Southern States Energy Board

Energy and Politics in an Election Year

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Lexington, KY

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From Scarcity to Abundance
President Carter Energy Crisis Speech
Energy Independence is Almost Here
Gas Demand Growth: Electricity

- 2016 is projected to be the first year where natural gas is leading source of electricity generation.
Global Context

Electricity Prices for Industry: 2014

Anti-Energy Environmentalism Evolves and Goes Mainstream
Not Your Father’s Coal Plants

Coal Generation
+ 123%
+ 118%
GDP per Capita
Regulated Emissions/MWh from Coal
- 90%

Figure 5: Emissions of Sulfur Dioxide and Nitrogen Oxides per Unit of Electricity Generated by Fossil Fuel Generating Units in 2010, by Decade Unit Began Operating

<table>
<thead>
<tr>
<th>Age of unit (decade unit began operating)</th>
<th>Sulfur dioxide emissions rate</th>
<th>Nitrogen oxides emissions rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950s</td>
<td>2.8</td>
<td>0.1</td>
</tr>
<tr>
<td>1960s</td>
<td>7.8</td>
<td>0.9</td>
</tr>
<tr>
<td>1970s</td>
<td>2.5</td>
<td>1.6</td>
</tr>
<tr>
<td>1980s</td>
<td>3.9</td>
<td>1.8</td>
</tr>
<tr>
<td>1990s</td>
<td>3.8</td>
<td>2.0</td>
</tr>
<tr>
<td>2000s</td>
<td>0.9</td>
<td>0.2</td>
</tr>
</tbody>
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Source: GAO analysis of Verttyx data.
From Clean Coal to No Coal to...

- **1970s – 2000s**: pursue safer and cleaner fossil fuel use that is achievable at a reasonable cost.
- **Today**: Eliminate fossil fuels entirely.
The Big Pivot

- **2003:** Sierra Club Announces “Beyond Coal” Campaign
- **October 2008:** NRDC report describes natural gas as “a bridge to the new energy economy.” [Nat Gas price >$10 MMBTU]
- **January 2010:** “We do need natural gas as a bridge fuel—a temporary bridge fuel—to bring about a clean energy solution.” – Michael Brune, Sierra Club Executive Director
- **March 2012:** “As we push to retire coal plants, we’re going to work to make sure we’re not simultaneously switching to natural gas... And we’re going to be preventing new gas plants from building in short-term, temporary solutions.” – Michael Brune, Sierra Club Executive Director
Keep It In The Ground
Intensifies

No Mining
No Fracking
No Power Plants
No Pipelines
No Exports
Energy Infrastructure Under Assault

- 2.5 million miles of natural gas pipelines in the U.S.
- 190,000 miles of oil pipelines in the U.S.

Source: American Energy Mapping (AEM) 2013
Keep It In The Ground Goes Mainstream

This country needs an all-out, all-of-the-above strategy that develops every available source of American energy."

– President Obama, January 2012

"By the time we get through all of my conditions, I do not think there will be many places in America where fracking will continue to take place."

– Hillary Clinton, March 2016

2012

2015

2016
“All-of-the-Above Energy Policy. Our dependence on foreign oil is now at a 16-year low, and a new era of cheap, abundant natural gas is helping to bring jobs and industry back to the United States.”

“We will continue to advocate for the use of this clean fossil fuel...And we are expediting the approval process to build out critical oil and gas lines essential to...
“We are committed to getting 50 percent of our electricity from clean energy sources within a decade…

…We believe that the federal government should lead by example, which is why we will take steps to power the government with 100 percent clean electricity…

…We oppose drilling in the Arctic and off the Atlantic coast, and believe we need to reform fossil fuel leasing on public lands. We can phase down extraction of fossil fuels from our public lands…

…Democrats also respectfully request the Department of Justice to investigate allegations of corporate fraud on...
“So what does this mean for us? It means that anybody who tells you that we can drill our way out of this problem doesn’t know what they’re talking about, or just isn’t telling you the truth.”

– President Obama, February 2012

“Remember when we were all concerned about our dependence on foreign oil? Well, let me tell you, we’ve cut the amount of oil we buy from other countries in half. Remember when the other team was promising they were going to get gas prices down in like 10 years? We did it.”

– President Obama, July 5, 2016
The Regulatory Landscape
## What is and What Should Never Be

### Recently Finalized and Upcoming Regulations

**Impacts on Energy**

<table>
<thead>
<tr>
<th>FINALIZED</th>
<th>PENDING/LITIGATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sulfur Dioxide NAAQS</td>
<td>Stream Protection Rule (Interior)</td>
</tr>
<tr>
<td>PM 2.5 NAAQS</td>
<td>NEPA Guidance (White House)</td>
</tr>
<tr>
<td>Regional Haze</td>
<td>Ozone NAAQS</td>
</tr>
<tr>
<td>Cross State Air Pollution Rule (CSAPR)</td>
<td>CO2 Regulations for New Power Plants (NSPS)</td>
</tr>
<tr>
<td>Utility MACT (MATS)</td>
<td>CO2 Regulations for Existing Power Plants (ESPS)</td>
</tr>
<tr>
<td>Coal Combustion Residuals</td>
<td>Methane</td>
</tr>
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<td>Coal Lease Moratorium (Interior)</td>
<td>“Waters of the U.S.”</td>
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<td>Well Control Rule (Interior)</td>
<td>Offshore Leasing Plan (Interior)</td>
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CPP: Unprecedented Legal Opposition

Chamber et al lawsuit includes:

- National Association of Manufacturers
- American Fuel and Petrochemical Manufacturers
- National Federation of Independent Business
- American Chemistry Council
- American Coke and Coal Chemicals Institute
- American Foundry Society
- American Forest and Paper Association
- American Iron and Steel Institute
- American Wood Council
- Brick Industry Association
- Electricity Consumers Resource Council
- Lignite Energy Council

27 States Suing EPA over Clean Power Plan
CPP Legal Headwinds

- Congress does not “hide elephants in mouseholes”.

- Entire 3,000+ pages of Clean Power Plan regulatory mandates drawn from 291 words of Section 111(d) of the Clean Air Act—a section of the law used only 5 times in Act’s 45 year history.
Coal-fired Power Plants Planned and Under Construction
Total installed capacity (megawatts)

- **China**: 460,264
- **India**: 360,935
- **Other Asia**: 79,834
- **Total Global Proposed Capacity**: 1,167,114

Source: Platts database, September 2015
Candor, or Just A “Misstatement”?

“I’m the only candidate which has a policy about how to bring economic opportunity - using clean, renewable energy as the key - into coal country. Because we’re going to put a lot of coal companies and coal miners out of business.”

-Secretary Hillary Clinton
No Evidence of Regulatory Impacts?

"But the market is making this decision. The market has driven down the cost of coal, so you have companies going bankrupt.

- Hillary Clinton, May 4th

“I can't find one single bit of evidence that we have destroyed an industry or significantly impacted jobs other than in a positive way... there are challenges in those communities, without question, but the vast majority of that is related directly to the market shift, not to EPA..."
No Evidence of Regulatory Impacts?

Does the Supreme Court stay stop or slow this country’s transition to a low-carbon future? Absolutely not…The CPP is underpinning a transition that is already happening and will continue to happen.”

- Gina McCarthy, February 11th
"I can't find one single bit of evidence that we have destroyed an industry or significantly impacted jobs other than in a positive way."

- Gina McCarthy, April 13

Source: Department of Energy Annual Energy Outlook 2016
No Evidence of Regulatory Impacts?

Combined Market Cap
April 2011: $62.5 billion
November 2015: $4.5 billion
93% decline
Coal Today, Gas Tomorrow, and then...

- Power plant emissions reductions comprise **only 32%** of President Obama’s Paris commitment to reduce **economy-wide** GHGs 26-28% below 2005 levels by 2025.

- EPA has asserted authority and intent to regulate GHGs across the economy, and has requested appropriations to consider new rules on refining, cement, pulp and paper, iron and steel, landfills, and livestock.
Are Renewables Driving Up Emissions?

- Nuclear accounts for 63% of carbon free electricity in the U.S.
- Almost 8% of U.S. nuclear capacity is scheduled to close, in part due to renewable subsidies and mandates.
- Closing Diablo Canyon negates 80% of the new wind
TAKE ACTION!

Join us and help secure America’s Energy Future

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