

## Clean Power Plan = War on the Poor and Working Class

*Obama's plan for expensive electricity threatens its greatest harm to the most vulnerable*

By Doug Domenech

**Summary:** In 2010, a Democratic Congress refused to pass President Obama's "green" agenda to implement a national cap-and-trade system. Now the Administration is trying to use the Environmental Protection Agency to force the states to put his scheme into effect. Often ignored in this debate is the harm the Obama plan will inflict on people who will lose their jobs and on those who can't effort higher prices.

As a candidate, Barack Obama said that, "under my plan of a cap-and-trade system, electricity rates would necessarily skyrocket."

These higher costs would be passed on to consumers. As is clear from his statement, the President has long supported increases in the cost of energy as a way, he has said, to reduce demand and thus reduce carbon dioxide emissions.

Politicians often represent themselves as fighting for the interests of middle- and low-income people, and other vulnerable groups like senior citizens on fixed incomes. Yet it is precisely those people who bear the brunt of policies that make electricity more expensive.

Last year, the Environmental Protection Agency (EPA) pushed through a bureaucratic version of cap-and-trade: the misleadingly named Clean Power Plan, which was to be imposed on states through intimidation. If a state government refused to come up with its own plan along the lines of what the EPA demanded, the feds would impose their own restrictions on that state, measures that could do great harm to the state's economy.

It is no surprise that 27 states and over



Once upon a time, political leaders (like John F. Kennedy at left and Eleanor Roosevelt in the center) cared about coal miners and about poor people who need affordable energy.

120 other business organizations, electric utilities and coops, and even labor unions sued EPA to stop the rule and appealed to the U.S. Supreme Court to stay the rule until they could litigate the rule's constitutionality. On February 9, the challengers won. The EPA appeared headed for defeat, most likely on the losing end of a 5-to-4 vote in the Supreme Court. Then the tragic death of Supreme Court Justice Antonin Scalia threw the matter into chaos—about which, more below.

### The infamous "Clean Power Plan"

The Clean Power Plan (CCP)—or, as a critic might put it, the Costly Power Plan—was announced in 2014. Final guidelines (*Carbon Pollution Emission Guidelines for New and Existing Stationary Sources: Electric Utility Generating Units*) were announced on August 3, 2015, and the rule appeared in the *Federal Register* (where bureaucratic rules are published) on October 23. States were directed to limit emissions of carbon

dioxide (CO<sub>2</sub>) from both new and existing power generation facilities. [Editor's note: Carbon dioxide is an invisible gas that makes up roughly 1/2500th of the earth's atmosphere. Humans and other animals exhale it, it is harmless to humans under normal circumstances, and it is an absolute necessity for the existence of life as we know it on the earth's surface. People who lack a basic knowledge of science often confuse carbon dioxide with carbon *monoxide*, or they refer to CO<sub>2</sub> incorrectly as "carbon pollution."—SJA]

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The Clean Power Plan was part of the President's plan presented at a United Nations summit held last December in Paris. Called "COP-21" (the 21st Conference of Parties), the summit brought together officials from the countries that signed the 1992 United Nations Framework Convention on Climate Change (UNFCCC). The goal of the summit: to set up a worldwide regime to transfer wealth from healthy economies to poor countries and otherwise to fight the process or effects of "climate change."

In his remarks delivered to the delegates in Paris, the President said that "the growing threat of climate change could define the contours of this century more dramatically than any other. . . . I've come here personally, as the leader of the world's largest economy and the second-largest emitter, to say that the United States of America not only recognizes our role in creating this problem, we embrace our responsibility to do something about it."

One supposes that depends on the definition of "do[ing] something about it." Incredibly, the EPA is moving ahead with the CPP even though it's estimated that the plan would reduce world temperatures by an immeasurably small 1/56th of a degree Celsius by the year 2100. Here's how it's supposed to work:

► The CPP, claiming authority under the Clean Air Act, sets emission reduction targets for each state and requires states to develop "state plans" to reach these targets and proposes to restrict CO<sub>2</sub> emissions

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from 3,104 U.S. electric power generating units that use carbon-based fuels. (Alaska, Hawaii, and Vermont are not included for technical reasons.) The state plans are to be submitted to the EPA for approval by September 6, 2016.

► If a plan is deemed inadequate or if a state refuses to submit a plan, the EPA will impose its own "federal plan" on the state. These state plans, or the imposed federal plan, must be fully operational by 2030 while "starting to make meaningful progress toward reductions by 2020," as the EPA puts it. The overall goal is to reduce carbon emissions by 32 percent.

► Again, the "federal plan" is to be imposed on a state that doesn't come up with its own plan or that has a plan the EPA deems inadequate. The standard "federal plan" will not be finalized until June 2016, but it includes a model interstate trading program that amounts to a cap-and-trade scheme like the one Congress rejected.

► EPA proposes to implement the "federal plan" through a system of interstate compacts. There's a problem with that. Article 1, section 10, clause 3 of the U.S. Constitution says, "No State shall, *without the Consent of Congress*, . . . enter into any Agreement or Compact with another State." Interstate trading systems require approval by Congress and cannot be implemented otherwise.

► States may request an extension from EPA before the September 6, 2016 deadline. The extension, if granted, gives a state two additional years to comply.

*E&E* [Energy and Environment] reporter Robin Bravender wrote in December:

The many foes of U.S. EPA's Clean Power Plan are preparing to attack the Obama administration on a host of legal fronts as the court battle over the embattled rule gets underway.

States, industries and other groups challenging the rule . . . laid out their legal strategies in documents sent to a federal appeals court last week.

Among their key accusations: EPA illegally issued duplicative rules for coal-fired power plants; the rule infringes on states' rights; the agency intrudes on federal energy regula-

tors' turf; and EPA doesn't have the authority to force states to transform their energy systems to favor certain sources of electricity.

Often, it seems that, no matter how abusive the EPA gets, the agency is invulnerable to the intervention of the courts. That's because businesses and state and local governments often find themselves in a situation in which they must move forward on the assumption that EPA regulations will be upheld. Then, even if the EPA eventually loses in court, it's too late to change the course of events. Indeed, bureaucrats will use the fact that people have complied with a rule in their legal argument for allowing the rule to go forward. By that point, the damage and/or benefit has already been done, so why make a change?

This time, though, the EPA's abuse of the system was so egregious that the U.S. Supreme Court stepped in. On February 10, Nick Snow of *Oil & Gas Journal* reported:

The U.S. Supreme Court told the Environmental Protection Agency in a 5-4 vote to delay implementation of its Clean Power Plan until a lawsuit 27 states filed to challenge it can be heard.

The Feb. 9 order stays EPA's implementation while U.S. Circuit Appeals Court for the District of Columbia hears petitions for review by the states.

The high court's unprecedented move to stop regulatory activity before it is expected to hear the case later in 2016 suggested that justices could give the regulation, which aims to curb carbon emissions from coal-fired power plants, a strong examination.

"Make no mistake—this is a great victory for West Virginia," Atty. Gen. Patrick Morrisey (R) said in Charleston. "We are thrilled that the Supreme Court realized the rule's immediate impact and froze its implementation, protecting workers and saving countless dollars as our fight against its legality continues." Texas Atty. Gen. Ken Paxton (R), who filed the suit with Morrisey on Oct. 23, 2015 when

EPA issued the regulation, separately said in Austin, “This is a major victory for Americans who feared the loss of their jobs, not to mention anyone concerned over the potential of skyrocketing electric bills and the overall quality of our electric grid.”

Attorneys general from 25 other states eventually joined the action. The group petitioned the Supreme Court for a stay on Jan. 26. Paxton said the DC Circuit Court will hear oral arguments on the merits of the states’ case on June 2. A final ruling from that court might not come for months, and without the stay the administration’s plan could have caused the destruction of untold numbers of jobs and the weakening of the nation’s electric grid, he said.

Then Justice Scalia died. Bloomberg’s Mark Drajem wrote:

Analysts say the stay is likely to remain for now, but the underlying dynamics of the decision on the Clean Power Plan have changed. Lawyer Brian Potts [wrote] that the likelihood the EPA rule survives intact just jumped to 75% from 10% last week. “Scalia’s death changes everything,” according to Potts, who specializes in environmental law. “Although the stay will likely stay (because the order has already been issued), the Supreme Court now appears to be evenly split as to the Clean Power Plan’s legality. And a 4-4 tie means the Supreme Court can’t overturn a D.C. Circuit decision upholding the EPA Plan.”

And it’s not just climate rules set to come to the high court. Federal courts are trying to work through whether EPA’s and the Army Corps of Engineers’ Clean Water Rule passes legal muster (it’s been halted, too), and that may also be headed to the Supreme Court. Also, Interior has rules on fracking, offshore drilling and endangered species that may also garner high-court review. Still, the Clean Power Plan, with its wide-ranging national implications and impact on producers of coal, natural gas and renewable energy, is the biggest case.

Robinson Meyer wrote in *The Atlantic*:

On Tuesday [February 9], the Supreme Court ruled 5-4 that the rules should neither be implemented nor enforced until the high court itself heard their opponents’ case.

This was itself unprecedented: Never before had the Supreme Court stayed a set of regulations before a federal court even heard the initial case about them. This was an ominous sign for the regulations. “One has to conclude that five justices have decided that the rule must go,” said Seth Jaffe, the former president of the American College of Environmental Lawyers.

But Scalia’s death [overnight on February 12-13] could change all that. Now there are only four justices who have telegraphed their opposition to the rules. Could the Clean Power Plan now survive, after all? . . .

[N]o legal expert I talked to thought the now-smaller Court was likely to annul its stay. . . . [Richard Lazarus, an environmental-law professor at Harvard University, wrote:] “It is final as voted on by the full Court at the time and is not subject to revisiting any more than any other ruling by the Court before the Justice’s passing.”

Under the stay granted by the Supreme Court, the CPP could take effect only (a) if the Supreme Court ruled in favor of the Plan or (b) if the lower court, the D.C. Circuit Court of Appeals, okayed it and the Supreme Court declined to hear the appeal.

As noted above, the CPP is closely linked to the Paris Treaty. The CPP represents a significant part of the U.S. “contribution” to the Global Warming effort. Nevertheless, despite the Supreme Court’s stay, the President is expected to sign the Paris Treaty, which will officially become open for signatures at a U.N. meeting in New York on April 22, Earth Day (or, as the U.N. puts it, in a hat tip to paganism, “Mother Earth Day”).

The Constitution requires that a treaty be ratified by the Senate in order to take effect. (Article II, section 2, clause 2 provides that the President “shall have Power,

by and with the Advice and Consent of the Senate, to make Treaties, provided two thirds of the Senators present concur.”) However, the President is expected to ignore that requirement.

If the Administration moves forward with CPP or something like the CPP, the consequences would be disastrous.

### **Energy and the poor**

Speaking at the Texas Public Policy Foundation’s Crossroads Conference, Dr. E. Calvin Beisner of the Cornwall Alliance opened a speech on energy poverty with these words:

I have a very simple point for you today, that because human material well-being depends heavily on access to abundant, affordable, reliable energy, and because fossil fuels are, and for the foreseeable future will continue to be, our best source of such energy the demand to reduce our use of fossil fuels to reduce our CO2 emissions to reduce man-made global warming amounts to a demand to reduce material well-being.

The so-called Clean Power Plan significantly raises the cost of energy to those least able to afford it. Kathleen Hartnett White, director of the Armstrong Center for Energy and the Environment at the Texas Public Policy Center wrote in her paper “Fossil Fuels: The Moral Case”: “Current policies to supplant fossil fuels with inferior energy sources need to incorporate a deeper understanding of the transformative role of energy in human society lest they jettison the wellsprings of mankind’s greatest advance.” Human prosperity, achievement, and lifespan are linked to the development and widespread use of fossil fuels, she noted. She pointed out that life expectancy changed little throughout all human history until the Industrial Revolution; thereafter, it tripled.

In his book *The Rational Optimist: How Prosperity Evolves*, Matt Ridley wrote of the ways in which energy transformed the world.

The story of energy is simple. Once upon a time all work was done by people for themselves using their

own muscles. Then there came a time when some people got other people [i.e., slaves] to do the work for them, and the result was pyramids and leisure for a few, drudgery and exhaustion for the many. Then there was a gradual progression from one source of energy to another: human to animal to water to wind to fossil fuel. In each case, the amount of work one man could do for another was amplified by the animal or machine. The Roman Empire was built largely on human muscle power; in the shape of slaves . . . The European early Middle Ages were the age of the ox . . . With the invention of the horse collar, oxen then gave way to horses, which can plough nearly twice the speed of an ox, thus doubling the productivity of a man . . .

In turn oxen and horses were soon being replaced by inanimate power. The watermill . . . became so common . . . that by the time of the Doomsday Book (1086), there was one for every 50 people in southern England . . . The windmill appeared first in the 12th century and spread rapidly . . . But it was peat, rather than wind, that gave the Dutch the power to become the world's workshop in the 1600s . . .

Hay, water and wind are ways of drawing upon the sun's energy: the sun powers plants, rain and wind. Timber is a way of drawing on a store of the sun's energy laid down in previous decades—on solar capital, as it were. Peat is an older store of the sunlight—solar capital laid down over millennia. And coal, whose high energy content enabled the British to overtake the Dutch, is still older sunlight, mostly captured around 300 million years before. "The secret of the industrial revolution was shifting from current solar power to stored solar power."

World poverty continues to be responsive to energy cost and availability. Dr. John Christie, a University of Alabama climatologist and former missionary in Kenya, explained:

The primitive energy system domi-

nant among the world's poorest 1.3 or so billion people works this way as it does in sub-Saharan Africa. The average woman there spends 6 to 8 hours per day—leaving her precious little time and bodily energy for other productive activities to lift herself and her children out of poverty—gathering wood and dung as her primary cooking and heating fuel, smoke from which kills about 4 million a year, mostly women and children, and debilitates hundreds of millions for varying periods and at varying degrees because of the upper respiratory diseases it causes.

The poor of this world desperately need to replace that primitive energy system with the modern one in which coal, natural gas, and nuclear materials are used to generate clean electricity delivered at scale through grids not only for cooking and heating but also for light and refrigeration and automated clothes washing and drying and computing and industry and business and commerce and health care.

The campaign to fight global warming by reducing fossil fuel use is at bottom a campaign to retain the primitive energy system and its accompanying low incomes and high rates of disease and premature death. It is in fact a campaign of antihumanism.

At a 2010 conference, Dr. Beisner of the Cornwall Alliance noted his group's examination of the economics of Global Warming alarmism, which was led by Dr. G. Cornelis van Kooten, professor of economics and research chair in environmental studies and climate at the University of Victoria. That examination found that this alarmism—

exaggerates the harms from global warming and ignores or underestimates the benefits not only from warming but also from increased atmospheric carbon dioxide. It grossly underestimates the costs and overestimates the benefits of policies meant to reduce carbon dioxide emissions. It exaggerates the technical feasibility (primarily by ignoring the basic physics of power density and energy

density) and underestimates the costs of alternative fuels to replace fossil fuels in providing the abundant, affordable energy necessary for wealth creation and poverty reduction.

It ignores the urgent need to provide cleaner energy to the roughly two billion poor in the world whose use of wood and dung as primary cooking and heating fuels causes millions of premature deaths and hundreds of millions of debilitating respiratory diseases every year. It fails to recognize that the slowed economic development resulting from its policies will cost many times more human lives than would the warming it's meant to avert—even assuming that the predicted warming comes about.

### Where CPP hits hardest

A study by Energy Ventures Analysis Inc. found that compliance costs for the CPP will be substantially higher than EPA's ten-year projections for 2020-2030. The additional costs attributable to the proposed CPP include:

- ▶ Higher wholesale electricity costs: \$274 billion
- ▶ Higher residential/commercial/non-power industrial natural gas costs: \$ 80 billion
- ▶ Additional capital costs for replacement power capacity: \$53 billion

If the CPP goes through, some communities in the U.S. will be hurt worse than others. Low- and middle-income families are likely to be hit the hardest by the electricity price increases caused by the so-called Clean Power Plan. According to a study by the American Coalition for Clean Coal Electricity (ACCCE), "Energy Cost Impacts on American Families," nearly half of American families—59 million households—have after-tax incomes of less than \$1,900 per month. These families spend an average of 17 percent of their take-home pay on energy. Any increase in energy costs forces tough choices on these families.

The ACCCE study reports that the average price of residential electricity in the U.S. increased more than 11 percent (adjusted

for inflation) between 2005 and 2014. The Department of Energy's Energy Information Agency (EIA) predicts continued escalation of residential electricity prices due largely to the costs of complying with environmental regulations. Worse, the Energy Information Agency, together with the economic research firms National Economic Research Associates (NERA) and Energy Ventures Analysis, projects that electricity prices will increase even more because of the CPP.

According to NERA Economic Consulting, the CPP will increase average nationwide average electricity prices by 11 percent to 14 percent per year. Electricity prices are projected to increase for every state that is subject to the CPP. Forty-one of these states face peak year retail electricity price increases of 10 percent or more.

The Electric Reliability Council of Texas estimates the Clean Power Plan could increase the retail price of power by up to 16 percent by 2030, not including the impacts of new transmission projects or other spending that could be needed to support compliance.

A 2011 survey of low-income households for the National Energy Assistance Directors Association reveals some of the adverse health and welfare impacts of high energy costs. Low-income households reported these responses to high energy bills:

- ▶ 24 percent went without food for at least one day.
- ▶ 37 percent went without medical or dental care.
- ▶ 34 percent did not fill a prescription or took less than the full dose.
- ▶ 19 percent had someone become sick because their home was too cold.

The Heritage Foundation has described the higher energy costs under the CPP as "a tax that increases energy prices" that would "disproportionately eat into the income of the poorest American families." According to Heritage, "While the median family spends about five cents out of every dollar on energy costs, low-income families spend about 20 cents. As the number of fixed-income seniors grows in

the U.S., low-income seniors who depend largely on a fixed income are especially vulnerable."

Social scientists often focus on African-American and Latino/Hispanic households, which are disproportionately low-income, in order to determine the impact of policies on the poor. Several studies have indicated that those households are disproportionately impacted by the CPP. During a presentation at Resources for the Future, EPA Administrator Gina McCarthy admitted, "We know that low-income minority communities would be hardest hit." (EPA's solution is to attempt to make up for the higher costs by funneling more taxpayers' money to subsidies for poor families.)

The American Energy Alliance cites numbers from the Bureau of Labor Statistics showing that "Black and Hispanic Americans face higher energy costs compared to White or Asian Americans." As a percentage of after-tax income, African-Americans shoulder a 51 percent higher burden of household energy costs compared to "white" Americans, and 107 percent more than Asian-Americans.

Harry Alford, president of the National Black Chamber of Commerce, called the CPP "a slap in the face to poor and minority families." According to a study commissioned by Alford's organization, "These [CPP] regulations would have serious economic, employment, and energy impacts at the national level and for all states, and the impacts on low-income groups, Blacks, and Hispanics would be especially severe."

The study found that the CPP will more than double the cost of natural gas and electricity for consumers, adding more than \$1 trillion to family and business energy bills by 2035. In addition, the study found that CPP will reduce U.S. economic growth every year it is in force, causing \$2.3 trillion in lost economic growth over the next two decades alone.

The study predicted the CPP will cause job losses topping seven million for African-Americans and 12 million for Latinos/Hispanics, as businesses unable to compete in the face of higher energy costs close or

cut back operations. The study estimates the resulting decline in jobs and wages will cause the poverty rate in the black community to rise by 23 percent.

Carli Diminio, policy director of the LI-BRE Initiative, a Hispanic group, noted that 23 percent of Hispanics currently live below the government's "poverty line," and said that the NBCC study indicates poverty among the nation's Hispanic community will rise by 26 percent as a result of CPP.

Seniors on fixed incomes are also at risk under the CPP. Jim Martin, head of 60 Plus, a national organization of senior citizens, declared in December 2014:

Study after study has proven that the EPA's CPP will drastically increase the cost of electricity, with brutal consequences for millions of America's seniors, more than 70% of whom live on a fixed income that is not keeping pace with inflation. The CPP amounts to nothing more than a "cruel power plan" that will force millions of seniors to make devastating choices on whether they will spend their meager income on food, medicine or keeping their homes warm this winter.

Research has proven that America's more than 70% of seniors living on fixed incomes often have to choose between food, medicine and keeping the heat on during freezing winters such as the one right before us. Seniors already pay a disproportionate amount of their monthly income for energy, so raising their energy bill by up to 20% in some states when so many already live on the edge of economic catastrophe is absolutely unconscionable and just one of many reasons these senseless, punitive regulations must be stopped.

The Obama Administration, through the EPA, is attempting to do by regulation what it could not do by legislation. This is clearly a "war on seniors," for the reasons I have just enunciated. Somebody has rightfully called these regulations a political power grab of America's power grid for no environmental benefit whatsoever.

In 2015, research by the Texas Public Policy Foundation (TPPF) found that the only groups that support the so-called Clean Power Plan and the higher electricity rates that it would create are “white,” urban/suburban liberals and those with incomes exceeding \$125,000—which is twice the U.S. median income. In contrast, lower-income individuals over age 55, African-Americans, and women oppose the CPP if it means increases in electricity rates.

At a recent panel discussion entitled, “How Climate Policy Hurts the Poor,” Nick Loris of the Heritage Foundation said, “the administration has been quite adamant about saying that low-income families and minority communities are going to be the most impacted by climate change. The problem with that message is one small but very critical word with that message. It’s the climate change policies that are going to impact these communities the most.”

### **The European model**

To see the effect of CPP-type policies on regular people, we need only look across the Atlantic Ocean. European governments have already been imposing anti-market-based energy prescriptions with predictable results. Higher costs for energy in Europe have already had an impact. According to a 2015 study by the European Commission, nearly 11 percent of the European Union’s population is in a situation in which households are not able to adequately heat their homes at an affordable cost. This situation is estimated to affect around 54 million people in Europe, and “the problem is due to rising energy prices, low income and poor energy efficient homes.”

Eric Worrell, writing in the climate blog Watts Up With That, explains that, “Quite apart from devastating job losses which occur when energy intensive industries are forced to close, because they can’t compete with lower energy costs in other countries, Eurostat reports that electricity costs have surged from £0.121 / kWh in 2010, to £0.155 / kWh in 2015 (USD \$0.23 / kWh), a rise of 28%. British people are slowly waking up to the cost

of green energy. For the British middle class energy costs are a serious annoyance. For the poor, rising energy prices are an unmitigated disaster.”

*Climatewire* reported that, in the UK in 2013, “more than 30,000 winter deaths were thought to be caused by fuel poverty, up by a third from the previous year, according to the Office for National Statistics.” What makes fuel poverty deadly? “Poor heating and a lack of insulation are known to increase the likelihood of strokes in the elderly and to exacerbate asthma and rheumatic disease in all age groups.”

The British publication *The Guardian* reported in January 2015:

More than a million households cannot afford to heat their homes sufficiently even though a member is in work [i.e., has a job], a thinktank has found. A study by Policy Exchange looking at the 2.3 million households in England in fuel poverty found that half of them, around 1.1 million households, had someone in work. Fuel poverty has been made worse by rising energy bills and, despite improvements, the housing stock is still highly inefficient, it said. Households in the least energy-efficient properties would have to spend an extra £1,700 [almost \$2,600] a year to heat their homes to a comfortable level. . . .

Richard Howard, the report’s author, said: “Most people assume that it’s the elderly who are most at risk of not being able to heat their homes. But the facts paint a startling picture. There are over one million working households struggling to afford their energy bills and living in underheated homes. Fuel poverty can severely affect people’s health and also puts a strain on the NHS [the British health-care rationing system].”

Bjorn Lomborg, who’s often called “the rational environmentalist,” explained in a 2013 *New York Times* article that developing countries have more urgent problems to worry about than Global Warming. More than 1.2 billion of the world’s people have no access to electricity, an estimated three billion cook and heat their homes

with open fires and leaky stoves, and about 3.5 million die each year from indoor air pollution. “For many parts of the world,” Lomborg wrote, carbon-based fuels “are still vital and will be for the next few decades, because they are the only means to lift people out of the smoke and darkness of energy poverty.”

### **Goodbye, jobs**

Nothing worsens poverty more than the destruction of jobs. For the electric power production, coal mining, and natural gas production sectors, the EPA itself acknowledges an average loss of 47,000-49,000 jobs nationally per year from 2017 to 2030.

The Heritage Foundation predicted the job impact of CPP using the Heritage Energy Model (HEM), a derivative of the model used by the U.S. Energy Information Administration. By 2030, the job impact would be an average annual employment shortfall of nearly 300,000 jobs, with a peak employment shortfall of more than one million.

According to the National Black Chamber of Commerce study referenced above, the carbon emission regulation will cause job losses reaching seven million for African-Americans and 12 million for Hispanics, “with the poverty rate increasing by more than 23 percent for blacks and 26 percent for Hispanics.”

The *Daily Signal* reported on how some people are dealing with the White House’s War on Coal (or, you might say, its War on Coal Miners). “There’s little separation between church and the fossil fuel industry in West Virginia’s coal country. Still reeling from recent mine shutdowns, the state legislature has set aside Jan. 31 as a ‘day of prayer for coal miners.’”

The CPP doesn’t need to be implemented for it to have a harsh impact on coal communities and families and on coal-associated industries that rely on the production and use of this plentiful, efficient, natural energy source. Business decision makers must assume that CPP or something like it will take effect, and that fact hobbles the coal business and associated businesses like railroads. For instance, the railroad

company CSX reported that its fourth-quarter revenue fell again by 13 percent as a result of the 32 percent drop in coal volume. As a result, the company will lay off more employees.

Senate Majority Leader Mitch McConnell's guest at the State of the Union speech was an unemployed coal miner. "Even though the President probably won't know this unemployed coal miner was in the audience tonight, I wanted him to have to face the results of his policies," said McConnell. "We have a depression in central Appalachia, eastern Kentucky, and West Virginia as a result of the president's policies."

In its report analyzing the CPP, the Energy Information Administration found that the Plan will shutter even more—many more—coal-fired power plants than initially thought. Today, coal generates about 40 percent of the nation's electricity. By 2030, its share will be reduced to 25 percent if EPA's proposed plan is implemented. As a result, coal miners will lose their jobs as U.S. coal production takes a major hit over the next decade.

The Bureau of Business and Economic Research at the University of Montana produced a study called, "The Economic Implications of Implementing the EPA Clean Power Plan in Montana." The study showed a significant loss of jobs, income, output, tax revenues, and population. The authors said that within three years of implementation, the state economy will suffer job losses of more than 7,100 jobs, incur a loss of over \$500 million in annual income for Montana households, and realize a loss of more than \$1.5 billion in gross output (sales) by Montana businesses. In addition, the study projected a population decline, particularly in working-aged families.

The Center for Energy Economics and Public Policy at the University of Wyoming found that, since 2008, coal production in Wyoming has fallen by 17 percent, and coal markets remain depressed. The study cited the CPP as a regulatory change significantly affecting Wyoming energy markets.

In this country, left-wing "green" elites hate and ridicule the kind of folks who mine coal. Coal communities' misery brings smiles to the faces of the Left. Last year, the environmentalist group known as the Natural Resources Defense Council celebrated coal miners' suffering:

In the past few years, 26 coal companies have gone bankrupt and 264 mines have closed. The suffering extends from the smallest companies to the behemoths. The two largest coal producers, Peabody Energy and Arch, lost a combined \$1.2 billion last year. Those that haven't gone bankrupt are trading at small fractions of their values from just five years ago. Between 2009 and 2014, while the Dow Jones Industrial Average rose 69 percent, the Coal Sector Index lost 76 percent of its value. It would be difficult to overstate the industry's current distress. . . .

Goldman Sachs . . . the renowned house of money declared in January that it's time to slowly ease coal out of the energy mix, with a friendly pat on the head for all the good it did for the U.S. economy. "Just as a worker celebrating their 65th birthday can settle into a more sedate lifestyle while they look back on past achievements," the report noted, "we argue that thermal coal has reached its retirement age."

Arch Coal Inc., the nation's second-largest coal mining company, filed for bankruptcy in January 2016. Walter Energy, Alpha Natural Resources, and Patriot Coal have all recently filed for Chapter 11 bankruptcy. The consequences are devastating to individuals, families, and communities.

According to a study by the Institute for Energy Economics and Financial Analysis, in Central Appalachia, 37.5 percent of the coal mined in the quarter came from mines that were owned or operated by companies that have filed for bankruptcy since 2012. In Pennsylvania, during a recent hearing conducted by the state assembly, Emily Medine of Energy Ventures Analysis testified that a study had found compliance with CPP could cause coal use to drop 24–58 percent while wholesale

electricity prices could soar 12-20 percent. Medine said that "the flexibility of the Clean Power Plan is disingenuous as there is no way to comply without reducing coal generation."

## Conclusion

"If somebody wants to build a coal-fired power plant, they can. It's just that it will bankrupt them," the future President said in January 2008. "Under my plan . . . electricity rates would necessarily skyrocket."

It is often said that a nation's greatness is measured by how it treats its weakest members. The so-called Clean Power Plan—which would be better named the Costly Power Plan—represents a case in which the rich, powerful, and well-connected decide the fate of poorer families. The elites don't really care what happens to people in those poorer families.

The elite can afford higher energy costs. But people on fixed incomes, and lower- and middle-income families (including many African-Americans and Latinos/Hispanics), and businesses that provide jobs to working class people—they need energy that's affordable. For many of them, the choice is between the CPP... and keeping the lights on.

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**GW**

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**Scott Walter  
President**

# GreenNotes

The **Obama administration** continues its war on mainstream sources of energy. In his Fiscal 2017 budget request, **the President** proposed a new \$10 fee on each barrel of oil. If, for example, oil were selling at \$30 a barrel, that would be the equivalent of a 33 percent tax. The fee would cost the average family of four more than \$750 a year, putting a great burden on working people. (Families that make less than \$30,000 spend more than 25 percent of after-tax income on energy, compared to less than 10 percent for families making more than \$50,000.) The fee would be used for, among other things, Global Warming-related projects, mass-transit boondoggles like high-speed rail, and grants for “livable” cities—as leftists define the term “livable.”

Meanwhile, the Obama administration’s **Interior Department** declared a three-year moratorium on new coal leases on federal land, supposedly to give the department time to study Global Warming concerns. More than 40 percent of the country’s coal comes from federal land.

If **Hillary Clinton** becomes president, it’s unlikely the moratorium will ever be lifted. Following a presidential debate in **New Hampshire**, **Griffin Sinclair-Wingate** of the radical environmentalist group **350 Action** approached Clinton with a question regarding carbon-based fuels such as coal, oil, and natural gas: “Would you ban extraction on public lands?” She replied: “Yeah, that’s a done deal.” She told another activist: “That’s where the President is moving. No future extraction. I agree with that.” Asked if she would stop accepting campaign contributions from “fossil fuels,” she responded: “I’m going to pledge to stop fossil fuels. That’s a lot better”—that is, better than simply refusing contributions from the industry.

Do **Republicans** and self-described conservatives in **Congress** have a death wish? In a deal to remove the ban on oil exports, they agreed to funnel billions of dollars of taxpayers’ dollars to the solar industry, which in turn will use the money to elect a lot of left-wing Democrats and a few anti-taxpayer Republicans. **Bloomberg BNA** reported: “The surprise extension of a lucrative tax credit for the solar industry was powered by the influence of well-connected lobbyists such as former Republican Senate Majority Leader **Trent Lott** and a sharp spike in lobbying activity on the issue, records show. . . ‘Once it became clear Republicans really wanted to lift the ban on oil exports, the question became how badly did they want it, and then we had a little bit of leverage,’ **Oscar T. Ramirez**, who lobbied for the credit’s extension for residential solar installer **SolarCity Corp.** and others through the lobbying firm the **Podesta Group**, told Bloomberg BNA.” (Solar-City was founded by **Elon Musk**, who has made a fortune through his Obama connections, and Musk’s cousin **Lyndon Rive**. The Podesta Group, a part of the Clinton political machine, has lobbied for such organizations as **BP**, **Duke Energy**, and **National Public Radio**.)

Bloomberg BNA continued: “In addition to Lott, others from the firm **Squire Patton Boggs** who lobbied on the issue for the **Washington** trade group **Solar Energy Industries Association** included **David Schnittger**, who had long served as deputy chief of staff to former House Speaker **John Boehner** (R-Ohio), and **David Hoppe**, who recently became chief of staff for newly elected House Speaker **Paul Ryan** (R-Wis.), according to lobbying data records from the third quarter of 2015.” The number of groups lobbying for the solar credit increased 29 percent between the last two quarters of the year.

The deal, which saved the solar industry, was reached December 18. Solar lobbyists called it “the Christmas miracle.” The credit extension was inserted on page 2,009 of a 2,010-page “omnibus” bill.

The credit used to apply to projects that were completed in a given year; now it will apply to projects that *start* in a given year—a change that, in some cases, will extend the credit years into the future. The 30 percent credit had been scheduled to drop at the end of 2016 to 10 percent for commercial projects and zero for residential projects. Now it is set to go away gradually in 2020-2022—although, of course, the credit is likely to be extended, and extended, and extended again, because the industry, which can survive only with mandates and subsidies, is projected to hire an additional 200,000 people over the next five years, and those 200,000 people will constitute a powerful political army. Also expected to get on the solar gravy train: banks and insurance companies, which will arrange the deals that some companies—those without sufficient income or tax liability—will need in order to take full advantage of the credit. Once there are enough people with jobs connected to the solar industry, the industry will be Too Big To Fail, which means the taxpayers will have to bail it out or keep it on life-support forever.

It couldn’t get any worse. Oh, wait, it could: Quietly, the **IRS** effectively changed the definition of “solar” to include more rechargeable batteries that store solar power, which will funnel more billions of dollars to the likes of crony capitalist **Elon Musk**, whose **Tesla Motors** developed the Powerwall. (For more on Musk, see *Green Watch* March 2015.)