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Mary Taylor, Lt. Governor
Craig W. Butler, Director

**House Agriculture & Natural Resources
Interested Party Testimony on H.B. 506
Director Craig W. Butler**

May 27, 2014

Good morning Chairman Hall, Vice Chairman Thompson, Ranking Minority Member Cera and Members of the House Agriculture and Natural Resources Committee. My name is Craig Butler, Director of the Ohio Environmental Protection Agency. I am pleased to provide Interested Party testimony for H.B. 506 related to carbon dioxide standards for power plants.

H. B. 506 attempts to set a roadmap for Ohio to comply with soon to be issued Federal EPA rules for the control of carbon dioxide from existing coal and natural gas power plants. These rules are going to be required under a seldom used provision of the Clean Air Act. It is expected that U.S. EPA will announce these proposed carbon rules for existing electrical generation plants as early as next week. Although the exact details of the proposal are closely-held within U.S. EPA at this time, we anticipate that these rules will have a substantial negative impact on coal-fired electric utilities in Ohio.

This proposed rule comes on the heels of other U.S. EPA rules that require the reduction of mercury and other hazardous air pollutants from the emissions from coal-fired utilities which will cause a number them to close. At the same time, U.S. EPA has proposed rules to apply carbon dioxide controls to every new coal-fired power plant.

Although U.S. EPA has not revealed any details yet, some public statements by U.S. EPA officials have us very concerned that there will need to be further substantial reductions in coal usage in Ohio to meet a future rules for carbon dioxide. We are seriously concerned that over the course of the next few years, Ohio may lose upwards of 50% or more of the coal-fired capacity due to these unnecessary federal mandates.

Even before U.S. EPA has released the proposed rules, we have started to reach out to stakeholders to ensure that we have input on the plan that will need to be submitted to U.S. EPA. It is our intent to provide for the maximum flexibility allowed under federal regulations to preserve as much existing coal-fired electric generation in Ohio and minimize the increases in the cost of electricity and minimize the impacts on manufacturing and consumers in the state.

Under the anticipated federal rules, Ohio will be obligated to submit a plan to U.S. EPA that meets their final guidelines. If Ohio fails to submit such a plan, U.S. EPA will enforce a federal control plan in the state. H.B. 506 sets out the parameters that Ohio EPA should follow in the development of the state plan.

I greatly appreciate Representative Thompson and Representative Cera's willingness to consider some possible amendments to the bill which would maximize our ability to avoid the imposition of a federal control plan by U.S. EPA.

Thank you for the opportunity to speak to you and I would be happy to answer any questions.