



How States Are Planning to Comply With the Clean Power Plan

Environmental and Energy Study Institute

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What I Will Cover

- ❑ Who We Are
- ❑ State Reactions to the Final Clean Power Plan Rule
- ❑ How States Are Working With Stakeholders
- ❑ Where States Stand in Meeting Their Emissions Targets
- ❑ State Choices
- ❑ NACAA's Model State Plan
- ❑ Consequences of "Just Saying No"

Who We Are

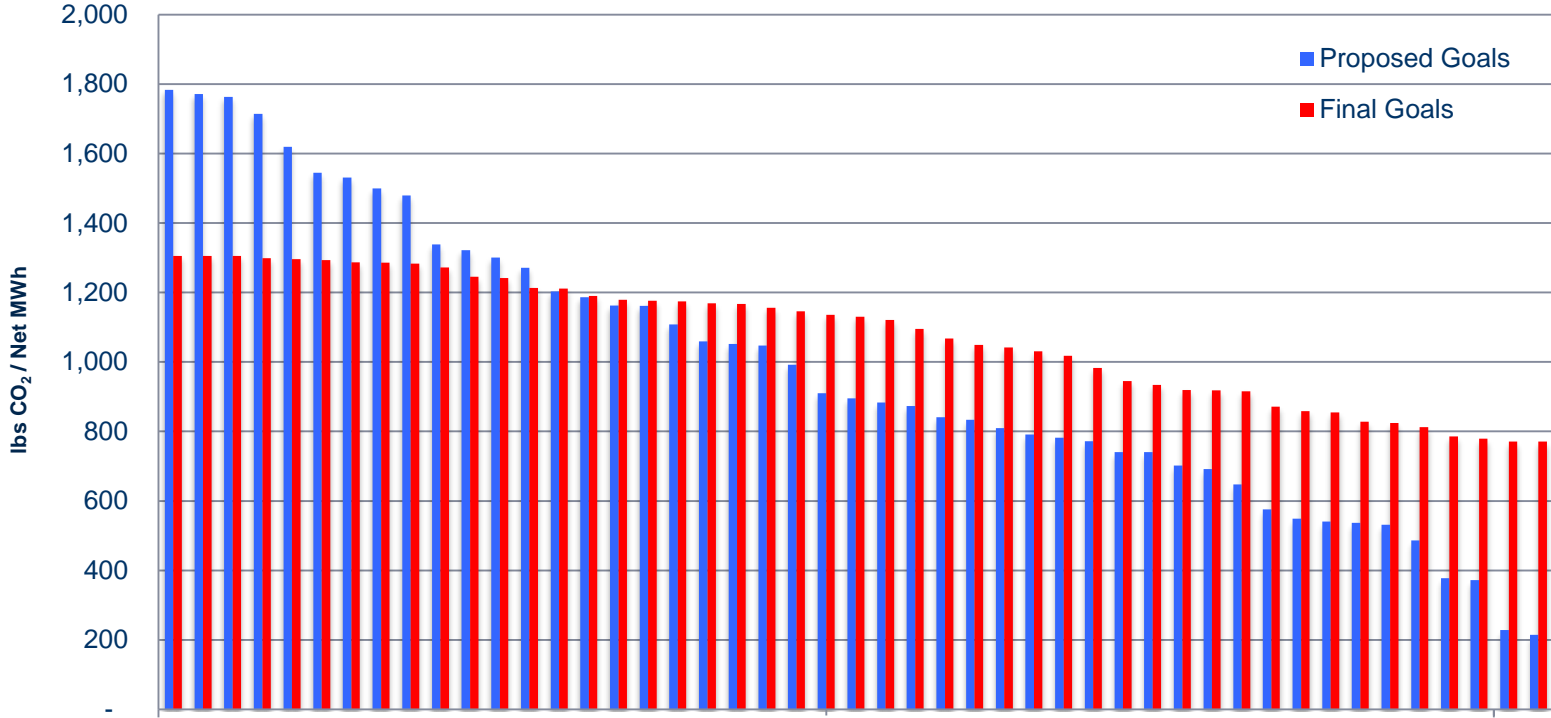
- ❑ National association of air pollution control agencies, located in Washington, D.C.
- ❑ 41 state agencies, Washington, D.C. and 3 territories
- ❑ 116 (of 117) local agencies
- ❑ These air pollution control agencies are given “primary responsibility” under the Clean Air Act for implementation
- ❑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

State Reactions to the Final CPP Rule

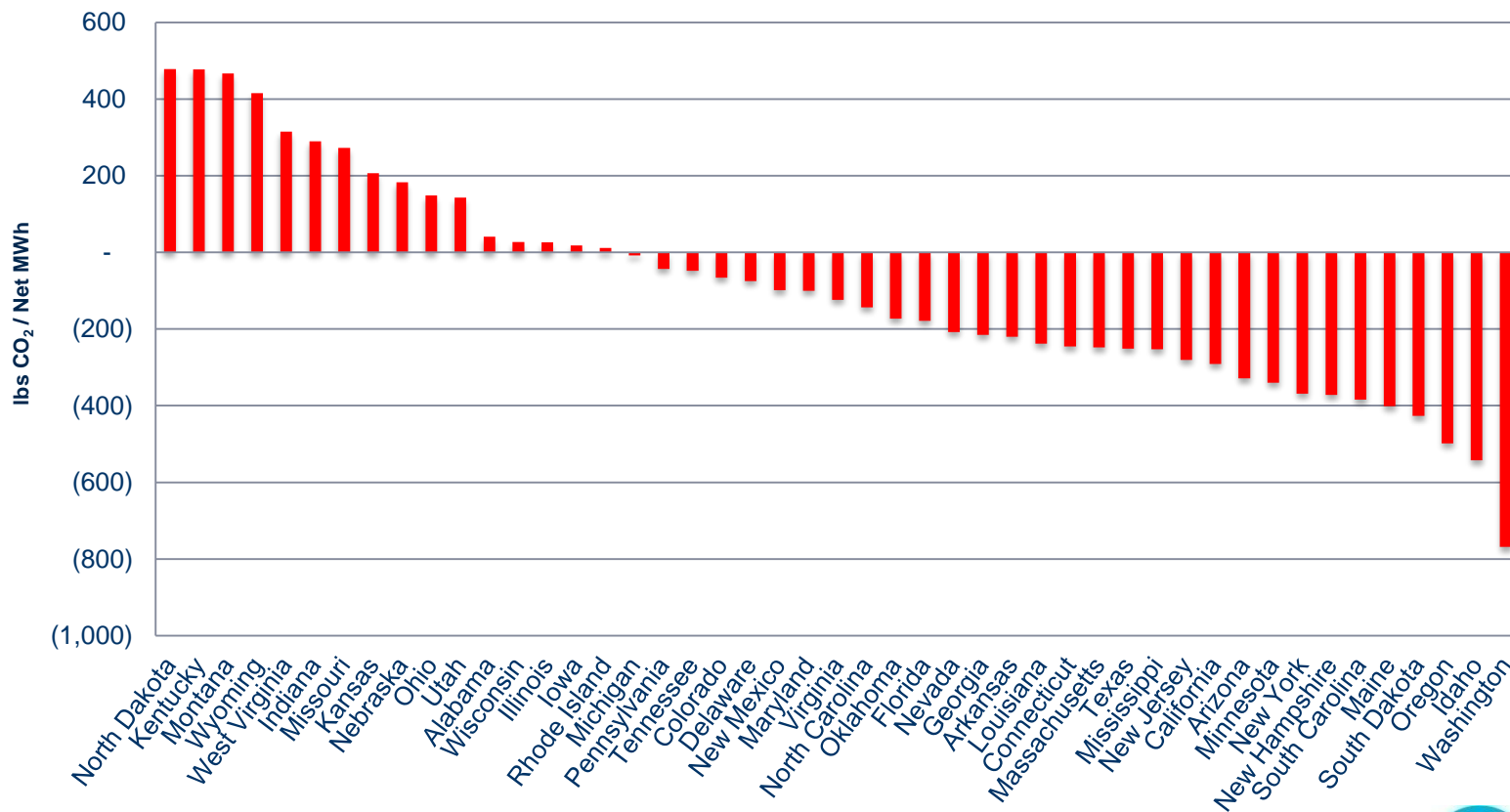
□ What States Generally Like

- ◆ Retains 2030 compliance deadline
- ◆ Establishes a new interim compliance period; delays the start until 2022, thereby eliminating the 2020 “cliff”
- ◆ Extends the deadline for submitting plans by two years
- ◆ Provides for a “reliability safety valve”
- ◆ Creates “trading-ready” plan options
- ◆ Sets more equitable state goals

CPP State Emission Rate Targets (Proposed vs. Final Targets)



Differences in Proposed and Final CPP State Emission Rate Targets



Reactions to the Final CPP Rule

- Where States Have Some Concerns
 - ◆ Plan submittal deadlines may be challenging where state legislatures meet irregularly (e.g., every two years)
 - ◆ States are not directly credited for early actions
 - ◆ Some state targets may be difficult to attain
 - ◆ The CPP remains complex and will require substantial analysis
 - ◆ States will need additional resources to effectively implement the program; Congress has been resistant to funding this program

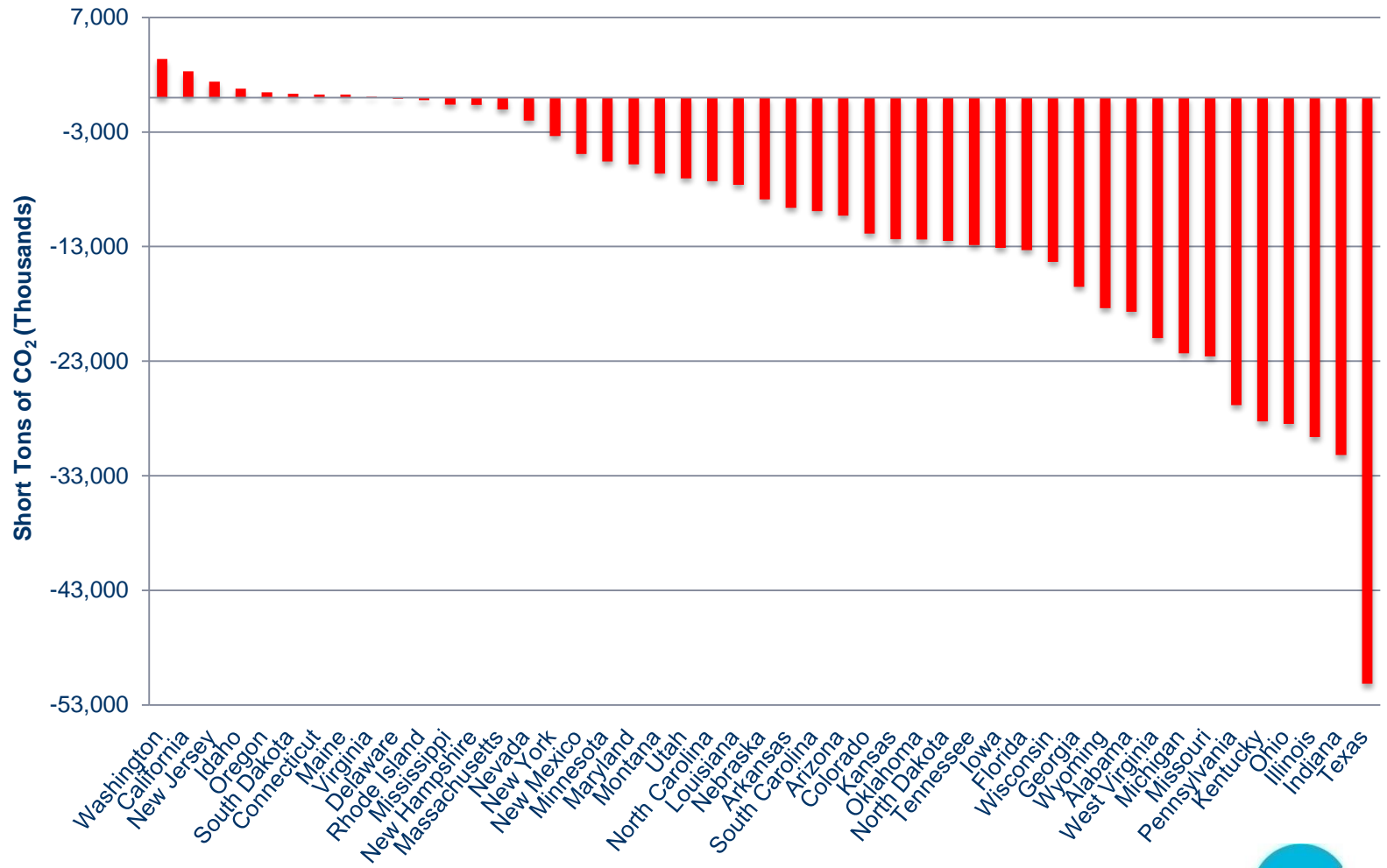
How States are Working With Stakeholders

- ❑ In developing the CPP rule proposal, EPA engaged in unprecedented outreach among stakeholders, particularly states
- ❑ Most states used this opportunity to develop new relationships among environmental, utility and energy regulatory officials and with other stakeholders
- ❑ This has carried through to the final rule; states (e.g., CO, MN, PA) have already initiated stakeholder meetings in recent weeks and are continuing to plan public meetings
- ❑ NACAA continues to engage with NARUC and NASEO, as “3-N”, and with other groups

Where States Stand in Meeting Their Emissions Targets

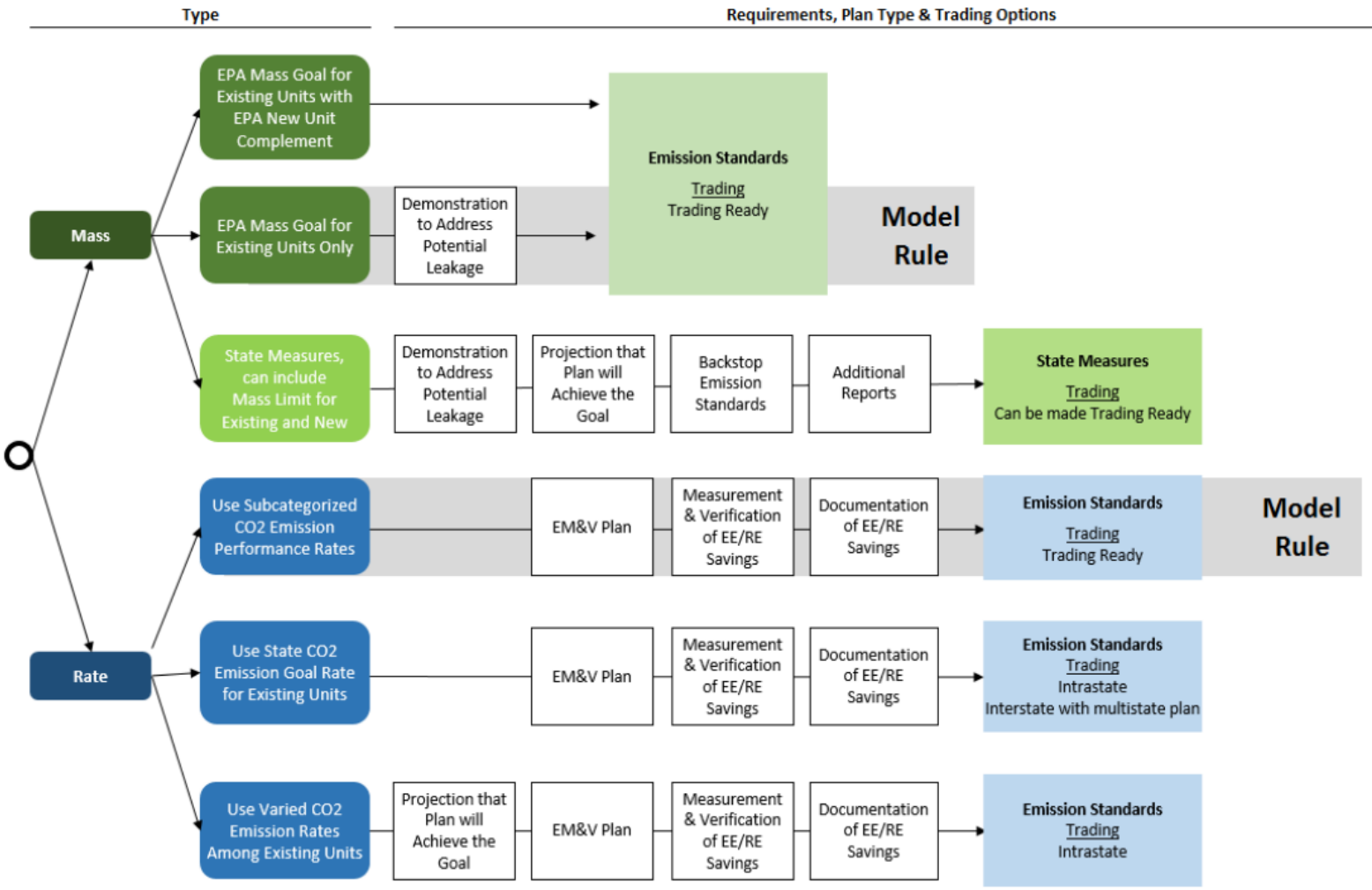
- ❑ Nine states have 2030 mass-based targets that are greater than their 2012 emissions baselines
- ❑ Over 30 states are already halfway toward meeting their 2022 interim goals, while 20 states are already halfway toward achieving their 2030 targets
- ❑ This progress can be attributed to already existing measures, such as renewable portfolio standards, energy efficiency resource standards, and announced retirement of coal-fired power plants
- ❑ Remaining states may have more work to do, but there are tools to help, such as NACAA's *Menu of Options* (4cleanair.org)

Comparison of 2012 Emissions Baselines to 2030 Mass-Based Targets



State Choices

- ❑ States have significant flexibility in developing their plans; their ultimate decisions will be based largely on:
 - ◆ Pursuing least-cost options
 - ◆ Avoiding overly complicated plan types
 - ◆ Preserving state autonomy
 - ◆ Minimizing exposure to federal enforceability (e.g., energy efficiency)
 - ◆ Engaging with other states in regional solutions
- ❑ Each of these choices, as well as others not identified here, have implications for the type of pathway a state chooses



Source: EPA

NACAA's Model State Plan

- ❑ NACAA is developing a Model State Plan to help states comply with EPA's Clean Power Plan
- ❑ The Model will accommodate a series of potential compliance pathways, such as rate-based, mass-based, single state and multi-state compliance options
- ❑ It will be more expansive than EPA's proposed model rules, which cover only two pathways
- ❑ The NACAA Model will include:
 - ◆ chapters on specific mitigation measures, inside and outside of EPA's three building blocks
 - ◆ detailed regulatory and preamble language for each pathway
- ❑ We expect to publish the Model before the end of the year

Consequences of “Just Saying No”

- ❑ States that “just say no” will be automatically subjected to a Federal Plan
- ❑ These states lose the opportunity to weigh the pros and cons of different plan pathways
- ❑ Federal plans provide fewer compliance options, create additional uncertainty and impose higher costs and less cost-effective solutions
- ❑ Stakeholders, particularly groups representing electric generating units, have generally preferred state compliance plans over Federal Implementation Plans

Conclusions

- ❑ EPA conducted an unprecedented level of stakeholder involvement in developing the CPP and addressed many of the states' concerns; however, challenges remain
- ❑ Notwithstanding some Congressional opposition and the threat of litigation, state regulatory agencies are moving ahead in good faith to develop state compliance plans rather than face a Federal Implementation Plan
- ❑ States are already conducting stakeholder meetings, and are beginning to analyze various potential compliance options;
- ❑ NACAA's implementation tools should be an important resource for states and other stakeholders
 - ◆ NACAA's Menu of Options
 - ◆ NACAA Model State Plan

For Further Information

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