Climate change

US business split on clean power plan

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APRIL 5, 2016 by: Ed Crooks in New York

US companies have lined up on opposing sides over President Barack Obama's Clean Power Plan, the centrepiece of his climate policy.

Apple, Google, other technology companies and some utilities have weighed into the court case over the plan in support of the administration's policy, while coal producers and local electricity companies have opposed it.

The division reflects a divide in the country over the policy, which is opposed by most Republican politicians but supported by most Democrats.

The Clean Power Plan is intended to cut carbon dioxide from US electricity generation by 32 per cent from 2005 levels by 2030. It is the most important single policy for the Obama administration's international commitment, made for the Paris climate talks last year, to cut greenhouse gas emissions by 26-28 per cent from 2005 levels by 2025.

In the absence of legislation to mandate emissions reductions, which would have no chance of passing in the Republican-dominated Congress, the administration has proposed regulations to make electricity companies invest more in low-carbon energy sources such as wind and solar, and to improve efficiency.

However, 27 mostly Republican-controlled states, led by West Virginia, have filed a law suit seeking to block the implementation of the regulations, arguing that the administration is trying to exceed its powers to control pollution under the 1970 Clean Air Act.

The states and the business groups that are supporting them won a significant victory in February, when the US Supreme Court ordered a halt to implementation of the plan until it had been fully considered by the courts.

The Supreme Court has not yet taken any view on the substantive issue of the legality of the plan, however. That question is still with the District of Columbia appeals court, where the Environmental Protection Agency, the US regulator, and the states will put their cases at a hearing on June 2.

More than a dozen business groups, representing industries including oil refining, cement production and chemicals, have backed the states' challenge to the EPA.

The US Chamber of Commerce, which has been leading the business opposition, has argued that the plan is "an unprecedented takeover of the electricity sector", which is "already causing irreparable harm to businesses and communities across the country".

Peabody Energy, the largest US coal producer, and organisations representing the mining industry have also intervened in the case in support of the states, as has a group of local electricity co-operatives.

> **[The Clean Power Plan] is already causing irreparable harm to businesses and communities across the country**
>
> **US CHAMBER OF COMMERCE**

However, several US companies have filed what are known as "amicus briefs" to the court, in support of the EPA's position. These are arguments from companies that are not directly involved in the case, but have an interest in the outcome.

In a joint submission, Amazon, Google, Apple and Microsoft said that they were "uniquely positioned" to give a view on the case, as some of the largest purchasers of power in the US who had committed to taking a significant proportion of that electricity from renewable sources.

They said they planned to use more renewable electricity because "delaying action on climate change will be costly in economic and human terms, while accelerating the transition to a low-carbon economy will produce multiple benefits".

They added that they believed the Clean Power Plan's requirements for increased use of renewable energy were achievable and economically viable, with the cost of electricity from wind and solar power falling sharply.

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Similar arguments in support of the EPA's case were made by a group of electricity utilities including Calpine, National Grid and Pacific Gas & Electric. They argued that the Clean Power

Plan was a lawful way to cut emissions, and would not jeopardise the reliability of US electricity supplies.

A third brief, from Ikea, Mars, Adobe and Blue Cross and Blue Shield health insurance, argued that their businesses would be harmed if emissions from power generation in the US were not cut.

Rob Olson, the US chief financial officer for Ikea, which has been developing wind and solar power, said: "Climate change is one of the most significant challenges we face, [and] we look at renewables as an opportunity to hedge our energy costs."

The divisions within US business mean that some industry associations have refrained from intervening in the case.

The Edison Electric Institute, which represents US power companies, has not taken a view on either side. Nor has the American Petroleum Institute, the oil and gas industry group, intervened in the court case, even though last year it argued that the regulations would "harm American workers and those struggling to pay for energy". Gas producers could benefit from regulations to cut emissions, because gas emits less carbon dioxide than coal when burnt to generate power.