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CIBO Urges EPA To Save Jobs In Final MACT Rules

Burke, VA – A new economic impact study by IHS Global Insight says new, strict proposed Environmental Protection Agency (EPA) pollution rules for boilers and process heaters could put more than 300,000 jobs at risk and significantly impact the broader economy. The study is intended to help EPA minimize the economic impacts in finalizing the regulation.

The study, which was released by the Council of Industrial Boiler Owners (CIBO) today, analyzed three different compliance scenarios that could result depending upon how EPA finalizes its proposed Boiler MACT rule for Industrial, Commercial, and Institutional (ICI) boilers and process heaters. Across all three scenarios, the study found that every \$1 billion spent on upgrade and compliance costs could put 16,000 jobs at risk and reduce the US GDP by as much as \$1.2 billion.

EPA's proposed rule would impose new regulations and new monitoring requirements for 11 subcategories of boilers and process heaters based on fuel type and unit design, with the intention of substantially reducing hazardous air pollutant (HAP) emissions from those units. In many cases, these new standards would require the installation of expensive control technologies without sufficient assurance that proposed emission limits would routinely be achieved. The often large capital costs needed to retrofit many current plants could prove economically difficult for many existing units and could lead to closure of some operations.

In addition to the significant potential impact on the ICI sectors that operate boilers and process heaters, the report outlines far-reaching consequences on the economy. Projected impacts vary based on the scenario being evaluated. For example, the rule as proposed could put 338,000 jobs at risk (at regulated facilities, their suppliers, and broader effects of the loss of direct and indirect spending). Of those jobs that could be at risk, 153,000 of them could be avoided if EPA were to use a health-based approach for regulating inorganic HAPS, which would result in roughly equivalent environmental benefit. EPA has sensibly proposed to use a work practice standard for natural gas-fired units. For these natural gas units, if EPA instead decides to apply technology based emissions limits as discussed in the proposed rule, an additional 798,000 jobs could be put at risk.

"CIBO believes a cost-effective and environmentally-protective regulation is possible within the existing framework if EPA finalizes this rule carefully and addresses the critical issues identified in comments submitted by owners of units that must comply with the rule," said Robert Bessette, President of CIBO. "This study offers an eye-opening look at the economic damage that could be caused if EPA moves forward with this Boiler MACT rule without substantial modifications. The

study makes clear that it is important for EPA to take great care in finalizing this rule to avoid significant consequences for many boiler and process heater owners, the communities surrounding affected facilities and the broader economy."

While some larger entities will be able to absorb the costs of the rule with minimal changes to employment levels, they would pass on the costs to their customers. The largest impact would be on smaller or less profitable firms, which could be forced to make the largest staff reductions or even shut down.

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CIBO is a broad-based trade association of industrial boiler owners, architect-engineers, universities & related equipment manufacturers representing 20 major industrial sectors. CIBO actively promotes energy and environmental equipment, technology, operations & policies and laws & regulations affecting industrial energy facilities.

IHS Global Insight is widely recognized as the most consistently accurate economic forecasting firm in the world. With over 600 economists, statisticians, and industry specialists in 25 offices worldwide, IHS Global Insight has a well-established track record for providing rigorous, objective forecast analysis and data to governments and businesses around the world.

The study may be accessed at: www.cibo.org

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