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Harry C. Alford (National Black Chamber of Commerce)
Senate EPW Committee Hearing – Tuesday, June 23, 2015 (2:00 p.m.)
406 Dirksen Senate Office Building

**“The Impacts of EPA’s Proposed Carbon Regulations on Energy Costs
for American Businesses, Rural Communities and Families, and a
legislative hearing on S. 1324”**

Introduction

Good morning, Chairman Capito, Ranking Member Carper, and distinguished Members of the Subcommittee on Clean Air and Nuclear Safety of the Committee on Environment and Public Works. My name is Harry C. Alford and I am the President of the National Black Chamber of Commerce. The National Black Chamber of Commerce represents 2.1 million Black-owned businesses within the United States. I am here today to testify about the Environmental Protection Agency's proposals to regulate greenhouse gas emissions from power plants, and the potential impacts of those proposed regulations on energy costs for American businesses, rural communities and families.

In particular, I would like to focus on the potential adverse economic and employment impacts of the Clean Power Plan on low-income groups and minorities, including individuals, families and minority-owned businesses. While increased costs often come with increased regulation, the Clean Power Plan in particular seems poised to escalate energy costs for Blacks and Hispanics in the United States. According to a recent study commissioned by the National Black Chamber of Commerce, the Clean Power Plan would:

- increase Black poverty by 23% and Hispanic poverty by 26%
- result in cumulative job losses of 7 million for Blacks and nearly 12 million for Hispanics in 2035; and
- decrease Black and Hispanic median household income by \$455 and \$515, respectively, in 2035.

For these minority and low-income groups, increased energy costs have an even greater impact on their lives, jobs, and businesses because a larger percentage of their incomes and revenues are spent on energy costs. What may seem like a nominal increase in energy costs to some can have a much more harmful effect on minorities and low-income groups. Our members are very concerned about these potentially devastating economic impacts of the Clean Power Plan, and we appreciate the opportunity to highlight them for the Committee.

Background

As you know, in June 2014, EPA proposed the “Clean Power Plan” – a rule under the Clean Air Act that would regulate greenhouse gas emissions from existing power plants.¹ The proposed rule sets a goal of a 30% nationwide reduction of 2005 GHG emission levels by 2030. Using Section 111(d) of the Clean Air Act, the Clean Power Plan creates GHG emissions reduction goals for each state. These goals are based upon the Agency’s calculation of the emission reductions that a state can achieve by applying the “best system of emissions reduction.”

Portions of those reduction goals would have to be met on an interim basis in 2020, and then the full reductions achieved by 2030. The EPA developed those state-specific goals using four “building blocks”: (1) heat rate improvements at coal-fired power plants; (2) replacing coal-fired electricity with increased generation at existing natural gas combined cycle power plants; (3) increasing nuclear and renewable EGU capacity; and (4) demand-side energy efficiency.

¹ See Carbon Pollution Emission Guidelines for Existing Stationary Sources: Electric Utility Generation Units, Docket ID No. EPA-HQ-OAR-2013-0602; FRL-9910-86-OAR, 79 Fed. Reg. 34,830 (June 18, 2014).

Much of the business and industrial community have expressed significant concerns with the Clean Power Plan, including whether the EPA is exceeding its legal authority under the Clean Air Act and whether the Plan will adversely impact the reliability and affordability of energy in the United States for industrial and residential consumers.

National Black Chamber of Commerce Economic Study

In light of these concerns, the National Black Chamber of Commerce undertook an effort to examine the potential economic and employment impacts of the Clean Power Plan on minorities and low-income groups. On June 11, 2015, the National Black Chamber of Commerce released a study on the threat of the EPA regulations to low-income groups and minorities.² The study finds that the Clean Power Plan will inflict severe and disproportionate economic burdens on poor families, especially minorities. In particular, the rule will impose the most harm on residents of seven states with the highest concentrations of Blacks and Hispanics.

The EPA's proposed regulation for GHG emissions from existing power plants is a slap in the face to poor and minority families. These communities already suffer from higher unemployment and poverty rates compared to the rest of the country, yet the EPA's regressive energy tax threatens to push minorities and low-income Americans even further into poverty.

I want to highlight some of the key findings from the study:

² Available at <http://nbccnow.org/wp-content/uploads/2015/06/Minority-Impacts-Report-June-2015-Final.pdf>. A copy of the study is also attached to this testimony.

- EPA's rule increases Black poverty by 23% and Hispanic poverty by 26%.
- In 2035, job losses total 7 million for Blacks and nearly 12 million for Hispanics.
- In 2035, Black and Hispanic median household income will be \$455 and \$515 less, respectively.
- Compared to Whites, Blacks and Hispanics spend 20% and 90% more of their income on food, 10% and 5% more on housing, 40% more on clothing, and 50% and 10% more on utilities, respectively.
- The rule will especially harm residents of seven states with the highest concentrations of Blacks and Hispanics: Arizona, California, Florida, Georgia, Illinois, New York, and Texas.

The study demonstrates that the EPA's Clean Power Plan would harm minorities' health by forcing tradeoffs between housing, food, and energy. Inability to pay energy bills is second only to inability to pay rent as the leading cause of homelessness.

The EPA's apparent indifference to the plight of low-income and minority households is inexcusable. We should pursue policies that expand opportunity for the less fortunate, not ones that further disadvantage them. The National Black Chamber of Commerce and its members have always been fully supportive of environmental stewardship – we want clean air for our employees, our customers, and our communities. We also want economic prosperity for our communities, our businesses, and our employees and their families. One does not have to be sacrificed for the other. Unfortunately, the Clean Power Plan, as

proposed, does just that – and those who likely will be most disadvantaged by the Plan are minorities and low-income groups. The EPA should withdraw the Clean Power Plan and not move forward with a regulation that could drive up energy costs, eliminate jobs, send more Blacks and Hispanics into poverty, and make the U.S. less competitive for industry and manufacturing.

The ARENA Act (S. 1324)

The economic and employment threats posed by the Clean Power Plan go beyond minorities and low-income group. On a broader level, and as found in a recent NERA Economic Consulting study, the Clean Power Plan would impose between \$366 billion and \$479 billion in compliance costs.³ Those costs would be passed along to consumers in the form of a 12 to 17 percent increase in electricity rates.⁴ According to the EPA's own numbers, the Clean Power Plan would force the closure of up to 49 gigawatts of coal-fired power plant capacity—equivalent to 15 percent of all nationwide coal capacity.⁵

Business groups like the National Black Chamber of Commerce are not the only entities expressing concerns about the Clean Power Plan. States, which would be responsible for implementing the Clean Power Plan, have criticized the Plan for numerous deficiencies. Officials from 28 states have said that the EPA should withdraw its proposal, citing concerns such as higher energy costs, threats to reliability and lost jobs. Officials from at least 29 states have said that the EPA's proposed rule goes well beyond the agency's legal authority under the Clean Air Act, and 15 states have already joined in a lawsuit against the rule.

³ Available at http://www.nera.com/content/dam/nera/publications/2014/NERA_ACCCE_CPP_Final_10.17.2014.pdf.

⁴ *Id.*

⁵ *Id.*

In order to address these concerns in a balanced and bipartisan way, Chairman Capito has introduced S. 1324, The Affordable Reliable Energy Now Act, or ARENA Act. This important legislation would: (1) prevent mandates for unproven technology; (2) extend compliance deadlines, including for state implementation plans, by requiring final judicial review first; (3) require the EPA to issue state-specific model plans showing how states could meet their individual reduction goals; (4) enable states to protect ratepayers by providing that a state does not have to implement the Plan if the governor finds that doing so would negatively impact the reliability and affordability of electricity; and (5) prevent the EPA from withholding highway funds from any states for noncompliance with the Clean Power Plan.

The ARENA Act provides reasonable and thoughtful solutions to addressing the previously identified concerns with the Clean Power Plan, including the potentially adverse economic and employment impacts on minorities and low-income groups. We urge all of the Committee members to vote in support of the ARENA Act.

Conclusion

The National Black Chamber of Commerce and its members value and support clean air, clean water, and environmental quality. We also value and support economic growth, job creation, and prosperity for our individual members and this country as a whole. These are not mutually exclusive goals. For those reasons, we support the ARENA Act and urge the members of this Committee and the Senate to support the legislation. We appreciate the Committee holding this hearing and highlighting this critical issue. Thank you for

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the opportunity to testify and I look forward to answering any questions you may have.