October 31, 2018

Andrew Wheeler
Acting Administrator
Environmental Protection Agency
1200 Pennsylvania Ave., NW
Washington, D.C. 20460

Submitted Electronically via www.regulations.gov


Dear Acting Administrator Wheeler:

Please accept these comments on behalf of the North American Die Casting Association (“NADCA” or “Association”) on the U.S. Environmental Protection Agency’s (EPA) proposal to replace the Clean Power Plan (CPP) with the Affordable Clean Energy (ACE) rule. NADCA is the sole trade and technical association of the die casting industry, representing members from over 350 companies located in every geographic region of the United States. Die casters manufacture a wide range of non-ferrous castings, from automobile engine and transmission parts to intricate components for computers and medical devices. In the U.S., die casters contribute over $7 billion to the economy annually and provide over 50,000 jobs directly and indirectly. The typical NADCA member averages $42 million in annual sales with roughly 265 employees. Our members support the EPA’s decision to replace the CPP with a regulation that takes an “inside the fence line” approach that regulates emissions at the source and a New Source Review (NSR) permitting process that promotes, rather than deters, efficiency updates so existing power plants can be more energy efficient.

NADCA supports the ACE rule’s “inside the fence line” approach to regulating emission reduction measures at the individual stationary source rather than the CPP’s requirement for the source’s owner or operator to implement reduction measures at another location. In addition, NADCA backs changes to the NSR process which will allow for energy efficiency upgrades without a costly and time-consuming permitting process, deterring owners and operators from upgrading and improving existing EGUs.

Over the past few years, survey results of our members found that NADCA manufacturing companies, continue to suffer increases in their energy costs by 7-10% annually. If the CPP was implemented as is, NADCA members could have seen an annual 27-30% combined increase if using the Obama EPA’s
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conservative calculations and upwards of 40% annually using more realistic calculations, such as those generated by independent and industry experts. The average NADCA member spends over $1.5 million on electricity costs each year, leaving the industry ill-equipped to compete globally if faced with more than half a million dollars in annual electricity price increases due to unfounded government regulation.

Congress and the courts have made clear that under Section 111(d) of the CAA, EPA’s authority is limited to regulating emissions from existing sources within a specific source category (in this case, existing coal-fired electric utility generating units (EGUs)). The law shows that it is the states that have jurisdiction over electricity distribution and the authority to set the rules for power plant operations. Under the CPP, however, the EPA would have extended its reach far beyond the intentions of the CAA and unlawfully compelled states to act. Therefore, NADCA supports the ACE rule because it correctly interprets that Section 111(d) of the Clean Air Act limits the EPA’s authority to regulate emissions only from existing sources.

In comments against the CPP in 2014, NADCA pointed out how it would have a negative macroeconomic impact on manufacturing-heavy regions. Electricity production costs continued to rise over the last several years, placing American die casting manufacturers at a disadvantage against their global competitors. Had the CPP used more realistic figures based on utilization rates, such as the ones used in the ACE rule, Obama era regulators would have more accurately calculated the greater impact on the American public and manufacturers.

Also, by reigning in unnecessary NSR permitting requirements, utilities will be able to modernize without having to pass on excessive regulatory costs to its consumers. Besides the financial burden placed on EGUs trying to improve efficiency, increased regulatory costs have broader impacts on communities like increased electricity prices, job losses, and facility shutdowns.

In conclusion, the CPP did not accurately reflect the present state of electricity supply or consumption. It would have placed significant burdens on the nation’s economy with little benefit to the global environment. Thus, NADCA supports the EPA’s determination to replace the CPP with the ACE rule. Thank you for your consideration of these comments and we look forward to working with you to strengthen the environment without imposing unnecessary regulations on manufacturing in America.

Sincerely

[Signature]

Stephen P. Udvardy
President
North American Die Casting Association