TESTIMONY OF

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ON BEHALF OF

THE NATIONAL MINING ASSOCIATION

BEFORE THE

MISSOURI PUBLIC SERVICE COMMISSION

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Good afternoon. I appreciate the opportunity to participate in this workshop today.
My name is Terry Jarrett, and today I am appearing on behalf of the National Mining Association, or NMA. It is a national trade organization that represents the interests of mining in the United States.

I want to touch briefly on the cost of compliance with the Clean Power Plan final rule. Following the release of the final rule, the National Mining Association commissioned Energy Ventures Analysis (EVA) to quantify the costs of the CPP to energy consumers – specifically, the costs residential, commercial and industrial users would incur as well as the capital investment required to meet future electricity demand under the CPP.

This analysis found that the impacts of the rule on electricity costs will be significant, with consumers paying an additional $214 billion for electricity between 2022 and 2030 compared to the same period without the CPP. The CPP cost premium begins in 2022 at $15 billion. Forty-six states will face double digit increases in wholesale electricity cost when the CPP is fully implemented in 2030, with 16 states projected to experience a 25+ percent increase. For Missouri, the study shows a 26.2% increase. The analysis also examines the often-concealed, but still necessary, costs of replacing lower-cost power generation prematurely retired due to the CPP. A summary of the methodology can be found in the Appendix of the Report, which I am providing today for the record in this workshop.

EVA's analysis projects the CPP will cause the closure of 41 GW of coal-based generating capacity, with some plants closing after 2022 as the rule becomes stricter. The 41 GW lost is enough capacity to serve about 24 million homes, or nearly three times the needs of Texas. The CPP is expected to displace 40 percent of total coal generation.

The CPP will impose an additional cost on consumers that is often overlooked: the price of major capital investments necessary to meet the emission targets set by EPA. These investments – for transmission and energy infrastructure – will ultimately figure into the economics of every state and every consumer's utility bill. In short, when an electric utility makes the investment to build new generating capacity and the required infrastructure to replace operating plants, those costs in most every scenario are eventually passed along to the consumer.

EVA estimates that cumulative costs for new generation capacity associated with compliance nationally will reach just over $64 billion by 2030. This major capital investment will be required as operational power plants are forced to retire prematurely in order to meet the strict emissions targets – and timeline – set by the CPP. The substantial replacement cost will, of course, be passed through to consumers.

To sum up, the analysis shows that, whatever benefits EPA claims, the financial impact of the CPP for all consumers of electricity will be significant and should be carefully weighed as states consider how to proceed.

Thank you again for the opportunity to participate in this workshop.