies.

- Second, the 2008 standards have not been met across vast portions of the country. From a public policy perspective, it makes no sense to impose more requirements on states and businesses until further progress is made toward achieving compliance with the present standards.
- Third, the negative economic effects of lower ozone standards could have such a catastrophic effect on businesses and families that the EPA would do more harm than good by adopting them. Depending on the level selected, decreasing the ozone standards could put almost the entire country out of compliance. Specifically, standards of 65 ppb could lead to non-attainment areas in 45 of the lower 48 states. Furthermore, tighter standards could cause our economy to nosedive and people to lose their jobs. More stringent standards would require EPA and states to impose additional requirements to reduce emissions across the country that would trickle down to even small businesses. A recent report by NERA Economic Consulting reveals that these standards could cost \$270 billion per year and place millions of jobs at risk.
- Fourth, such standards would be virtually unattainable given the very high levels of peak background levels of ozone, which approach 70 ppb. As proposed, the new standards would impose unachievable emission reduction requirements on virtually every part of the nation, including rural and undeveloped areas. Even pristine areas with no industrial activity such as national parks would be out of attainment. Unattainable standards are not smart public policy or good government.

Together we have made great progress in cleaning up our air and we can continue to do so with the existing ozone standards. Any option to tighten the standards and impose additional burdens on states, localities and businesses should be rejected. The EPA Administrator has the discretion to affirm the current ozone standards --- we strongly urge her to do so. We need policies that make sense. And we need to let them work before adding more unnecessary burdens on states, businesses large and small, and citizens.