



MANUFACTURE
Alabama

March 3, 2011

Dr. Holly Stallworth
Designated Federal Office
Science Advisory Board
U.S. Environmental Protection Agency
1300 Pennsylvania Avenue, NW
Washington, DC 20004

RE: RECONSIDERATION OF NATIONAL AMBIENT AIR QUALITY STANDARDS FOR OZONE

Dear Dr. Stallworth:

On behalf of Manufacture Alabama, we are writing to you to reiterate our concerns regarding Environmental Protection Agency's (EPA) Reconsideration of the National Ambient Air Quality Standards (NAAQS) for ground-level ozone.

Manufacture Alabama is Alabama's only trade association representing exclusively the competitive, legislative and related interests of manufacturers. Manufacture Alabama represents hundreds of companies in a wide range of industries including chemical, pulp and paper, shipbuilding, and steel. Our members share common interests and goals and face common competitive challenges in today's tough global marketplace. Some of our members are among the nation's largest, most recognized corporations. Many are mid-sized or small family-owned manufacturers or manufacturing suppliers and vendors. All of them are vital parts of a manufacturing base crucial to Alabama's and the nation's economy and job base.

Changes to the NAAQS for ozone under the Clean Air Act (CAA) will directly impact the operation of manufacturers, power plants and other sources of energy. Of particular concern, is the lowering of the current 8-hour NAAQS for ozone from 75 parts per billion (ppb) to the proposed 60 to 70 ppb. A recent study conducted by the Manufacturers Alliance/MAPI concluded that EPA's proposed ozone standards will result in 7.3 million job losses by 2020 if the EPA moves forward with a 60 parts per billion (ppb) primary standard. *Economic Implications of EPA's Proposed Ozone Standard (ER-707)*, Donald A. Norman, Ph.D., (Manufacturers Alliance/MAPI economist). In addition, the study concluded that lowering the standard would result in the annual attainment cost to be \$ 1.013 trillion between 2020 and 2030 (in 2010 dollars). This is equivalent to 5.4 percent of projected constant dollar gross domestic product (GDP) in 2020.

Given the heavy job loss potential this policy could result in and the absence of any new scientific data, we strongly believe changing the current NAAQS standard outside of the ongoing five year review

The Honorable Holly Stallworth

March 3, 2011

Page 2

process is unnecessary and will exacerbate efforts to move our country's economy out of the Great Recession. For the reasons stated below, we urge the EPA to preserve the current 8-hour ozone standard.

EPA has broad policy discretion to establish air quality standards, but the CAA defines the required legal framework through which it may set these standards. After development of "air quality criteria" documents and review by the Clean Air Act Science Advisory Committee (CASAC) - the CAA requires the Administrator to exercise her policy judgment to establish national primary air quality standards requisite **to protect the public health with an adequate margin of safety**. See 42 U.S.C. Secs. 7408(a)(2) (requiring development of criteria documents), 7409(b)(1) (defining level of protection required by standards), and 7409(d)(2) (requiring review by CASAC). This means that EPA must set the NAAQS at the level that is "sufficient but not more than necessary" to protect public health. *Whitman v. American Trucking Ass'n*, 531 U.S. 457, 473 (2001).

Manufacture Alabama opposes any emissions regulations that would impose more compliance costs on manufacturers, especially when those regulations do not demonstrate tangible environmental or health benefits through thorough scientific study. The current 8-hour ozone standard is fulfilling EPA's duty to protect the environment and public health. EPA's own data demonstrates that ambient air quality is improving significantly even when our economy grows. Between 1980 and 2008, total emissions of the six principal air pollutants dropped by 54 percent. (See <http://www.epa.gov/airtrends/aqtrends.html>) Measured ambient concentrations of ozone have dropped 25% since 1980. (See <http://www.epa.gov/airtrends/aqtrends.html>). During this same time period, our nation's gross domestic product increased 126 percent, vehicle miles traveled increased 91 percent, energy consumption increased 29 percent, and the U.S. population grew by 34 percent.

EPA's action to tighten the current ozone standard would unnecessarily result in many areas of Alabama and across the nation being designated as non-attainment areas. If the current ozone standard of 75 ppb is revised to 60 ppb, the number of counties designated as non-attainment areas would increase from 75 monitored counties to 650 monitored counties, out of a total of 675 monitored counties. Being designated as a non-attainment area adversely impacts communities, making it more difficult to attract and retain industry and sustain economic growth and vitality. For manufacturers, being located in a non-attainment area results in increased operating costs, permitting delays, and restrictions on expansions, which increases time needed to bring improved products to markets. Furthermore, facilities located in counties designated as in "severe" or "extreme" non-attainment will face significant Section 185 fees for circumstances beyond their control, even though many of these facilities have already spent many millions of dollars to reduce emissions and be in compliance with the current NAAQS.

Manufacture Alabama believes that new non-attainment area designations will hurt both large and small manufacturers and prevent expansion and growth in many urban, suburban, and rural counties, hindering their ability to create jobs. Our nation is suffering through the most severe recession since the 1930s. Manufacturers have lost more than 2.1 million high-wage jobs across the nation. Economic recovery will not be swift and individual States will not recover from the economic downturn at the same pace. It is unfairly burdensome to impose a new ozone standard when states are facing serious budgetary and financial issues and businesses and industries are laboring to remain open. A tighter and more costly ozone standard would result in increased state and local taxes, higher consumer prices and a significant increase in the cost of doing business at a time when the American economy is struggling to recover from this significant recession. Manufacturers may be forced to relocate out of non-attainment areas, or

The Honorable Holly Stallworth

March 3, 2011

Page 3

relocate overseas to countries with less strict environmental regulations simply because they cannot afford to operate under extreme financial conditions in the United States. Widespread leakage would competitively disadvantage America and significantly impede economic recovery.

New standards will also operate as an energy tax. The manufacturing sector uses about one-third of the nation's energy, including one-third of its natural gas and almost 30 percent of its electricity. Compliance with regulations promulgated pursuant to the CAA such as the ozone NAAQS, among others, comprise a large percentage of energy and electricity costs for American manufacturers and consumers. The EPA estimates that the cost of a new ozone standard could reach \$90 billion. As of 2007 - prior to the onset of the great recession - the U.S. spent more than \$180 billion on all CAA programs. A more stringent ozone standard could cost industry approximately \$22 billion in additional annual compliance costs, further undermining competitiveness and diverting resources from investments in technological innovation.

For the above stated reasons and in the interest of improving the environment and the economy, we urge you to maintain the current 8-hour ozone standard and allow businesses to continue their current efforts to protect the environment.

Sincerely,

Blake Hale Hardwich
Director of Public Relations &
External Affairs
Manufacture Alabama