

August 5, 2015

Craig Pirrong at Streetwise Professor posts on EPA's new CO2 rules.

Acting under the aegis of its most malign agency, the EPA, in its unbending effort to hamstring the US economy, the Obama administration today released its long dreaded CO2 rule. The Rule mandates a 32 percent decrease in CO2 emissions by 2030. This outcome will be achieved by a dramatic reduction in the use of coal powered generation, and its replacement by renewables.

The administration touts its generosity by pointing out that compliance with the Rule has been extended by 2 years.

Great. We get screwed in 7 years, instead of just 5. Gee. Thanks. How thoughtful. You really shouldn't have.

The Rule is started up with a cost-benefit analysis which purports to show massive benefits and modest costs. The benefit is in the form of improved health, in particular through the reduction in respiratory ailments.

But every step of this analysis is literally incredible. Consider the steps. First is an estimate of how the regulation affects climate. The second is an estimate of how climate affects health. The third is an estimate of the value of these health benefits. None of these calculations is remotely plausible, or even is it plausible that they can be made realistically, given the incredible complexity of climate and health.

And note the bait and switch here. The Rule is touted as a solution to the Phenomenon Once Known As Global Warming. But the Rule itself admits that the effect on temperature will be point zero one eight degrees centigrade by 2100. This is effectively zero, meaning that the "Climate Change" benefit of the Rule is zero.

The health benefits come from reductions in particulates from coal generating plants. So why not regulate particulates specifically?

This all points out that cost benefit analysis for large federal rules is basically Kabuki theater. ...

... This new Rule is a piece with the last 6 plus years of grotesquely inefficient legislation and regulations. Frankendodd. Obamacare. Net Neutrality. Each of these add huge amounts of new weight that the Atlas of the American economy must bear. An economy subjected to such burdens will survive, but it will not thrive. The EPA's new Rule will provide no meaningful benefit, and any benefits that it does generate will be gained at excessive cost. But that is the Obama way. That is the leftist way.

Betsy McCaughey calls it "climate hubris."

This week President Obama is hailing his Clean Power Plan as "the single most important step America has ever taken in the fight against global climate change." Obama is posing as the environment's savior, just as he did in 2008, when he promised his presidency would mark "the moment when ... the rise of the oceans began to slow and our planet began to heal." Seven years later, that messianic legacy is in doubt. Obama's Clean Power Plan has never had legislative support, even when his own party controlled both houses of Congress. Now he's

trying to impose it without Congress, an audacious ploy his old Harvard law professor Laurence Tribe condemns as “burning the Constitution.”

As his presidency wanes, Obama is desperately burnishing his eco-credentials with environmental zealots like Pope Francis and the leftists at the U.N. and in the European Union. But here at home, his plan would be a disaster economically, which explains its failure in Congress. Hillary Clinton is pledging to support the plan, while Republicans vying for their party’s presidential nomination are vowing to oppose it. The Clean Power Plan will be a fiercely debated issue in coal-consuming swing states like Ohio, Illinois, and Pennsylvania — where the race for the White House is usually decided. .

WSJ Editors call it a "Climate-Change Putsch" and says it's up to the states to push back.

... When the EPA rule does arrive before the Justices, maybe they’ll rethink their doctrine of “Chevron deference,” in which the judiciary hands the bureaucracy broad leeway to interpret ambiguous laws. An agency using a 38-year-old provision as pretext for the cap-and-tax plan that a Democratic Congress rejected in 2010 and couldn’t get 50 Senate votes now is the all-time nadir of administrative “interpretation.”

Meantime, states can help the resistance by refusing to participate. The Clean Air Act is a creature of cooperative federalism, and Governors have no obligation to craft a compliance plan. The feds will try to enforce a fallback, but they can’t commandeer the states, and they lack the money, personnel and bandwidth to overcome a broad boycott. Let’s see how much “clean power” the EPA really has.

The states have good reason to avoid collaborating in a scheme that will result in higher prices for consumers and business as the EPA mandates are passed down the energy chain. The plan also endangers electric reliability, and the strains to the grid could lead to brownouts or worse. The EPA added a reliability “safety valve” in the final rule as a concession that these risks are real, but this offers little protection in practice.

This plan is essentially a tax on the livelihood of every American, which makes it all the more extraordinary that it is essentially one man’s order. Mr. Obama’s argument is that climate change is too important to abide by relics like the rule of law or self-government. It is an important test of the American political system to prove that he is wrong.

According to **Investor Business Daily's editors** the costs for new EPA regs will fall heavily on GOP states.

When candidate Barack Obama boasted back in 2008 that his radical climate change policies would “bankrupt” coal-fired power plants, he was for once telling the wretched truth.

On Monday Mr. Obama accelerated the timetable in his war on coal, with new EPA regulations to reduce carbon emissions from power plants by 32% below 2005 levels by 2030. The White House openly admits that the goal is to use much less coal and force utilities to consume far costlier and less reliable “renewable” electric power.

Whether these feel-good regulations imposed on America's domestic industries will impact global carbon emissions and climate change appears highly doubtful, given the massive increase in the use of coal and other fossil fuels in nations like China and India.

Yet the costs of these new rules for highly suspect benefits are gigantic. The Heritage Foundation, for example, estimates about 500,000 lost jobs, close to \$100 billion a year in lost output (about half a percentage point of GDP), and more than \$1,000 a year in higher costs to families. In other words, all pain, no gain.

But the dirty little secret here is that these costs aren't uniform across the country. Not even close.

It turns out coal-using and producing states are predominantly Republican red states. Meanwhile, the more Democratic a state is, the less the cost of the new coal rules to local rate payers and taxpayers.

The top seven states — those getting at least 70% of electric power from coal — are all solidly red states. But states ruled by Democrats — Rhode Island, Vermont, Oregon, California, New York, New Jersey and Connecticut — get away practically unfazed. ...

Streetwise Professor

[Adding to Atlas's Burden: The EPA's CO2 Rule](#)

by Craig Pirrong

Acting under the aegis of its most malign agency, the EPA, in its unbending effort to hamstring the US economy, the Obama administration today released its long dreaded CO2 rule. The Rule mandates a 32 percent decrease in CO2 emissions by 2030. This outcome will be achieved by a dramatic reduction in the use of coal powered generation, and its replacement by renewables.

The administration touts its generosity by pointing out that compliance with the Rule has been extended by 2 years.

Great. We get screwed in 7 years, instead of just 5. Gee. Thanks. How thoughtful. You really shouldn't have.

The Rule is tarted up with a cost-benefit analysis which purports to show massive benefits and modest costs. The benefit is in the form of improved health, in particular through the reduction in respiratory ailments.

But every step of this analysis is literally incredible. Consider the steps. First is an estimate of how the regulation affects climate. The second is an estimate of how climate affects health. The third is an estimate of the value of these health benefits. None of these calculations is remotely plausible, or even is it plausible that they can be made realistically, given the incredible complexity of climate and health.

And note the bait and switch here. The Rule is touted as a solution to the Phenomenon Once Known As Global Warming. But the Rule itself admits that the effect on temperature will be point zero one eight degrees centigrade by 2100. This is effectively zero, meaning that the “Climate Change” benefit of the Rule is zero.

The health benefits come from reductions in particulates from coal generating plants. So why not regulate particulates specifically?

This all points out that cost benefit analysis for large federal rules is basically Kabuki theater. Some laws require this analysis, but since courts give so much deference (under *Chevron*) to agencies, that this analysis is not subject to any serious scrutiny. Consequently, the process is ritual, not a serious check on agency discretion.

The Rule is grotesquely inefficient even if you believe this Making Shit Up And Calling it Science!® “cost-benefit analysis.” An efficient rule would achieve its results at lowest cost. But the command-and-control EPA rule does not do this.

Originally, the Rule was expected to lead to a substitution of natural gas for coal. But we can't have that, can we, given that natural gas is a fossil fuel ([even if Nancy Pelosi doesn't think so](#))? So the current rule encourages the use of renewables.

The economics of renewables (especially wind) are atrocious. They are intermittent and diffuse. Intermittency strains reliability, and requires maintaining backup generation. Germany (and other countries, including Spain) have gone all in on renewables, and it has been a disaster. *Energiewende* has saddled Germany with high costs and lower quality power that has imposed great costs on German manufacturing. (Fluctuations in wind and sunlight induce fluctuations in frequency that wreak havoc with precision manufacturing processes.) California is already on the verge of reliability problems when the sun sets during winter months due to a sudden drop in solar generation ([aka the swan problem](#)) that requires a sudden ramp up of conventional generation: but the supply of solar during daylight hours undermines the economics of conventional generation. Wind power in Texas is leading to frequent bouts of negative prices which reduce the profitability of conventional generation necessary to maintain reliability.

The Rule acknowledges reliability issues, but the response is totally inadequate:

[T]he rule requires states to address reliability in their state plans. The final rule also provides a “reliability safety valve” to address any reliability challenges that arise on a case-by-case basis.

That's just great. EPA says: “Yeah, we know renewables create reliability issues. Not our problem! You figure it out, states.” Note that this is problematic because the electrical grid is interconnected, meaning that retiring a coal plant in one state can have serious effects on reliability in numerous other states. So how do individual state plans efficiently address these inherently interstate issues? And as for the “safety valve”, the case-by-case analysis is likely to be cumbersome and costly.

Let's get down to cases. By its own calculations, the proposed Rule will have a risible effect on global temperature. Therefore, there is no cost benefit justification for the control of CO2 per se, the ostensible purpose of the rule. If there are substantial benefits from reducing particulate emissions, then tax these emissions at a rate commensurate with these costs and let utilities and others find the most economical way of complying.

But that's not the point, is it? Obama and the EPA don't want efficiency. They have an intense ideological animus against fossil fuels, and a romantic attachment to renewables: many of the Democrats' largest donors are have a strong investment in renewables. Pigouvian approaches would likely result in the failure to litter the landscape with bird blending windmills and massive solar panels, so they prefer command and control approaches instead.

And did I mention that Obama insinuated that if you oppose the Rule you are racist?

This new Rule is a piece with the last 6 plus years of grotesquely inefficient legislation and regulations. Frankendodd. Obamacare. Net Neutrality. Each of these add huge amounts of new weight that the Atlas of the American economy must bear. An economy subjected to such burdens will survive, but it will not thrive. The EPA's new Rule will provide no meaningful benefit, and any benefits that it does generate will be gained at excessive cost. But that is the Obama way. That is the leftist way.

American Spectator

Obama's Climate Hubris

The Clean Power Plan's dirty politics.

by Betsy McCaughey

This week President Obama is hailing his Clean Power Plan as “the single most important step America has ever taken in the fight against global climate change.” Obama is posing as the environment's savior, just as he did in 2008, when he promised his presidency would mark “the moment when ... the rise of the oceans began to slow and our planet began to heal.” Seven years later, that messianic legacy is in doubt. Obama's Clean Power Plan has never had legislative support, even when his own party controlled both houses of Congress. Now he's trying to impose it without Congress, an audacious ploy his old Harvard law professor Laurence Tribe condemns as “burning the Constitution.”

As his presidency wanes, Obama is desperately burnishing his eco-credentials with environmental zealots like Pope Francis and the leftists at the U.N. and in the European Union. But here at home, his plan would be a disaster economically, which explains its failure in Congress. Hillary Clinton is pledging to support the plan, while Republicans vying for their party's presidential nomination are vowing to oppose it. The Clean Power Plan will be a fiercely debated issue in coal-consuming swing states like Ohio, Illinois, and Pennsylvania — where the race for the White House is usually decided.

Obama's Environmental Protection Agency is imposing the Clean Power Plan on all fifty states, requiring each state to close down coal-burning electric plants, and shift to other sources of electricity — natural gas burning plants, nuclear plants, solar and wind power generators — in order to reduce carbon emissions by one third. New York will be less affected because it gets almost all its electric power from nuclear, natural gas, and hydroelectric plants. But nationwide, about 40 percent of electric power is produced by coal plants. Forcing these utilities to close will burn consumers with higher electric bills. It will also send hundreds of thousands of jobs a year up in smoke, as employers pay more to operate their businesses, according to Heritage Foundation economists.

And for what? The purported benefit is to avoid an imperceptible 0.02 degree Celsius increase in global temperatures by the year 2100. That's the official EPA estimate of the benefits of this Clean Air Plan. You must be kidding.

That's what as many as twenty-five governors are saying, and they are expected to file a lawsuit challenging the plan. They've got a strong case. Although the EPA bases its authority on the Clean Air Act of 1970, nothing in that law authorizes the agency to do more than require plants to use the best available technology — like scrubbers — to reduce emissions. Congress never authorized the EPA to force states to close coal plants and move on to nuclear, or wind and solar. "The brute fact is that the Obama administration failed to get climate legislation through Congress. Yet the EPA is acting as though it has the legislative authority anyway to re-engineer the nation's electric generating system," says Tribe. "It does not."

Defenders of the President's environmental agenda say he has to act alone because the Congress is gridlocked. That's untrue. Lawmakers on both sides of the aisle are against the plan, and for good reasons.

Obama's EPA has tried several end runs around Congress, creatively interpreting the forty-five year old Clean Air Act to suit its agenda. But it hasn't always gotten away with it. In a stinging U.S. Supreme Court rebuke against the administration's restrictions on mercury emissions, Justice Antonin Scalia wrote that "it is not rational, never mind 'appropriate' to impose billions of dollars in economic costs" when the benefits are so uncertain.

The same could be said for the plan announced on Monday. Defenders of the new regulation predict falling energy costs from renewable sources, but so far that is pie in the sky speculation. Like the president's prediction that the average family would save \$2,500 because of Obamacare.

But long before the Supreme Court weighs in on this new plan, presidential politics is likely to determine its fate. Another example of how high the stakes are in 2016.

WSJ - Editorial

Climate-Change Putsch

States should refuse to comply with Obama's lawless power rule.

Rarely do American Presidents display the raw willfulness that President Obama did Monday in rolling out his plan to reorganize the economy in the name of climate change. Without a vote in Congress or even much public debate, Mr. Obama is using his last 18 months to dictate U.S. energy choices for the next 20 or 30 years. This abuse of power is regulation without representation.

The so-called Clean Power Plan commands states to cut carbon emissions by 32% (from 2005 levels) by 2030. This final mandate is 9% steeper than the draft the Environmental Protection Agency issued in June 2014. The damage to growth, consumer incomes and U.S. competitiveness will be immense—assuming the rule isn't tossed by the courts or rescinded by the next Administration.

States have regulated their power systems since the early days of electrification, but the EPA is now usurping this role to nationalize power generation and consumption. To meet the EPA's

targets, states must pass new laws or regulations to shift their energy mix from fossil fuels, subsidize alternative energy, improve efficiency, impose a cap-and-trade program, or all of the above.

Coal-fired power will be the first to be shot, but the EPA is targeting all sources of carbon energy. As coal plants have retired amid seven years of EPA assault, natural gas recently eclipsed coal as the dominant source of electric power. This cleaner-burning gas surge has led to the cheapest and fastest emissions plunge in history, but the EPA isn't satisfied.

Thus the new rule's central planning favors green energy sources like wind and solar. The plan expands their quotas and funding, while punishing states that are insufficiently enthusiastic. The EPA estimates renewables will make up 28% of U.S. electric capacity by 2030, up from less than 5% today.

The rule is the first step in a crescendo of climate-change politics that Mr. Obama is planning for his final days. In September he will commune with [Pope Francis](#) on the subject, and then jet to Paris in hopes that his new rule shows enough U.S. progress that the climate treaty conference in December will reach some grand accord.

As for the home front, the point is to bull-rush states into making permanent changes to their energy systems. The investments and lead times in new power plants and transmission lines on this scale are generational. Yet state compliance plans are due in September 2016, and most of the carbon reductions must be complete by 2022.

The White House and EPA know they are distorting the law beyond recognition and that this rule will be litigated for years. But they figure that if they can intimidate the states into enacting as much change as fast as possible, a legal defeat won't matter because the outcome will be a *fait accompli*.

The Supreme Court did give EPA the authority to regulate carbon emissions in *Mass. v. EPA* in 2007. But that was not a roving license to do anything the EPA wants. The High Court has rebuked the agency twice in the last two years for exceeding its statutory powers.

"When an agency claims to discover in a long-extant statute an unheralded power to regulate a significant portion of the American economy, we typically greet its announcement with a measure of skepticism," the Court warned last year. "We expect Congress to speak clearly if it wishes to assign to an agency decisions of vast economic and political significance."

Congress did no such thing with the Clean Power Plan, which is a new world balanced on a fragment of the Clean Air Act called Section 111(d). This passage runs a couple hundred words and was added to the law in 1977, well before the global warming stampede. Historically Section 111(d) has applied "inside the fence line," meaning the EPA can set performance standards for individual plants, not for everything connected to those sources that either produces or uses electricity.

When the EPA rule does arrive before the Justices, maybe they'll rethink their doctrine of "Chevron deference," in which the judiciary hands the bureaucracy broad leeway to interpret ambiguous laws. An agency using a 38-year-old provision as pretext for the cap-and-tax plan that a Democratic Congress rejected in 2010 and couldn't get 50 Senate votes now is the all-time nadir of administrative "interpretation."

Meantime, states can help the resistance by refusing to participate. The Clean Air Act is a creature of cooperative federalism, and Governors have no obligation to craft a compliance plan. The feds will try to enforce a fallback, but they can't commandeer the states, and they lack the money, personnel and bandwidth to overcome a broad boycott. Let's see how much "clean power" the EPA really has.

The states have good reason to avoid collaborating in a scheme that will result in higher prices for consumers and business as the EPA mandates are passed down the energy chain. The plan also endangers electric reliability, and the strains to the grid could lead to brownouts or worse. The EPA added a reliability "safety valve" in the final rule as a concession that these risks are real, but this offers little protection in practice.

This plan is essentially a tax on the livelihood of every American, which makes it all the more extraordinary that it is essentially one man's order. Mr. Obama's argument is that climate change is too important to abide by relics like the rule of law or self-government. It is an important test of the American political system to prove that he is wrong.

IBD - Editors

[Obama's New EPA Rules: A Green Assault On Red States](#)

Regulation: When candidate Barack Obama boasted back in 2008 that his radical climate change policies would "bankrupt" coal-fired power plants, he was for once telling the wretched truth.

On Monday Mr. Obama accelerated the timetable in his war on coal, with new EPA regulations to reduce carbon emissions from power plants by 32% below 2005 levels by 2030. The White House openly admits that the goal is to use much less coal and force utilities to consume far costlier and less reliable "renewable" electric power.

Whether these feel-good regulations imposed on America's domestic industries will impact global carbon emissions and climate change appears highly doubtful, given the massive increase in the use of coal and other fossil fuels in nations like China and India.

Yet the costs of these new rules for highly suspect benefits are gigantic. The Heritage Foundation, for example, estimates about 500,000 lost jobs, close to \$100 billion a year in lost output (about half a percentage point of GDP), and more than \$1,000 a year in higher costs to families. In other words, all pain, no gain.

But the dirty little secret here is that these costs aren't uniform across the country. Not even close.

It turns out coal-using and producing states are predominantly Republican red states. Meanwhile, the more Democratic a state is, the less the cost of the new coal rules to local rate payers and taxpayers.

The top seven states — those getting at least 70% of electric power from coal — are all solidly red states. But states ruled by Democrats — Rhode Island, Vermont, Oregon, California, New York, New Jersey and Connecticut — get away practically unfazed.

A coincidence? We wonder if Democrats would be so enthusiastic for these draconian coal restrictions if their own voters were hit. The climate-change agenda looks more and more like a plan by upscale green elites living in places like the Hamptons, Cape Cod and San Francisco to impose their regulatory grip on working class Americans living in places like Charleston, W. Va.; Bismarck, N. D.; and Appalachia.

Obama's new regulatory strong-arm tactics through executive order aren't just a war on coal — though there is no doubt, they are that. They are a war on the Midwest and Mountain states of America where coal has been king for generations.

Political battleground states like Ohio, Indiana, Colorado and Wisconsin currently get more than half of their electricity from coal. Utility rates will skyrocket in these purple states.

No wonder global warming fanatics like Sens. Sheldon Whitehouse of Rhode Island, Elizabeth Warren of Massachusetts and Chuck Schumer of New York are grinning like Cheshire cats.

By trying to bankrupt coal producers in America, Obama is bankrupting families and businesses in Ohio, Colorado, West Virginia and Kentucky — to name a few.

Let's hope voters in these states pay close attention to which party is choosing environmental fanaticism over jobs, paychecks and economic security for the middle class.

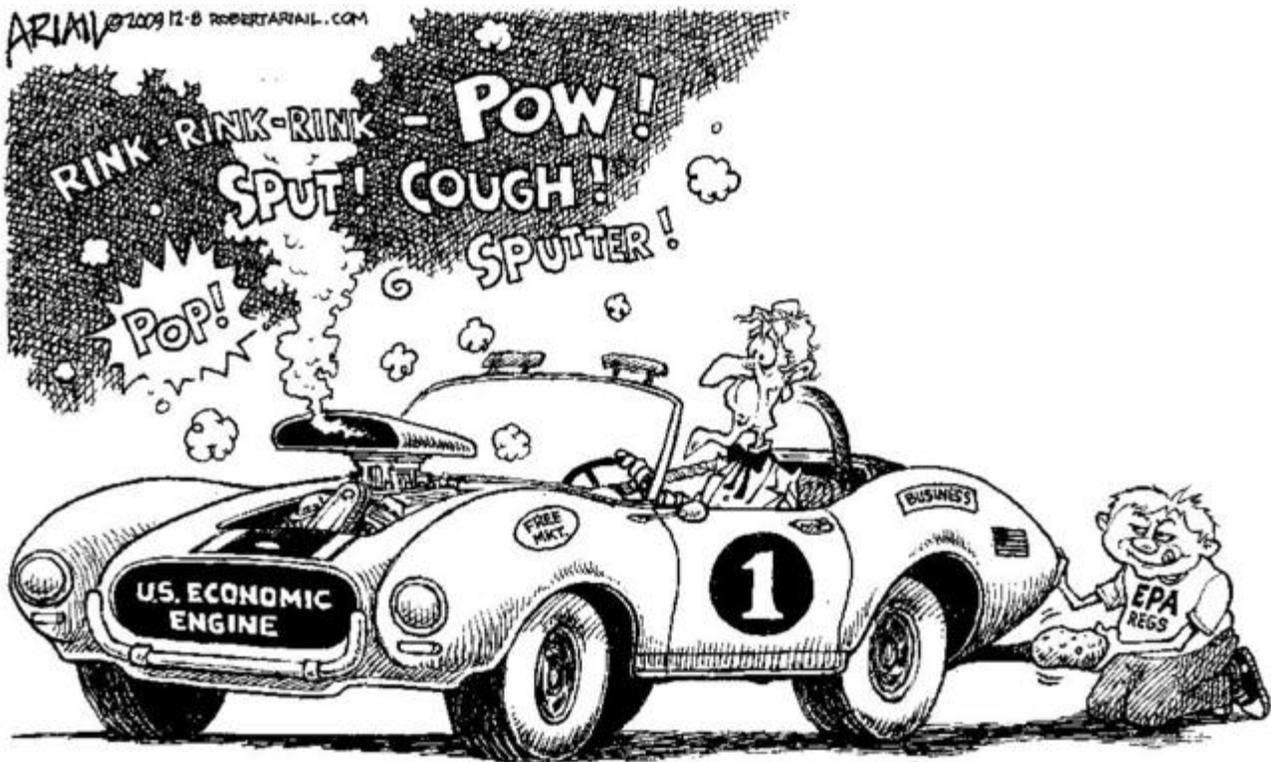


ANOTHER
WAY TO LIMIT
DANGEROUS
EMISSIONS

THE
WALL
STREET
JOURNAL



ARIAN @ 2009 12-8 ROBERTARIAN.COM

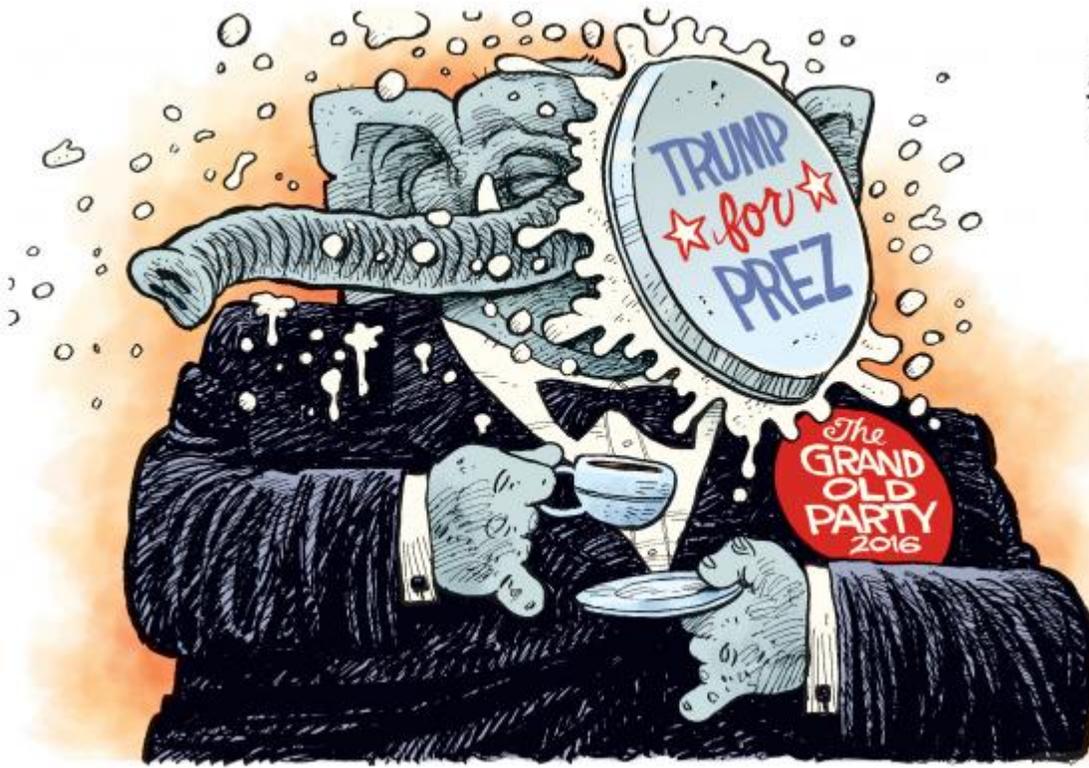


ERICALLIE
CAGLE CARDBOARD
FURIOUS DIMPERS



NOT TO BE OUTDONE...





RAMIREZ
© 2015 THE AUGUSTA CHRONICLE/7/26
CARTOON BY RAMIREZ



RAMIREZ INVESTORS BUSINESS DAILY
2015 © CREATOR5.COM

@Ramireztoons

www.investors.com/cartoons



NEXT SEASON ON "ORANGE IS THE NEW BLACK"