



**Statement of the American Chemistry Council on
Joint Hearing of the House Energy and Power Subcommittee and the
House Subcommittee on Commerce, Manufacturing, and Trade,
“EPA’s Proposed Ozone Rule: Potential Impacts on Manufacturing”**

June 16, 2015

Thank you, Chairman Whitfield and Chairman Burgess, for holding such a critical hearing today focusing on EPA’s proposed ozone standard. The American Chemistry Council (ACC) is pleased to offer this statement for the record of the hearing. ACC¹ represents the leading companies engaged in the business of chemistry. We apply the science of chemistry to create innovative products and services that make people’s lives better, healthier, and safer. The U.S. chemical industry is a key element of the economy, providing 793,000 skilled, good-paying jobs across the country. We are among the nation’s largest exporters and investors in research and development. Our advanced materials and technologies include many that help save energy and reduce greenhouse gas emissions.

ACC is opposed to EPA’s proposal to lower the ozone National Ambient Air Quality Standard (NAAQS).

EPA Administrator Has Discretion to Set the Standard

In setting the 2008 ozone standard, EPA Administrator Stephen Johnson said CASAC’s recommendation appeared to be based on “a mixture of scientific and policy considerations,” noting that he was “in general agreement with CASAC’s views concerning the interpretation of the scientific evidence. The Administrator also note[d] that *there is no bright line clearly directing the choice of level and the choice of what is appropriate is clearly a public health policy judgment entrusted to the Administrator.*”² Given the discretion afforded him under the Clean Air Act, Administrator Johnson set the standard at 0.075 ppm.

¹ ACC members apply the science of chemistry to make innovative products and services that make people's lives better, healthier and safer. ACC is committed to improved environmental, health and safety performance through Responsible Care®, common sense advocacy designed to address major public policy issues, and health and environmental research and product testing. The business of chemistry is an \$812 billion enterprise and a key element of the nation's economy. It is the nation’s largest exporter, accounting for twelve percent of all U.S. exports. Chemistry companies are among the largest investors in research and development. Safety and security have always been primary concerns of ACC members, and they have intensified their efforts, working closely with government agencies to improve security and to defend against any threat to the nation’s critical infrastructure.

² pp. 16482-83, *Federal Register Volume 73, Number 60, March 27, 2008, National Ambient Air Quality Standards for Ozone, Final Rule*, emphasis added



The Health Science Evidence Does Not Support Lowering the Standard

ACC believes in appropriately peer-reviewed sound science. We do not believe the scientific evidence supports a lowering of the standard. EPA's existing ozone standard of 0.075 ppm, through a series of significant emission control programs, will continue to provide ample protection of public health. Moreover, there are numerous questions about the science being used to justify a lower standard: Some recent health studies contain inconsistent or conflicting findings, while others are re-analyses of previous studies that rely on outdated information.

U.S. Air Quality Continues to Improve

The nation's air quality has significantly improved and continues to improve with new voluntary and regulatory programs already in place or being implemented. According to EPA, total emissions of the six principal criteria air pollutants fell by 62 percent between 1980 and 2013, with ozone concentrations falling by 33 percent over the same time frame.

Voluntary and regulatory emission reduction programs will continue to yield benefits for decades to come. Over the next twenty years, cleaner fuel rules and utility regulations are expected to produce large air quality improvements. Current emission reduction programs will continue to reduce ozone concentrations through 2030.

ACC Member Company Contributions to Cleaner Air

ACC members understand and value the importance of clean air, and we support protecting public health and the environment. Our commitment is reflected in our significant and continued progress in reducing emissions. Since 1990, ACC member companies and the broader business of chemistry have reduced nitrogen oxides by 70%, sulfur dioxide by 58%, volatile organic compounds by 87% and fine particulate emissions by 65%. These results are due to a combination of voluntary member company initiatives, such as Responsible Care[®], and regulatory programs.

ACC member companies make a wide range of solutions, such as plastics and insulation products, which help save energy in vehicles, homes, and businesses. The energy savings result in lower emissions of greenhouse gases and ozone precursors such as NO_x.



A Lower Standard Could Stall Manufacturing Growth

The shale gas revolution is driving a historic expansion in American chemistry. More than \$142 billion in new chemical industry investment is planned or underway, thanks to plentiful and affordable supplies of natural gas and natural gas liquids. Fully 60 percent is foreign direct investment. The 231 projects – new plants, expansions, and factory restarts – could create and support over 650,000 jobs by 2023. They will also generate increased GDP, tax revenue, and access to innovative new products.

A lower ozone standard could impede manufacturing growth in many areas of the country. On November 26, 2014, EPA proposed a more stringent standard of between 0.065 and 0.070 ppm. Much of the U.S. will be unable to meet a lower NAAQS. Manufacturing growth could slow or stop in states that find themselves in non-compliance, since facilities located in “nonattainment” areas face burdensome and extensive regulatory requirements. These rules make investment projects far more costly and complex.

To safeguard the significant planned investment in chemical manufacturing in the United States, and to ensure that the industry can create the jobs and products that foster economic growth, we need regulatory policies that do not impose unnecessary barriers to growth in our sector. EPA’s proposal to lower the ozone NAAQS will impose significant burdens and hurdles on new investment.

Communities and Industry in “Nonattainment” Areas Face Significant Challenges

Currently, 222 counties covering a population of over 120 million people are classified in nonattainment with the 0.075 ppm standard. If EPA revises the standard to the lower end of the proposed range, we estimate that more than 2000 counties – urban and rural – would be in nonattainment, based on the 2011-2013 design values and modeling.

Communities designated “nonattainment” have a hard time attracting and retaining industry and sustaining economic activity and growth. Industry located in a nonattainment area face increased operating costs, permitting delays, and restrictions on building or expanding facilities. These challenges increase the “time to market” for innovative new products.

New facilities and expansions in nonattainment areas cannot proceed until emissions are offset. Offsets are not always readily available, and increase in price as they become scarce. For example, offset prices in the Houston-Galveston-Brazoria nonattainment area are more than \$200,000/ton for NO_x and \$300,000/ton for VOC. Offset prices in southern California nonattainment areas are approaching \$125,000/ton of NO_x.



Even facilities that are not expanding can experience the burdens of operating in a nonattainment area. For example, in the Houston area, which is in nonattainment with the current standard, existing facilities are subject to additional controls under the Highly Reactive VOC (HRVOC) rule. Combustion units, such as boilers and ethylene crackers, must install costly SCR's and low-NOx burners. They may also lose federal highway and transit funding, as federal projects must conform with State Implementation Plans (SIPs) in order to proceed. Furthermore, facilities located in counties designated as in "severe" or "extreme" nonattainment will face significant Section 185 fees for emissions in their area, even though many of these facilities have already spent many millions of dollars to reduce emissions.

A Better Path Forward

The current ozone standard of 0.075 ppm is the most stringent ever and has not been fully implemented across the United States. EPA and states should focus on fully implementing and attaining the existing standard before contemplating a lower standard – an approach that will continue to provide necessary health protection. As the science develops further, EPA will have the opportunity to determine whether any additional actions might be warranted in the future.

