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CIBO Urges EPA To Save Jobs through Final MACT Rules Reconsideration

Warrenton, VA – A review of the Final Environmental Protection Agency (EPA) pollution rules for major source boilers and process heaters by CIBO finds the final Major Source Boiler MACT Rule for Industrial, Commercial and Institutional (ICI) boilers and process heaters could put more than 230,000 existing jobs at risk, a significant finding that is likely to impact any economic recovery.

The findings are based on economic modeling data generated by IHS Global Insight in the last half of 2010 with estimated capital costs updated based on final Boiler MACT rule requirements. The 2010 IHS Global Insight's study which assessed the economic impact of the proposed rule across 26 industry sectors for the United States as a whole found every \$1 billion in capital spent on upgrade or Boiler MACT compliance could put 16,000 jobs at risk.

EPA's final rule as published, but now under reconsideration, is not achievable. For example, though the Clean Air Act specifies standards for existing units shall not be less stringent than the average emissions limitation achieved by the best performing 12% of existing sources for which EPA has emissions information, only 31 units out of 1594 (<2%) existing major source solid and liquid fuel boilers are able to comply as currently operated. And not one single operating 100% solid fuel unit in the country is shown to be capable of complying with the standards for new units despite the Clean Air Act requirement that the new source standard be not less stringent than the emission control achieved in practice by the best controlled similar source. In many cases, these new standards would require the installation of expensive control technologies without sufficient assurance that proposed emission limits could be measured, monitored or achieved in practice.

As part of the study, capital cost estimates for compliance by major source boilers and process heaters were developed by URS Corporation on a unit by unit basis. Costs for compliance were estimated to be approximately \$14.3 BILLION – and this did not consider the substantial increased operating and maintenance costs associated with the control technologies or measurement, monitoring and reporting activities. In addition, another new EPA rule that defines whether a material is a fuel or a waste – even if it is being combusted for energy recovery — could force many boilers to comply with tighter solid waste incinerator standards, increasing compliance costs by a factor of 2X to 3X for affected industries.

The large capital costs needed to retrofit many existing plants could prove economically difficult for many struggling facilities and could lead to relocation or closure of some operations. In addition to the significant potential impact on the ICI sectors that operate boilers and process heaters, the report outlined far-reaching consequences on the economy, on those supplying goods and services to those facilities and the local businesses and jobs supported by those well paid personnel. The projected impact of the 2011 final major source Boiler MACT Rule could put 230,000 existing jobs at risk (at regulated facilities, their suppliers, and broader effects of the loss of direct and indirect spending). While some larger entities will be able to absorb the costs of the rule with minimal changes to employment levels, they would have to pass on the costs to their customers, if possible. The largest impact would be on smaller or less profitable firms and firms that cannot pass the costs on. These could be forced to make the largest staff reductions or even shut down.

As Bob Bessette, CIBO's president says, "CIBO believes a cost-effective and environmentally-protective regulation is possible within the existing Clean Air Act framework under the current Reconsideration if EPA has the time to fully evaluate the data it has. With the flexibilities available under the Act, EPA could be empowered to generate a reasonable and achievable rule." In this light "CIBO fully supports and urges Senators to support or co-sponsor S. 1392 and House Members to support or co-sponsor H.R. 2250." Both bills would legislatively stay the rules, give EPA the time they were denied by the court to get the rules right, provide the compliance time needed by regulated entities once the rules are finalized, clarify what is meant by achievable, clarify that many valuable materials are fuels - not wastes; and provide legislative guidance to all stakeholders and the courts to minimize future litigation.

Getting Boiler MACT right is critical for America's boiler owners and operators and the country as we struggle to come out of a stagnating recession. CIBO applauds congressional efforts to encourage the development of more achievable and reasonable rules.

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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.

The original IHS Global Insight's study may be accessed at: www.cibo.org

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