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What Planned Carbon Regulations Mean For Texas

by [Neena Satija](#) and [Jim Malewitz](#) | June 3, 2014 | [9 Comments](#)



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photo by: Tom Pennington

Steam rises from the stacks at the Martin Lake coal-fired power plant in Tatum, Texas.

On Monday, President Obama [outlined a proposal](#) to dramatically slash carbon dioxide emissions from the nation's existing power plants in the coming

decades. The plan, to be overseen by the U.S. Environmental Protection Agency, represents the Obama administration's most ambitious effort to address the impacts of climate change.

The controversial plan will have a huge impact on Texas. Here's a look at why Texas will figure prominently and what it means for state policy:

Texas is the top carbon dioxide emitter in the country. In 2011, Texas emitted a whopping 656 million metric tons of carbon dioxide — nearly twice as much as

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California, the second-highest state on the list. Texas' carbon emissions accounted for about 12 percent of the nation's total. (It's worth noting, though, that Texas is a big state with a big population. **Per capita**, Texas spews out a lot less carbon dioxide than many sparsely populated states, including Wyoming, North Dakota and Alaska).

Power plants, which make up a big chunk of Texas' carbon footprint, must significantly reduce their emissions. To be more specific, power plants emit about 40 percent of the state's carbon dioxide, and Texas generates more electricity than **any other state**. And a large portion of that electricity comes from coal plants, which produce far more greenhouse gases and traditional air pollutants than plants run with natural gas or renewable sources.

Texas will have to make more drastic reductions in carbon emissions from its power plants than many other states, according to the current proposal. Right now, for every megawatt-hour of electricity Texas produces, its coal and gas-fired power plants emit about **1,284** pounds of carbon dioxide. (More than 30 other states emit more carbon per megawatt-hour than Texas.) The EPA proposes that Texas reduce that ratio to 791 by 2030, or a 38 percent reduction. Thirteen other states have to make bigger percentage reductions than Texas, including Washington, Oregon and New York.



The EPA says it will give states broad flexibility to achieve those goals. The states can make coal plants more efficient, replace coal-fired power production with natural gas, use more renewable energy sources like solar and wind, or increase energy efficiency. States could also join together in a carbon-trading program, although it is highly unlikely Texas would opt for such a strategy.

Texas officials and politicians have long refused to regulate greenhouse gases. Many Texas politicians question the science of climate change and say that gases like carbon dioxide should not be regulated without the explicit authority of Congress. Environmental advocates and the Obama administration disagree, pointing out that the Supreme Court

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ordered the EPA to regulate greenhouse gases in 2007 and that the Clean Air Act gives the government enough authority as it is. That question has long been the source of expensive litigation and will probably continue to be, though Supreme Court justices have so far sided with the EPA.

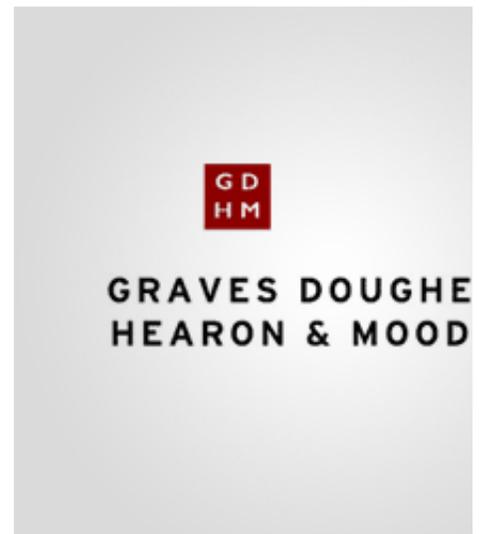
Not only has Texas Attorney General Greg Abbott sued the EPA over several major climate regulations, but state environmental regulators also ignored new rules requiring greenhouse gas permits that the EPA announced in 2010. (They have since grudgingly agreed to follow those rules, because major industrial companies can't build new facilities without those permits. The U.S. Supreme Court will soon rule on the legality of such permits, which Texas challenged.)

In rapidly growing Texas, questions often swirl about long-term electric reliability, and any power plant retirements would not help that cause. Texas lawmakers, including Gov. Rick Perry and 29 members of the state's congressional delegation — including some Democrats — have criticized the proposal, saying it will raise electricity rates, eliminate jobs and threaten Texans' power supplies. Though some coal plants will probably adapt to the new requirements, others may opt to close.

The EPA says the power industry could spend up to \$8.8 billion annually by 2030 to comply with the rules, and that doesn't include monitoring, reporting or record-keeping. But, it adds, that's less than 5 percent of the total projected annual spending by the industry in 2030. The EPA also estimates that electricity prices would rise between 3 and 6 percent by 2020 under the proposed rules, but Americans' electricity bills would actually decrease by 2025 because of energy efficiency measures.

Still, it will be years before the rules take effect, and Texas' power sector will have lots of time to prepare. After months of public comment and likely revisions, the EPA estimates that states will have to come up with plans by 2016, at the earliest, to reduce power plant emissions. And the move shouldn't hit Texas as hard as more coal-dependent states — particularly those in the Midwest.

That's because Texas already has a diverse energy portfolio. In 2013, natural gas (41 percent) outpaced coal (37 percent) in powering the electric grid covering most of the state, according to the Electric Reliability Council of Texas. Meanwhile, the state's wind sector (10 percent) is booming, thanks in large part



to [multibillion-dollar investments](#) in infrastructure under Perry, while shifting economics has increased interest in Texas' [long-untapped solar power potential](#).

In some ways, Texas' economy will benefit from the regulations. The new rules will probably accelerate the nation's shift from coal to natural gas — something Texas produces in abundance.

“I think these carbon regulations are going to make Texas pretty rich,” said Michael Webber, deputy director of the Energy Institute at the University of Texas at Austin. “All of a sudden, we've got more customers for the stuff we're selling.”

The regulations will also spur demand for innovations to help surviving power plants reduce emissions, potentially bringing energy efficiency firms to the state, Webber said, while creating room for further wind and solar growth.

But there are sure to be legal challenges to the rules that could strike them down or delay them significantly, and Texas is almost certain to be a part of that effort. Dozens of national and state industry coalitions and conservative politicians condemned Obama's proposal on Monday, promising to fight it. Abbott was among them, [blasting the rules](#) as “job-killing.” He vowed in a statement to “continue fighting to protect jobs for those in the energy industry and the thousands of women and men who work in service and hospitality jobs that support energy workers.”

Perry, meanwhile, called the EPA plan the “most direct assault yet on the energy providers that employ thousands of Americans, and fuel both our homes and our nation's economic growth.”

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