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December 1, 2014

Ms. Gina McCarthy
Administrator
US Environmental Protection Agency
Attention: Docket ID No. EPA-HQ-OAR-2013-0602
1200 Pennsylvania Avenue, N.W.
Washington, DC 20460

RE: Comments on EPA's Proposed Carbon Pollution Guidelines for Existing Stationary Sources - Electric Utility Generating Units

Dear Administrator McCarthy:

Since the release of the Environmental Protection Agency's (EPA) Clean Power Plan, an array of elected leaders, business and industry representatives and consumer advocates have raised concerns regarding the proposal to regulate carbon dioxide emissions from existing fossil fuel-fired utilities pursuant to section 111(d) of the Clean Air Act. This proposed rule will have severe negative economic impacts on Wisconsin, as well as the nation as a whole.

These comments further build on concerns that I previously shared with you in a letter on August 6th, 2014 following introduction of the proposed rule. Additionally, the Wisconsin Department of Natural Resources (WI DNR) and Public Service Commission of Wisconsin (PSCW) will be submitting technical comments outlining in detail the flaws and negative consequences of the proposed rule.

Preliminarily, it is important to recognize that Wisconsin has made major investments to provide its citizens with affordable, reliable and clean power. Wisconsin utilities have invested over $4.5 billion for 4200 megawatts (MW) of new coal and natural gas generation since 2000. On top of those investments, $3.2 billion has been invested in air pollution control equipment and efficiency upgrades at existing power plants since 2000.

Moreover, another $2.3 billion has been spent for approximately 1100 MW of clean, renewable energy. Since 2000, ratepayers have also provided $469 million to Wisconsin's energy efficiency program, Focus on Energy. The Focus on Energy program, along with Wisconsin's investment in renewables, has resulted in over 10 million tons of avoided carbon dioxide emissions. This equates to a 20% reduction from 2005 emissions.

EPA's proposal does not recognize this approximately $10.5 billion in investments, and threatens Wisconsin's ability to continue to meet the energy needs of its citizens. In regard to costs, the PSCW preliminarily estimates a cost of compliance with this proposal to be $3.3 to $13.4 billion for our state alone. This cost estimate does not include any costs related to additional infrastructure needs associated with this rule, such as natural gas infrastructure necessitated by increased gas use contemplated under this proposal, or the need for new transmission lines. Wisconsin currently does not have the infrastructure in place for this conversion, and it would take years to build. Furthermore, the EPA's plan does not consider "stranded costs," which are those investments that have been made in coal-fired power plants that may need to be retired earlier than anticipated due to the requirements contained in this rule proposal.

These costs will have a real impact on Wisconsin ratepayers. According to a recent study by Energy Ventures Analysis, the average annual Wisconsin household will see electricity and gas bills increase by more than $485 in 2020. Modeling studies performed by PSCW confirm that this rule will increase electricity rates by up to 29%, excluding upgrades to necessary transmission and gas supply infrastructure.

Many Wisconsin families depend on jobs in our state's large manufacturing sector to make ends meet. In fact, Wisconsin consistently ranks among the nation's top states for manufacturing jobs per capita. Double digit rate increases attributable to this rule will have a detrimental impact on this sector of our economy and as a result, impact family budgets across our state. This rule and other pending rules from the EPA will take Wisconsin backwards.

In Wisconsin, we are also greatly concerned about electric reliability. EPA has not adequately examined the impact of the proposal on this critical issue. As a state that obtains more than fifty percent of its electricity from coal, I am very concerned that a shift away from a coal-fired fleet to natural gas plants, which are designed to supplement coal-generated power to meet peak demands, will jeopardize our ability to meet electricity needs.

The additional correspondence you are receiving from WI DNR and PSCW highlights numerous other concerns with this proposed rule. Perhaps one of the most significant issues is the inherent inequity and absurd result reflected in this proposal. States that have already obtained large CO_2 emission reductions, such as Wisconsin, are being required to reduce emissions more than those that have not taken significant steps to decrease emissions. For example, those states that have invested in efficient natural gas plants, and consequently are reducing emissions from other higher emitting sources, have more stringent goals than they would have if they had not invested in these facilities. This perplexing approach needs to be corrected in any final rule.

I urge you to consider the comments submitted by WI DNR and PSCW and address the substantial negative economic consequences that this proposal will have on Wisconsin's and this country's economy.

Sincerely,

Scott Walker
Governor