



The Honorable Lisa Jackson, Administrator
U.S. Environmental Protection Agency
Ariel Rios Building, Mail Code: 1101A
1200 Pennsylvania Avenue, NW
Washington, DC 20460

September 30, 2010

RE: Opposition to proposed Federal Implementation Plan to Reduce Interstate Transport of Fine Particulate Matter and Ozone -“Transport Rule”

Docket ID No.EPA-HQ-OAR-2009-0491

Dear Administrator Jackson:

On behalf of the Kentucky Chamber of Commerce and our 2700 member companies located throughout the state, we write to comment on EPA’s Notice of Proposed Rulemaking Federal Implementation Plans to Reduce Interstate Transport of Fine Particulate Matter and Ozone (Transport Rule) docket number ID No. EPA-HQ-OAR-2009-0491.

The Kentucky Chamber feels strongly the proposed Transport Rule is based on outdated and inaccurate data, proposes unrealistic time frames for achieving reductions and ignores significant constraints on how reductions can be achieved. The Kentucky Chamber feels it is simply not possible to design, permit, fabricate and install the equipment necessary to meet the new requirements within the timelines in the proposal, particularly considering how long it will take to finalize the rule and the limited amount of emissions trading that will be permitted.

Additionally, EPA’s analysis of the proposed rule includes emissions control equipment that is not currently installed, and therefore inaccurately minimizes the number of retrofits and the cost of achieving the additional emission reduction levels.

Kentucky is proud to be the fifth leading producer of energy in the country – driving significant manufacturing in our state including automotive production and aluminum. We feel that EPA grossly underestimates the cost of compliance and overestimates the economic viability of many of the plants that EPA assumes will continue to operate. The EPA proposal is based on data that does not take into account the significant improvements in air quality that have occurred in the last five years because of compliance with CAIR, which is still in effect.

We feel strongly the implementation of the transport rule without additional scientific and economic analysis, research and development will result in significant cost increases for business and consumers. In addition, these costs may cause some plants to close or significantly reduce production, threatening electricity reliability and significantly affecting local economies through reduction in payroll taxes and employment numbers. This rule will jeopardize plant expansions for multinational corporations that are currently located in the United States because they will move their operations to countries with less restrictive air quality requirements. Increased energy costs and decreased electric reliability will have a

significant adverse impact on all sectors of the business community and could potentially force Kentucky businesses to relocate out of the country.

Specific Comments:

- The deadlines in the Transport Rule provide no practical way for power companies to install any needed pollution control equipment or for the states to develop their own state implementation plans (SIPs). SIPs have always been a cornerstone for compliance and enforcement of the Clean Air Act.
- Coal plant emissions can continue to be reduced in a realistic, more cost-effective manner through multi-pollutant legislation that achieves equivalent environmental benefits without threatening the economic viability of our communities or the reliability of our power system.
- Combined with other EPA regulations, the Transport Rule will likely mean the early retirement of eastern coal-fueled generation, resulting in the premature loss jobs and hundreds of millions of dollars in wages and taxes annually that today support communities where well-paid jobs are scarce.
- Companies have already taken steps to comply with CAIR and that makes the Transport Rule premature. The EPA should determine the full impact of CAIR compliance before proposing new rules.

We strongly urge you to delay the Transport Rule until you and the regulated community can analyze the latest modeling based on CAIR compliance. We urge EPA to extend the compliance deadline to allow companies time to install needed retrofits and to allow states to develop their own implementation plans.

Sincerely,

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cc: Rahm Emanuel, White House Chief of Staff
Larry Summers, Director, National Economic Council
State Congressional Delegation