



July 14, 2022

The Honorable Thomas R. Carper
Chairman
Committee on Environment and Public Works
United States Senate
Washington, DC 20510

The Honorable Shelly Moore Capito
Ranking Member
Committee on Environment and Public Works
United States Senate
Washington, DC 20510

Dear Chairman Carper and Ranking Member Capito:

As the Committee takes up the nomination of Joseph Goffman to serve as Associate Administrator for the Office of Air and Radiation (OAR) at the U.S. Environmental Protection Agency (EPA), we urge you to consider the concerns of the regulated community given the importance of OAR to the entire economy.

The business community is proud of its long track record of working with EPA and states to improve air quality across the United States. This cooperative framework, along with continuous investment and technological innovation, has contributed to dramatic environmental improvements in the United States over the last 50 years. The hydrofluorocarbon phasedown rule was one such example of this cooperation where the business community supported the rule as a cost-effective way of reducing greenhouse gas emissions while maintaining U.S. competitiveness in world markets. Continued collaboration between the public and private sector is the best way to ensure continued environmental progress in a manner that enhances economic growth and avoids undue burdens on state and local economies.

The breadth and volume of major rulemakings promulgated by OAR make it one of the most important and influential arms of the entire federal government. In fact, during Mr. Goffman's tenure, the agency has issued some of the federal government's most ambitious and costly regulations. Based on EPA's own estimates, the regulatory costs of ten of the largest OAR rulemakings issued over the last 18 months exceed \$400 billion dollars. For perspective, those costs are larger than the first quarter 2022 gross domestic product for each of 31 different states, including Alabama, Alaska, Arkansas, Delaware, Iowa, Mississippi, North Dakota, Oklahoma, Oregon, Rhode Island, South Carolina, Vermont, West Virginia, and Wyoming.

Moreover, according to the EPA's most recent regulatory agenda, OAR intends to propose or finalize more than 70 air regulations impacting a broad range of economic sectors over the next year, making it incumbent on Congress and EPA leadership to work cooperatively to understand and address potential economic implications of these regulations. For these reasons, we urge the Committee to carefully consider the following specific pieces of the agency's regulatory agenda.

Oil and Gas Methane Regulations

The Chamber has called for EPA to pursue direct regulation of methane emissions to continue reducing the emissions intensity of energy production and provide long-term regulatory certainty for the upstream and midstream segments of the oil and gas sector. This must be done in a collaborative manner that recognizes the need for a proper balance of key economic, legal, and policy considerations. Natural gas has been one of the primary driving forces behind emissions reductions achieved in the last decade, but we must continue to drive down methane emissions. Continued investment in technologies will achieve this goal, but regulations must enable innovation as opposed to limiting compliance to certain technologies or the shuttering of production altogether. Because the methane emissions footprint of the U.S. oil and gas sector is far superior to that of other major energy producing countries, these regulations must be promulgated in a manner that allows for continued domestic energy production, technological innovation, and follows the appropriate process under the Clean Air Act.

Particulate Matter National Ambient Air Quality Standards

The agency's most recent policy assessment for the particulate matter National Ambient Air Quality (NAAQS) standards contemplates lowering the standard by more than 30 percent, raising major questions regarding the cost, technological feasibility, and impact on a broad range of sectors, including agriculture, transportation, energy, manufacturing, and more. In considering these rules, it is important to recognize that U.S. air quality and particular matter levels are already nearly the lowest in the world (trailing only sparsely populated Canada and Australia among major countries).¹ Moreover, as the ambient standards are lowered, they approach natural background concentrations, leaving little space for the adoption of cost-effective emissions control measures that businesses can deploy. This could have major negative implications for business investment and the ability not only to permit new projects but keep existing power plants and industrial facilities operating.

Ozone National Ambient Air Quality Standards

The issue is similar for the ozone NAAQS, where the agency has also chosen to reopen and consider tightening standards that were reviewed less than a year earlier and found to protect public health at their current level. Stricter standards added on top of the existing 2008 and 2015 standards have the potential to layer on more duplicative and costly implementation requirements for businesses. For regions that are working toward complying with existing standards, new standards would translate to millions of dollars in compliance costs for many manufacturers that would likely be passed on to consumers through higher energy costs, goods, and services. The last time standards were tightened in 2015, EPA did not identify the technological controls needed for compliance. Given the lack of technological control options just a few years ago, even tighter standards are likely to further increase business uncertainty and could result in the closure of existing facilities.

¹ Summary of U.S. air quality progress and global comparisons available at <https://www.globalenergyinstitute.org/something-celebrate-earth-day>.

Ozone Transport Federal Implementation Plan Rule

On April 6, 2022, EPA proposed a discretionary rule that would cost \$26 billion while simultaneously disapproving 19 state plans for compliance with the existing ambient ozone NAAQS. The proposal would significantly expand the coverage of the existing program to cover more than half the country, include industrial sources for the first time, and impose very short and tight timelines on electricity generators. The lack of averaging, banking, or trading provisions for industrial sources, a staple of cost-effective regulatory policy, is stunningly absent. Additionally, four regional transmission organizations responsible for ensuring the electric power grid can meet demand have warned that EPA's proposal threatens grid reliability by forcing the closure of needed electric generation capacity.

Ozone Nonattainment Redesignations

EPA recently announced its intent to proceed with a discretionary nonattainment redesignation of certain counties in the Permian Basin of Texas and New Mexico.² This potential action could have major global implications for the most important oil and natural gas production region in the country. The Permian Basin produces 30 percent of U.S. crude oil and 14 percent of U.S. natural gas, more than all but the top three producing countries. Imposing new discretionary standards on this region has the potential to impact thousands of good paying jobs and energy costs in the U.S. and our allies in Europe. We urge the Committee to work with OAR to fully consider and address these concerns as part of Mr. Goffman's nomination process.

Other Rulemakings Affecting Energy and Industrial Facilities

The air office is also expected to finalize or has recently finalized various regulations on the energy sector and elsewhere that are likely to add to the rising cost of energy and commodities. These include facility risk management requirements for refiners and other industries despite duplicative OSHA regulations, new rules for gasoline storage terminals, and the recently finalized Renewable Fuel Standard. Cumulatively, these rules are expected to cost over \$6 billion, and could drive gasoline prices even higher during this period of record inflation and pain at the pump. In addition, we are concerned new rules pertaining to heavy-duty vehicle and engine standards may have the unintended consequence of higher emissions while also potentially exacerbating ongoing workforce and supply chain challenges facing the trucking industry.³

The consideration of Mr. Goffman's nomination presents an opportunity for the Committee to review EPA's agenda. EPA's mission is critical to the United States, but the agency's regulatory agenda could threaten the important balance between environmental progress, economic wellbeing, and energy reliability. The Chamber believes that we can both achieve climate and environmental solutions

² <https://www.reginfo.gov/public/do/eAgendaViewRule?pubId=202204&RIN=2060-AV68>

³ Comments on proposed rule regarding control of air pollution from new motor vehicles: heavy-duty engine standards, May 16, 2022.

<https://www.globalenergyinstitute.org/us-chamber-comments-epas-proposed-rule-control-air-pollution-new-motor-vehicles-heavy-duty-engine>

while increasing domestic energy production and addressing supply shortages at home and abroad. We encourage the Committee to ensure that EPA maintains its statutory focus and appropriately considers the far-reaching effect of its actions on the entire economy, especially during this period of economic uncertainty.

Sincerely,

A handwritten signature in blue ink, appearing to read "Neil L. Bradley", with a large, stylized flourish extending from the end of the name.

Neil L. Bradley
Executive Vice President, Chief Policy Officer,
and Head of Strategic Advocacy
U.S. Chamber of Commerce

cc: Members of the Senate Committee on Environment and Public Works