

Regulations for New Power Plants

- Regulated under section 111(b) of the Clean Air Act
- Initially proposed March 2012:
 - 1,000 lbs CO₂ per megawatt-hour, regardless of fuel source
 - Coal plants could emit more in initial 10 years if they had plan to install CCS that would bring 30-year emissions average below standard
 - No way for coal plants to meet standard without CCS
 - Over 2 million comments received
- Rule rescinded and re-proposed in September 2013:
 - Two standards: 1,100 lbs CO₂/MWh for coal (or 1,000 lbs/MWh over 7 years); 1,000 lbs/MWh for large natural gas plants
 - Coal standard still requires partial CCS for compliance
 - Public comment period extended until May 2014; no timeline for final rule – President’s memo to EPA says “in a timely fashion after considering all public comments, as appropriate”

Regulations for Existing Power Plants

- Regulated under section 111(d) of the Clean Air Act
 - 111(d) a little-used provision of CAA and never used for rulemaking of this magnitude
- President's Memo from Climate Action Plan calls for specific timelines:
 - Proposed rule by June 1, 2014
 - Final rule June 1, 2015
 - State compliance plans due June 30, 2016
 - That's VERY fast, both for EPA and states, to get it right
- Proposed rule released June 2, 2014:
 - 30 percent reductions in CO₂ from 2005 levels by 2030
 - EPA set state-specific reductions based on formula, not a specific percent reduction from a baseline year
 - MD: 2012 rate: 1,870 lbs/MWh; Interim goal (2020-2029 avg) of 1,347; final standard of 1,187
 - VA: 2012 rate 1,297; interim goal 884, final 810
 - DC: No fossil plants that fall under regulation, so no standard
 - Rate-based standards based on carbon intensity of existing power plant fleet, but state could convert to mass-based
 - "Leading" states generally have higher percentage of reduction – not as much credit for past actions as states hoped, since 2012 numbers in play (despite EPA not setting specific baseline)
 - Potential compliance pathways:
 - Decarbonization of power sector (retirements, fuel switching, nuclear, renewables)
 - Efficiency at power plants (heat rate improvements)
 - Environmental dispatch
 - Demand-side efficiency (including grid upgrades)

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- Other issues to note:
 - Regional approaches allowed, but what does process look like for approval? Will RGGI suffice?
 - State vs. Utility portfolio: who has responsibility? How are measures enforced? How to credit private sector actions?
 - What is the role of the RTOs (important for this region) and how do states account for reliability?
 - Timeline: EPA has mechanism for extension, but how much time is needed for states to put actions in place (regulations, legislation, programs)?
 - What resources are available for states?