

## Supreme Court strikes down EPA's emission policy

Yesterday, the Supreme Court rejected the rulings of the Environmental Protection Agency (EPA) requiring power plants to cut mercury emissions. The EPA says that power plants are the single-largest source of US emissions of mercury. The EPA adopted these rules in 2012, but they were just now going into effect. The Court ruled that the EPA must reconsider the mercury rules because it didn't take into account industry costs before deciding to adopt the rules.

To comply with the EPA regulations, power producers would have needed to install high-tech scrubbers to remove the pollutants. Some

producers have already installed this equipment or shut down coal plants in anticipation of the ruling.

The EPA later estimated that the ruling would cost industrial and residential electric consumers \$9.6 billion a year to comply. Though *direct* benefits of the new policy would only amount to \$4 to \$6 million annually, the EPA had estimated *indirect* benefits of \$37 to \$90 billion per year. The EPA's large indirect estimates were deemed to be unreasonable.

But the issue is not necessarily dead. The EPA can submit new policies in the future, but it must take costs into consideration. The primary impact of the Court's ruling will be to

provide political headwinds for the EPA's climate rules, which are expected to face a barrage of legal challenges.

Bottom line: the Court's ruling will eliminate or delay the industry's increased costs to comply with the Obama administration's cleaner air standards. As such, the industry will not face increased costs over the near term to comply with the EPA regulations, helping keep power prices low. The decision could also give utilities that have mothballed older coal-fired plants the flexibility to bring them back on-line.