

UMWA Perspectives on EPA Existing Source GHG Regulations

**WVU College of Law
Center for Energy & Sustainable Development
Morgantown, WV
February 24, 2014**

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UMWA essential facts

- **Union density in the coal industry is about 31%, making it one of the most unionized industries in the American private sector.**
- **Starting wages at UMWA-represented mines are currently \$25.77 per hour, plus premium pay, shift differentials, high quality health care benefits , 401(k) contributions.**
- **Average annual pay for a beginning miner working a normal amount of overtime exceeds \$72,000.**

Facts and a question

- **UMWA has more than 100,000 retirees, their dependents and surviving spouses who receive health care and/or pensions from the UMWA Health and Retirement Funds.**
- **In 2012, a total of \$1.2 billion went into coalfield communities from UMWA Health and Retirement Funds, supporting pension payments and direct payments to health care providers for retiree health care benefits. That included nearly \$400 million into rural West Virginia communities. These data do not include what individual companies pay for active and retired miners and their dependents.**
- **What are the specifics of a “just transition” plan that would continue providing these already-earned benefits if the coal industry is shut down and contributions from the companies stop?**

Existing source GHG rule

- President Obama's June 25 memorandum to EPA calls for the agency to propose existing source "guidelines" for the fossil-fueled power generation sector by June 2014, with final guidelines by June 2015.
- EPA has authority under Section 111(d) of the Clean Air Act to regulate CO₂ emissions from existing sources.

Section 111(d) in brief

- 111(d) applies to non-hazardous, non-criteria air pollutants.
- Calls for “best system of emission reduction” that has been adequately demonstrated, allows for subcategorization of units, consideration of costs and remaining useful life of the source.
- States implement existing source regulations pursuant to EPA’s guidelines.

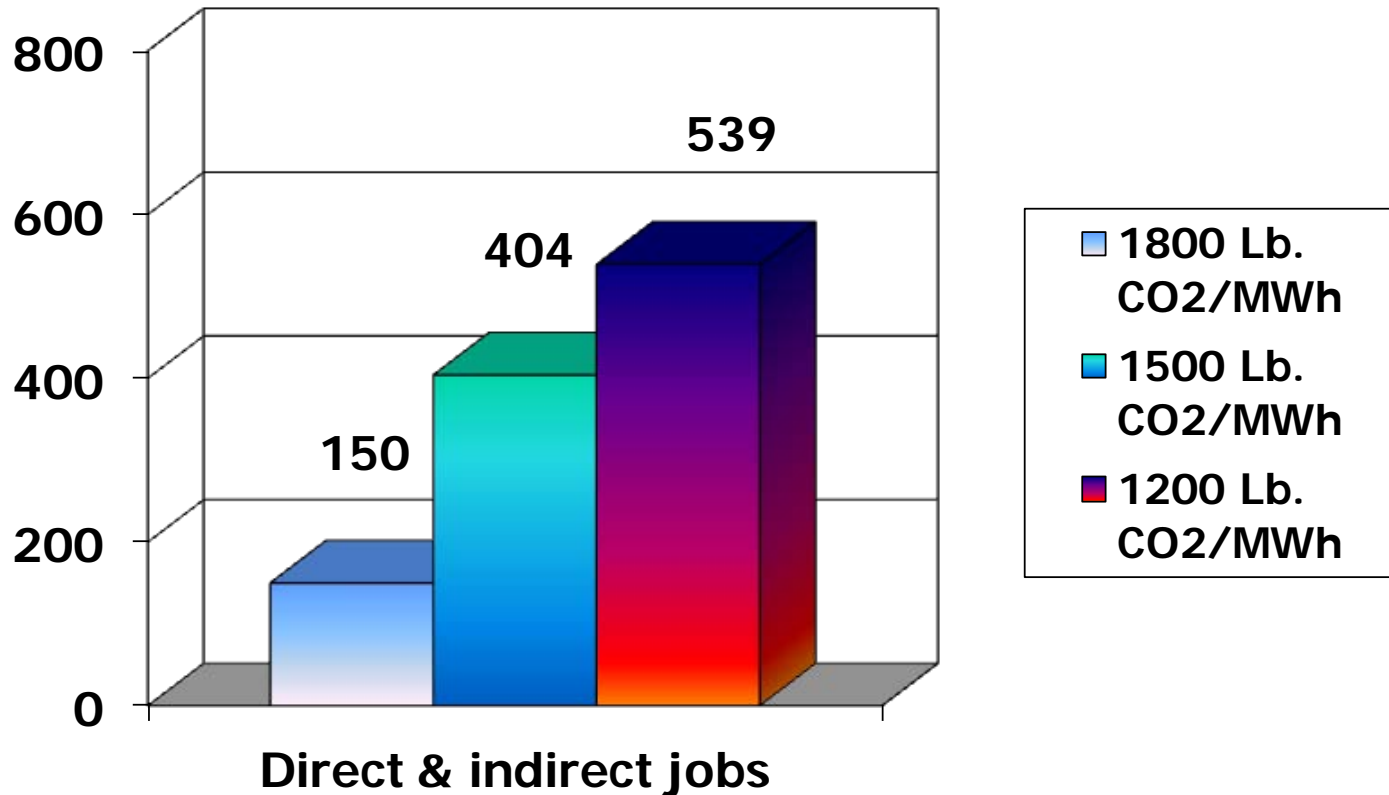
UMWA position in brief

- **Section 111(d) reductions should be determined by the states “inside the fence” of affected units.**
- **Consideration of costs and remaining useful life of the source will be important factors.**
- **Compliance with emission reductions should be available both inside and outside the fence to increase flexibility.**

Cautionary notes

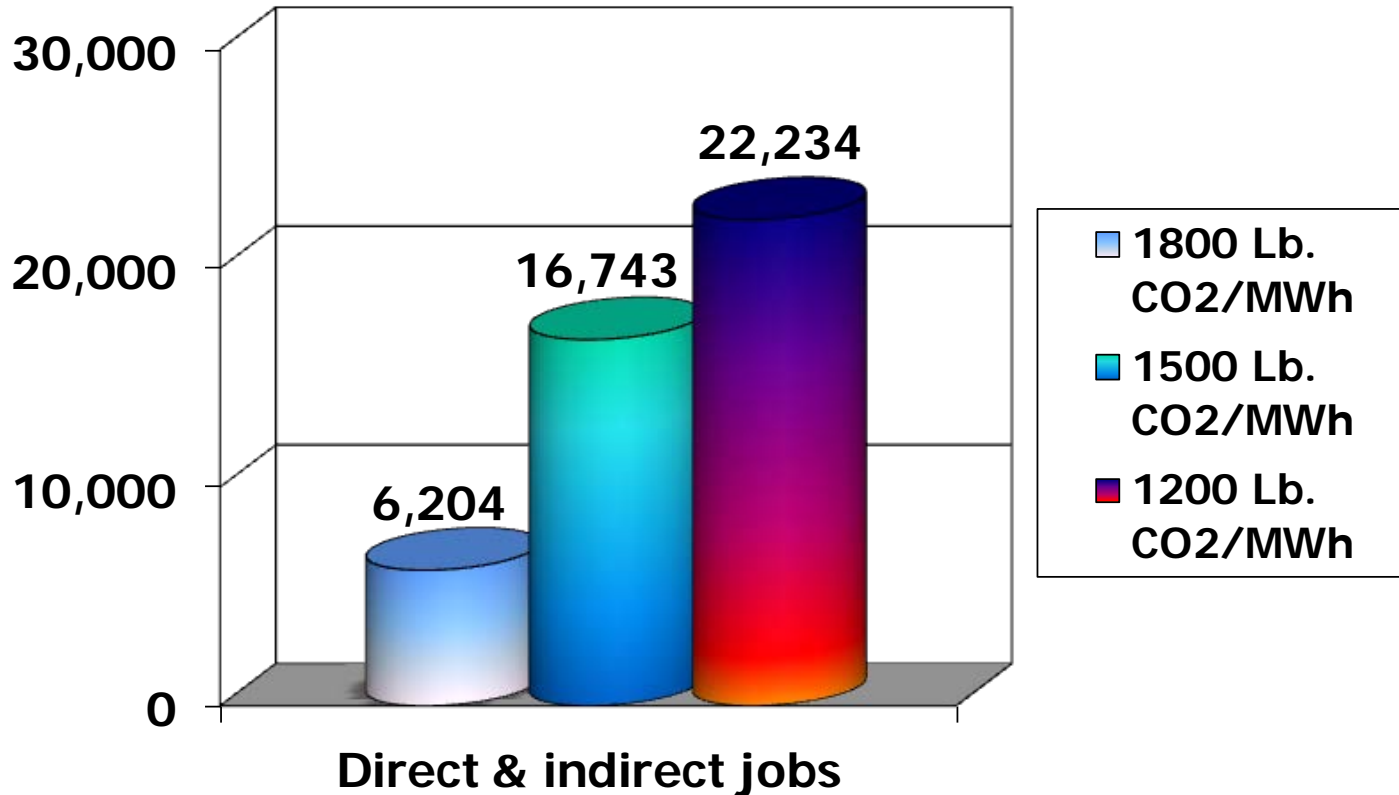
- **Advocates of broad EPA discretion have proposed emission targets that cannot be met with available technologies “inside the fence.”**
- **Utility sector will retire ~60 GW of coal units by 2016 to meet new EPA air toxics rule, stranding tens of thousands of workers in the coal, utility and railroad sectors.**
- **Arbitrary emission targets risk new wave of stranded assets, displaced workers, and significant electric rate impacts.**

Illustration: Projected U.S. direct and indirect "jobs at risk" 2020 (000s)



Source: Energy Ventures Analysis (direct jobs per GWh) and U.S. Dept. of Commerce RIMS II multipliers for the electric utility sector. Assumes natural gas and renewables as primary compliance methods. Does not include any offsetting job increases in non-coal sectors.

WV Illustration: Projected WV direct and indirect “jobs at risk” 2020



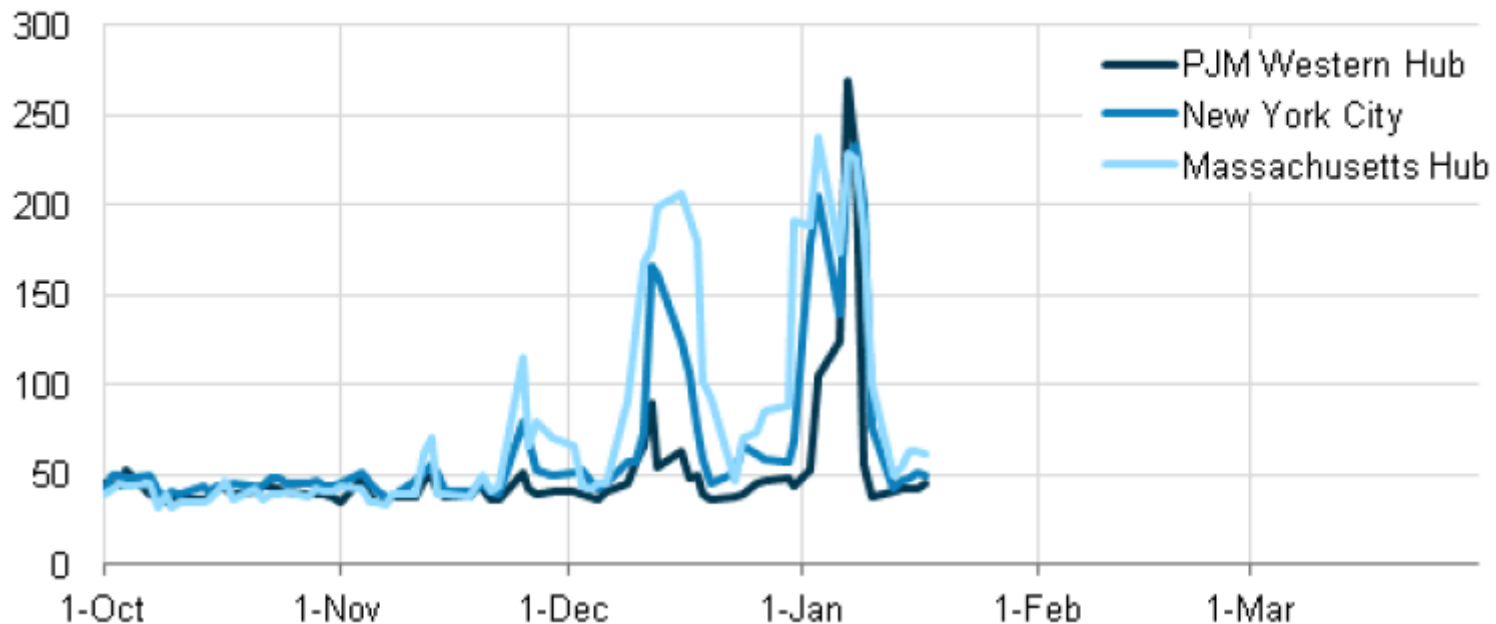
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Key points

- The assumed CO₂ emission rate targets for existing coal-based generation in this illustration are not achievable by coal plants with commercially-demonstrated technology.
- WV cannot afford another wave of job losses and plant closures at plants that have just invested to comply with MATS.
- Electric reliability already strained prior to closures of ~60 GW in 2015-16.

Peak power prices during the recent polar vortex

Day-ahead daily average on-peak power prices (\$/MWh)



Source: DOE/EIA, Today in Energy (Jan. 21, 2014).

Thanks to ...

- **WVU/CESD for the invitation to participate.**
- **UMWA for engaging the domestic and international climate debate since 1992.**