



How Can States Comply with the Clean Power Plan?

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Briefing**

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S. William Becker, NACAA

What I Will Cover

- ❑ Who We Are
- ❑ General Observations
- ❑ EPA's Proposed Clean Power Plan
- ❑ State Implementation Decisions
- ❑ NACAA's Implementation Tools
- ❑ Collaboration with NASEO and NARUC

Who We Are

- ❑ National association of air pollution control agencies, located in Washington, D.C.
- ❑ 41 state agencies, Washington, D.C. and 3 territories
- ❑ 116 (of 117) local agencies
- ❑ These air pollution control agencies are given “primary responsibility” under the Clean Air Act for implementation
- ❑ They are responsible for developing and implementing the state’s compliance strategies under EPA’s Clean Power Plan

General Observations

- ❑ We are mindful of the politics in Congress and in states surrounding EPA's Clean Power Plan
- ❑ Nonetheless, unless Congress and/or the courts curtail the program, states will be legally obligated to implement the rule and will do so as quickly and effectively as possible
- ❑ It is important to recognize:
 - ◆ This is a proposal and we can expect many changes before finalization
 - ◆ Any new program will trigger some initial implementation bumps
 - ◆ Congress can help with implementation by providing resources to states for plan development under Section 105 of the CAA

EPA's Proposed Clean Power Plan

- ❑ EPA is using its authority under Section 111 of the Clean Air Act to regulate greenhouse gas emissions from new and existing fossil fuel-fired electric generating units (i.e., power plants)
- ❑ EPA proposed federal rules for *new* power plants (1/14), and for *modified and reconstructed* power plants (6/14) under Section 111(b)
- ❑ EPA proposed its Clean Power Plan (CPP) to regulate *existing* power plants (6/14) under Section 111(d)
- ❑ Both sets of rules are expected to be finalized later this summer; EPA is required by law to regulate new sources (under Section 111(b)) before it can regulate existing sources (under Section 111(d))

EPA's Proposed Clean Power Plan

- ❑ Requires a 30-percent reduction in CO₂ emissions from existing power plants from 2005 levels by 2030
- ❑ Requires a substantial portion of these reductions to be achieved under an interim goal starting in 2020
- ❑ Each state will be assigned a CO₂ emissions rate “goal” derived from four “building blocks” that make up the “best system of emission reduction.” These include:
 - ◆ Making power plants more efficient
 - ◆ Shifting generation to lower emitting sources
 - ◆ Building zero/low-emitting energy sources
 - ◆ Using electricity more efficiently
- ❑ Once states receive their targets, they are free to develop compliance plans without regard to how their “goals” were set (i.e., the four “building blocks”)

EPA's Proposed Clean Power Plan

- ❑ States must submit their compliance plans within 13 months of promulgation of the final rule
- ❑ States may apply for a one-year extension if they are submitting an individual state plan
- ❑ States submitting a multi-state plan can receive a two-year extension
- ❑ If a state fails to submit a “satisfactory plan” in a timely manner, EPA can impose a federal plan; EPA is expected to propose a federal plan later this summer

State Implementation Decisions

- ❑ While no state has begun preparing its compliance plan, almost all have been working tirelessly to better understand EPA's proposal, meet with stakeholders, and analyze numerous potential options and scenarios
- ❑ States have two major decisions to make:
 - ◆ What technologies, policies and programs should be included in a plan to meet the emissions target?
 - ◆ How will a state incorporate those strategies into its plan and demonstrate to EPA's satisfaction that the plan is approvable?

NACAA's Implementation Tools: Menu of Options

- ❑ NACAA published *Implementing EPA's Clean Power Plan: A Menu of Options* on 5/21
- ❑ It is designed to answer the first of the two questions – what strategies could be included in a compliance plan?
- ❑ The *Menu* is a 465-page, 26-chapter report summarizing best technologies, policies and programs to reduce greenhouse gas emissions from the power sector
- ❑ For each option, the *Menu* provides a common core of information, including a description, costs, examples of implementation, GHG reduction potential, co-benefits, and additional resources

Implementing EPA's Clean Power Plan: A Menu of Options



NACAA 
national association of clean air agencies

NACAA's Implementation Tools: Menu of Options

- ❑ Includes mitigation options that fall both *within and outside* of EPA's four "building blocks"
- ❑ Options falling within the "building blocks" include, among others:
 - ◆ Building Block 1 – "Optimize Power Plant Operations"
 - ◆ Building Block 2 – "Retire Aging Power Plants"
 - ◆ Building Block 3 – "Increase Generation from Low-Emission Resources"
 - ◆ Building Block 4 – "Implement Combined Heat and Power" in the commercial, institutional and manufacturing sectors, "Boost Appliance Standards," and "Boost Building Codes"

NACAA's Implementation Tools: Menu of Options

- Options that go *beyond* EPA's building blocks include, among many others:
 - ◆ “Improve Coal Quality”
 - ◆ “Switch Fuels at Existing Power Plants”
 - ◆ “Reduce Losses in the Transmission and Distribution System”
 - ◆ “Increase Clean Energy Procurement Requirements”

NACAA's Implementation Tools: Model State Plan

- ❑ The *NACAA Model Plan* will try to answer the second question—how will a state successfully incorporate a strategy into its plan?
- ❑ Each state will have a number of regulatory choices to make:
 - ◆ Rate-based or mass-based goal?
 - ◆ Single-state, multi-state, or a mixture of the two?
 - ◆ Should trading be allowed?
 - ◆ How do you ensure the reductions are measureable and verifiable?
 - ◆ Who has enforceable responsibilities?

NACAA's Implementation Tools: Model State Plan

- ❑ The *Model* will not be “one size fits all;” rather, it will be a “menu of models” that will include several regulatory pathways (e.g., rate vs. mass, single state vs. multi-state) from which a state could choose
- ❑ It will also explain how a state could incorporate specific mitigation measures (e.g., demand side energy efficiency) from inside and outside EPA’s “building blocks”
- ❑ Most importantly, the *Model* will include regulatory and preamble language for each option to preserve time and resources that states would otherwise have to expend in developing the regulatory language on their own
- ❑ Our plan is to publish the *Model*, incorporating the final revisions to EPA’s CPP, within a month after the rule is published

Collaboration with NASEO and NARUC

- ❑ Complying with the CPP will be a unique and challenging experience; it will involve working with governmental and other stakeholders who typically are not involved in clean air implementation
- ❑ Several years ago, NACAA partnered with two very important groups of governmental officials with whom we share common objectives, but different perspectives, on climate programs
- ❑ These groups are NASEO and NARUC, representing the state energy and utility commissioners; we call ourselves “3-N”
- ❑ We meet regularly to understand each others’ perspectives and to work, through our memberships, to address these issues
- ❑ We have held joint workshops to discuss power sector carbon regulations and have jointly published demand-side energy efficiency principles

Conclusions

- ❑ While CPP implementation will be challenging, states will do their best to implement this program in a timely and effective manner
- ❑ NACAA's implementation tools should be an important resource for them and other stakeholders
- ❑ States are already laying the groundwork for compliance; they are meeting with affected stakeholders, including in multi-regional collaborations; we expect most states to begin their planning processes in earnest soon after the rule is finalized
- ❑ EPA has worked very well with the states; it is clear the agency is listening carefully to our collective issues; we are hopeful that the agency will make revisions to the proposal to reflect those concerns
- ❑ A “just say no” decision, as some are advocating, has serious consequences; it
 - ◆ triggers a federal plan, which no stakeholder – including the power sector – prefers
 - ◆ leads to less flexibility and, therefore, higher compliance costs
 - ◆ discards the thoughtful input stakeholders have been sharing with states over the past year

For Further Information

- S. William Becker

Executive Director

National Association of Clean Air Agencies (NACAA)

www.4cleanair.org

202-624-7864