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New Report Finds Investments to Clean and Modernize U.S. Power Plants Will Create Significant U.S. Job Growth

1.4 Million New Jobs Associated with Installing Pollution Controls and Building New Power Plants

WASHINGTON, DC (February 8, 2011) – Air pollution rules being proposed by the Environmental Protection Agency (EPA) for the electric power sector will provide economic benefits and jobs across much of the United States, concentrated especially in the next five years, according to a new report from Ceres announced today at the 2011 Good Jobs, Green Jobs National Conference.

The report, “New Jobs–Cleaner Air: Employment Effects under Planned Changes to EPA’s Air Pollution Rules,” prepared by Dr. James Heintz of the Political Economy Research Institute at the University of Massachusetts, Amherst, details the jobs created through investments in pollution controls, new plant construction, and the retirement of older, less efficient coal plants as the country transitions to a cleaner, modernized generation fleet under new EPA clean air standards.

Among the report’s key findings:

- Based on recent estimates that the power sector will invest almost \$200 billion total in capital improvements over the next five years, total employment created by these capital investments is estimated at **1.46 million jobs, or about 290,000 jobs on average in each of the next five years.**
- Installing modern pollution controls and building new power plants creates a wide array of **skilled, high-paying installation, construction and professional jobs**, as well as jobs at companies that manufacture pollution controls and other required construction/maintenance equipment.
- Among the states that will see the biggest job gains from this construction activity are **Virginia, Tennessee, Illinois, North Carolina and Indiana.**

“Americans can expect significant economic gains from implementing these new EPA rules in the form of highly-skilled, well-paying jobs that will help us clean up and modernize the nation’s power plant fleet,” said Mindy S. Lubber, president of Ceres.

“Hundreds of thousands of new jobs will be created in each of the next five years – a welcome boost as the country recovers from a severe economic downturn.”

“Given the state of the economy, many are concerned about the new air pollution regulations’ impact on jobs. Our research demonstrates that robust employment growth will take place alongside efforts to reduce harmful emissions,” said Dr. James Heintz, PERI’s Associate Director and Assistant Research Professor. “The Eastern and Midwestern states we studied will experience a net gain of jobs, once all investments in pollution control and new generation capacity are completed. We need to move beyond the outdated idea that environmental protection compromises the ongoing growth of our economy.”

The new report evaluates job impacts under two Clean Air Act rules expected to be finalized in 2011: the Clean Air Transport Rule, focused on sulfur dioxide and nitrogen oxide emissions from 31 targeted states in the East and Midwest; and the Utility MACT rule which, for the first time, will set limits on hazardous air pollutants such as mercury, arsenic, lead and hydrochloric acid.

The study finds that installation, design and construction of pollution controls and construction of new generation capacity will create a majority of the jobs in the five-year period through 2015. The estimated 1.46 million “job years” (each job year representing a single job that lasts for one year) include both direct jobs, such as engineers, electricians, boilermakers and others directly involved with plant construction and installation of pollution controls, and indirect jobs at companies that manufacture and create pollution controls and other necessary equipment for construction and maintenance of power plants.

The study also finds that permanent operation and maintenance (O&M) jobs associated with pollution control installations and new generation construction will be created in all states. Although some O&M jobs will be lost because of projected retirement of older, less efficient coal plants, these losses will be offset by new O&M jobs, resulting in an approximately 4,200 net job gain across the 36 states studied.

Recent studies find that about 35 gigawatts of coal-fired generation could be retired in the Eastern Interconnection by 2015. Many of these plants are already economically challenged by sustained low natural gas prices and reduced electricity demand and most likely would be retired even without the proposed EPA rules.

“Now is the time to give Americans the clean, healthy air they deserve by putting American workers back on the job modernizing our electric generating fleet,” said David Foerter, executive director of the Institute of Clean Air Companies, a network of nearly 100 companies that make pollution monitoring and control technology equipment, who spoke at today’s press conference in Washington. “The design and construction of pollution controls require engineers, skilled craft labor such as boilermakers, and create upstream and downstream employment and economic benefits for a variety of industries and the communities where they are located.”

This analysis considers only employment-related impacts from the EPA rules. The new clean air standards will yield numerous other economic benefits, including better public health from cleaner air, and increased competitiveness from developing new

clean technologies. Increased employment in the near future will also benefit severely stressed state budgets through increased payroll taxes and reduced unemployment benefits costs.

The EPA has already demonstrated how beneficial the proposed Clean Air Transport Rule – alone – will be to the economy. According to the EPA, the proposed rule will yield more than \$120 to \$290 billion in annual health and welfare benefits in 2014, including the value of avoiding 14,000 to 36,000 premature deaths.

To download a copy of the report, visit <http://www.ceres.org/epajobsreport>.

About Ceres

Ceres is a leading coalition of investors, environmental groups and other public interest organizations working with companies to address sustainability challenges such as global climate change. Ceres also directs the Investor Network on Climate Risk (INCR), a network of 98 investors with \$9.5 trillion of collective assets focused on the business impacts of climate change. www.ceres.org

About PERI

The Political Economy Research Institute (PERI) is an economic policy research organization closely affiliated with the University of Massachusetts, Amherst. PERI conducts academic research that is directly engaged with crucial economic policy issues, and that has a strong commitment to egalitarian values. PERI aims, as the late Robert Heilbroner once wrote, to use economics as “the means by which we strive to make a workable science out of morality.” PERI has a few broad, and intersecting, areas of specialty: macroeconomics, financial markets and globalization; labor markets (especially low-wage work, both in the U.S. and globally); economic development (with a particular focus on Africa); the economics of peace; and environmental economics. www.peri.umass.edu