



**EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503**

March 14, 2016  
(House Rules)

**STATEMENT OF ADMINISTRATION POLICY**  
**H.R. 3797 – Satisfying Energy Needs and Saving the Environment (SENSE) Act**  
(Rep. Rothfus, R-PA, and six cosponsors)

The Administration strongly opposes H.R. 3797, which would threaten the health of Americans by requiring changes to the Environmental Protection Agency's (EPA) Cross-State Air Pollution Rule (CSAPR) and the Mercury and Air Toxics Standards (MATS) for electric generating units (EGUs) that use coal refuse as their main fuel source. Specifically, H.R. 3797 would restrict the market-based approach currently used to allocate sulfur dioxide emission allowances issued under the CSAPR, thereby raising the costs of achieving the pollution reduction required by the rule. The bill also would undermine the emissions limits for hazardous acid gases from those established under the MATS, leading to increased health and environmental impacts from increased emissions of hydrogen chloride, hydrogen fluoride, other harmful acid gases, and sulfur dioxide.

CSAPR and MATS protect the health of millions of Americans by requiring the reduction of harmful power plant emissions, including air toxics and emissions that contribute to smog and fine particle pollution. The pollution reductions from CSAPR and MATS will prevent thousands of premature deaths, asthma attacks, and heart attacks. An important feature of the CSAPR is its trading program which allows power plants to meet emission budgets in different ways, including by trading emissions allowances between emission sources within a State and some trading across States. This market-based approach reduces the cost of compliance while ensuring reductions in air pollution for citizens across the CSAPR region.

H.R. 3797 would create an uneven playing field by picking winners and losers in CSAPR compliance. The bill establishes a special market of CSAPR allowances for EGUs that burn coal refuse and prohibits the trading of allowances allocated to coal refuse EGUs, which would interfere with and manipulate market conditions. By doing so, H.R. 3797 would: (1) economically advantage coal refuse EGUs over other EGUs by giving them allowances that would otherwise have been allocated to others; (2) reduce compliance choices for other State units; and (3) distort the economic incentives of coal refuse EGUs to reduce emissions. Further, the allowances allocated to coal refuse EGUs would be unavailable for use by any other sources, resulting, in the aggregate, in less efficient and more costly CSAPR compliance. Additionally, H.R. 3797 would interfere with existing opportunities under the CSAPR for each State to control the allocation of allowances among its EGUs.

If the President were presented with H.R. 3797, his senior advisors would recommend that he veto the bill.

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