#### ORAL ARGUMENT REMOVED FROM CALENDAR

Case No. 15-1381 (and consolidated cases)

# IN THE UNITED STATES COURT OF APPEALS FOR THE DISTRICT OF COLUMBIA CIRCUIT

#### State of North Dakota,

Petitioner,

V.

#### United States Environmental Protection Agency,

Respondent.

On Petition for Review of Final Action of the United States Environmental Protection Agency

Supplemental Brief for State Respondent-Intervenors in Response to the Court's April 28, 2017, Order, by the States of California, Connecticut, Delaware, Hawai'i, Illinois, Iowa, Maine, Maryland, Minnesota, New Mexico, New York, Oregon, Rhode Island, Vermont, and Washington, the Commonwealths of Massachusetts and Virginia, the District of Columbia, and the City of New York

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#### **GLOSSARY OF ABBREVIATIONS**

Carbon Dioxide  $CO_2$ 

Environmental Protection Agency **EPA** 

State Implementation Plan SIP

#### PRELIMINARY STATEMENT

The undersigned Respondent-Intervenor States and Municipalities ("State Intervenors") submit this supplemental brief in response to the Court's April 28, 2017, Order, which (1) granted temporarily, for 60 days, the motion of Respondent U.S. Environmental Protection Agency (EPA) to hold the case in abeyance, and (2) requested briefing from the parties "addressing whether these consolidated cases should be remanded to the agency rather than held in abeyance." (ECF No. 1673072.)

State Intervenors continue to believe that judicial economy and the public interest would be best served by the Court proceeding to decide this case. Petitioners' claims present a live controversy. EPA's Clean Air Act section 111(b) rule limiting carbon dioxide (CO<sub>2</sub>) emissions from new, modified, and reconstructed power plants ("the Rule")<sup>1</sup> has never been stayed, and it continues to govern CO<sub>2</sub> emissions from power plants newly constructed after January 8, 2014, or modified or reconstructed after June

<sup>1</sup> 42 U.S.C. § 7411(b); "Standards of Performance for Greenhouse Gas Emissions from New, Modified, and Reconstructed Stationary Sources:

Electric Utility Generating Units," 80 Fed. Reg. 64,510 (Oct. 23, 2015).

the abeyance.")

18, 2014. Petitioners agree that this Court's case management decisions on the litigation do not alter that fact.<sup>2</sup>

State Intervenors recognize that this case is in a significantly different posture—with respect to both the stage of litigation<sup>3</sup> and the impacts to the environment—from the related litigation over the Clean Power Plan (*West Virginia v. EPA*, D.C. Cir., No. 15-1363). The Rule at issue in this case is in effect, while, in contrast, the Clean Power Plan is currently stayed. Because of this, unlike in the Clean Power Plan case, here State Intervenors see little difference between the environmental impacts of remand as compared to abeyance: the Rule remains in effect in either instance. If the Court chooses not to proceed to the merits of this case, State Intervenors request that the order clarify what effect the Court intends remand or abeyance to have on

<sup>2</sup> Petitioners used the ongoing effectiveness of the Rule to persuade the Court that this case should be held in abeyance. State and Non-State Petitioners' and Petitioner Intervenors' Response in Support of EPA's Motion to Hold Cases in Abeyance, Mar. 30, 2017, (ECF No. 1668604), at 2. ("The Section 111(b) Rule has not been stayed, and thus will remain in effect during the period of the abeyance. Thus, any hardship granting the abeyance would cause would be to the Petitioners who nevertheless support

<sup>&</sup>lt;sup>3</sup> At the time EPA requested abeyance for both of these cases, this case had been fully briefed and the merits panel had already been announced, whereas the Clean Power Plan had been under review by the en banc Court for over seven months after a full day of oral argument.

the litigation of any future EPA actions concerning the Rule, including any attempts by EPA to rescind, revise, or replace it.

#### **ARGUMENT**

## I. THE COURT SHOULD DECIDE THE MERITS OF PETITIONERS' CHALLENGES

State Intervenors urge the Court to decide the merits of Petitioners' fully briefed challenges to the Rule. The Rule's emissions limits on coal and gas power plants remain in force unless and until EPA lawfully changes them, which would require EPA to complete the notice-and-comment process required by section 307(d) of the Clean Air Act. 42 U.S.C. § 7607(d). This process would, as EPA recently told the Court, "take a significant period of time, requiring development of a proposal, solicitation of public comment, and preparation and promulgation of a final rule."

Respondents' Opposition to Petitioners' and Petitioner-Intervenors' Motions to Extend the Briefing Schedule, Dec. 21, 2016, (ECF No. 1652426), at 4.

Thus, Petitioners' claims pending before this Court continue to present a live controversy.

If the Court now resolves the issues Petitioners are raising in this case, EPA can avoid making legal errors in its review of the Rule, and these same issues will not have to be re-litigated during the challenges to any resulting rulemaking. State Intervenors' position that failure to resolve these

controversies would be inefficient and contrary to the public interest is explained in more detail in the Opposition of State Intervenors to EPA's Motion to Hold Cases in Abeyance (Apr. 5, 2017, (ECF No. 1669738)).

Moreover, neither remand nor abeyance is necessary to allow EPA to review the Rule pursuant to the March 28, 2017, Executive Order or even for it to begin a new Clean Air Act section 307(d) rulemaking. 4 EPA has informed the Court that its review of the Rule began even before the Court ordered the current abeyance and that it is committed to this review regardless of the procedural posture of this case. Reply in Support of EPA's Motion to Hold Cases in Abeyance, Apr. 12, 2017, (ECF No. 1670859), at 7 n.4 ("[T]he review of the 111(b) Rule is current and ongoing, not tentative or planned. Any suggestion that EPA would abandon this review is speculative and contradicts EPA's decision to adhere to the specific review terms of the Executive Order.").

<sup>&</sup>lt;sup>4</sup> Exec. Order No. 13783 ("Promoting Energy Independence and Economic Growth," signed March 28, 2017), 82 Fed. Reg. 16,093 (Mar. 31, 2017). As State Intervenors previously explained, the Executive Order's policies are not the same as the factors EPA is required to consider in setting new source performance standards under section 111(b) of the Clean Air Act, making any future rulemaking based on the Executive Order vulnerable to being vacated by this Court. See Opposition of State Intervenors to EPA's Motion to Hold Cases in Abeyance, Apr. 5, 2017, (ECF No. 1669738), at 4-7 & n.3.

Should the Court decide not to address the merits of Petitioners' challenges, however, and to follow one of the two approaches presented in its April 28, 2017, Order, State Intervenors respectfully offer the recommendations in sections II and III, below, on specific aspects of an abeyance or remand order.

# II. IF THE COURT REMANDS THE CASE TO EPA, IT SHOULD SPECIFY WHAT EFFECT REMAND HAS ON PETITIONERS' CLAIMS

In the context of this case—where the Court has not determined that EPA must correct or further explain its interpretation of the law or the record—a "remand" to EPA is the equivalent of a dismissal of Petitioners' claims, as described below. <sup>5</sup> To the extent that the Court intends to dispose of EPA's abeyance motion in a way that allows Petitioners to raise their previously filed claims against the Rule in some later proceeding, such a disposition would be more accurately considered an "abeyance" of this case,

\_\_\_

The Court should not entertain any suggestion that it should vacate the Rule in conjunction with remand. Vacatur would be improper here when this Court has issued no ruling on the merits at all—let alone a decision finding the Rule to be invalid. *Nat'l Parks Conservation Ass'n v. Salazar*, 660 F. Supp. 2d 3, 5 (D.D.C. 2009) (refusing to vacate rule because "granting vacatur here would allow the Federal defendants to do what they cannot do under the APA, repeal a rule without public notice and comment, without judicial consideration of the merits"). Even if EPA disclaims its previous positions, vacatur is not permissible. *Mexichem Specialty Resins, Inc. v. EPA*, 787 F.3d 544, 557 (D.C. Cir. 2015) (explaining that an agency cannot circumvent the rulemaking process through "rescission by concession").

not a "remand," and State Intervenors respectfully suggest that the Court describe it as such to avoid confusion in the future.

If the Court remands the "record" to the agency, it retains jurisdiction, but if it remands the "case," the case is terminated and any claims would have to be refiled, if that is otherwise allowed by law. D.C. Cir. R. 41(b) ("If the *record* in any case is remanded to the district court or to an agency, this court retains jurisdiction over the case. If the case is remanded, this court does not retain jurisdiction, and a new notice of appeal or petition for review will be necessary if a party seeks review of the proceedings conducted on remand.") (emphasis added); cf. United States v. McKie, 73 F.3d 1149, 1155 (D.C. Cir. 1996) ("Because we remand the record for limited purposes. rather than remanding the entire case, we retain jurisdiction pending the district court's resolution of the . . . issue."). To avoid confusion in later proceedings. State Intervenors request the Court specify in its upcoming order whether it intends Petitioners' claims to be terminated by a remand or, instead, held in abeyance and subject to this Court's jurisdiction.

# III. IF THE COURT ORDERS THE CASE HELD IN ABEYANCE, IT SHOULD CLARIFY HOW THAT ORDER AFFECTS CHALLENGES TO SUBSEQUENT RELATED EPA ACTIONS OR RULES

If this Court grants an abeyance, it should consider structuring its order so that future challenges to an EPA replacement rule (or rescission) could be consolidated and decided together with the current case. The Eleventh Circuit recently followed a similar approach in *Alabama Environmental* Council v. EPA, 711 F.3d 1277 (11th Cir. 2013). There, an environmental group challenged EPA's approval of a state implementation plan (SIP) revision. Then a change in Administration occurred, and EPA decided to reconsider the approval, leading the court to stay the case during the reconsideration while retaining jurisdiction of the original challenge. *Id.* at 1279. EPA subsequently reversed itself and disapproved the SIP revision, and a different petitioner (a power plant company) challenged that decision. The Eleventh Circuit then considered both sets of challenges together—the environmental group's original challenge to the SIP approval, and the power plant's subsequent challenge to the SIP disapproval—and upheld the agency's original approval. *Id.* at 1285.

Here, this Court could similarly structure any abeyance by maintaining jurisdiction over the current challenges to the Rule and ordering the consolidation of future challenges to any EPA actions affecting the Rule. If

the Court holds this case in abeyance, State Intervenors respectfully request that the Court clarify for the parties whether it intends that its retention of jurisdiction to decide Petitioners' challenges to the Rule also includes jurisdiction over challenges to future actions by EPA to suspend, rescind, or revise the Rule.

#### **CONCLUSION**

State Intervenors believe that judicial economy and the public interest are best served by the Court ruling on Petitioners' claims. If the Court instead decides to remand the case to EPA or hold the case in abeyance,

State Intervenors respectfully request that the Court clarify in its order what effect it intends the remand or abeyance to have on this case and future cases related to the Rule.

Dated: May 15, 2017

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#### **CERTIFICATE OF COMPLIANCE**

I hereby certify that the Supplemental Brief for State Respondent-Intervenors in Response to Court's April 28, 2017, Order, dated May 15, 2017, complies with the type-volume limitations of Rule 32 of the Federal Rules of Appellate Procedure, this Court's Circuit Rules, and this Court's Order issued on April 28, 2017, which limited the briefs for each party to 3,900 words. I certify that this brief contains 1,746 words, as counted by the Microsoft Word software used to produce this brief, excluding the parts of the brief exempted by Federal Rule of Appellate Procedure 32(a)(7)(B)(iii) and Circuit Rule 32(a)(1).

/s/ Timothy E. Sullivan TIMOTHY E. SULLIVAN

Filed: 05/15/2017

### **CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing Brief for State

Respondent-Intervenors in Support of Respondent was filed on May 15,

2017, using the Court's CM/ECF system, and that, therefore, service was accomplished upon counsel of record by the Court's system.

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