JD VANCE
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United States Senate

WASHINGTON, DC 20510

September 14, 2023

President Joseph R. Biden, Jr.
The White House
1600 Pennsylvania Avenue NW
Washington, DC 20500

The Honorable Michael S. Regan
Administrator
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue NW
Washington, DC 20004

Dear President Biden and Administrator Regan:

I have not been shy about the threat that this administration's climate agenda poses the future of our nation's steel production and industrial base. Your new rules regarding greenhouse gas emissions in the power sector further validate my concerns.

The proposed source performance standard (88 FR 33240) will be unworkable for power plants throughout the country. The Environmental Protection Agency (EPA) cannot cite a single domestic power plant that meets the new standards. But I am especially concerned that EPA has failed to consider fully the impact of the standards to industrial consumers of fossil-fuel generated electricity.

The impact of the rule would be especially hard on a backbone of the nation's industrial base: the steel industry. The country's top two steel producing states of Ohio and Indiana[1] are especially reliant on fossil fuels for electric power generation—80 percent in Ohio and 91 percent in Indiana.[2] When the new standards drive up energy costs and undermine the electric grid, steelmakers in the Heartland and throughout the country will suffer. The steel industry has already warned that the "increased costs, along with potential base load generation and grid reliability issues from the premature closure of fossil fuel-fired power plants, will have a dramatic impact on the viability of steel plants in the Unites States."[3]

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[1] U.S. Geological Survey, "Iron and Steel," Mineral Commodity Summaries (January 2022).
[2] "Total energy production and consumption by state, 2021," U.S. Energy Information Administration, (Accessed September 5, 2023).
[3] "Comments of the American Iron and Steel Institute on 88 FR 33240," American Iron and Steel Institute (August 8, 2023).

My concerns are hardly speculative. Last year's energy crisis in the European Union devastated the region's steelmakers. Rising energy costs, including for electricity, made steel production unprofitable. Several European steel mills were fully or partially idled.[4]

Your administration's aggressive prosecution of climate goals and emissions targets is already greenwashing much of the steel sector to its detriment. Major steelmakers publicize their decarbonization plans and develop investment plans accordingly. U.S. Steel, for example, has embraced a strategy of transitioning to a "less capital and less carbon-intensive business model", citing "decarbonization" as the primary "external megatrend[]" "accelerating" its decision.[5]

But your efforts do not appear to be paying off. Last month, the U.S. Steel's board launched a "review of strategic alternatives" to assess and solicit bids for acquisition.[6] According to the board, shareholders are better served by auctioning the company's assets than investing in long-term steel production. Green steel must not be as profitable in the long-term as you had hoped.

This administration may tout its public subsidies for electric vehicles and investments in infrastructure, but those near-term demand shocks cannot resolve the long-term strain of climate alarmism and unworkable environmental regulations.

I urge to withdraw the proposed rule.

Sincerely,

JD VANCE
United States Senator

[4] Philip Blenkinsop, "Steel makers fear deepening crisis from energy crunch as output halted," Reuters (September 23, 2022).
[5] Edited transcript of Q2 2023 United States Steel Corp Earnings Call, Refinitiv (July 28, 2023).
[6] Press Release, "U.S. Steel Announces Strategic Alternatives Process," U.S. Steel Corporation (August 13, 2023).