



**Environmental Protection
Division**

A Division of the Georgia Department of Natural Resources



**Georgia Environmental Protection Division Comments on U. S. EPA's Clean
Power Plan Proposal**

Statement for the Federal Energy Regulatory Commission Technical
Conference on Environmental Regulations and Electric Reliability, Wholesale
Electricity Markets, and Energy Infrastructure
Docket No. AD15-4-000
Eastern Region – March 11, 2015, Washington, DC

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I am honored to submit this statement to the Federal Energy Regulatory Commission (FERC) in advance of the March 11, 2015 *Technical Conference on Environmental Regulations and Electric Reliability, Wholesale Electricity Markets and Energy Infrastructure*. My statement is excerpted from the comments on the proposed Clean Power Plan that were submitted by the Georgia Environmental Protection Division (GEPD), where I serve as Assistant Director and Chief Operating Officer. GEPD is a Division of the Georgia Department of Natural Resources

The United States Environmental Protection Agency (EPA) proposed the Carbon Pollution Emission Guidelines for Existing Stationary Sources: Electric Utility Generating Units, also called the Clean Power Plan, on June 18, 2014. EPA accepted comments through December 1, 2014 and expects to finalize the rule in the Summer of 2015.

GEPD submitted two comment letters to EPA on the Clean Power Plan. The first, submitted on September 14, 2014, focused on one issue - how EPA proposed to handle under-construction nuclear generating capacity. GEPD submitted additional comments on other aspects of the proposal on December 1, 2014.

The utilities that provide electricity in Georgia include Georgia Power, an investor-owned utility, Oglethorpe Power; owned by 38 electric membership cooperatives (EMCs); Municipal Electric Authority of Georgia (MEAG), a public power entity created by an Act of the Georgia General Assembly in 1975 that represents 49 municipal utilities; Dalton Utilities; and several independent power producers. Additionally, 10 counties in north Georgia are served or partially served by the Tennessee Valley Authority.

EPA's Clean Power Plan proposal establishes emission guidelines, which reflect EPA's determination of the best system of emission reduction (BSER), for states to follow in developing plans to address greenhouse gas emissions from existing fossil-fired electric generating units (EGUs). The specific greenhouse gas pollutant regulated in the proposal is carbon dioxide (CO₂). The proposal establishes four building blocks as BSER for existing utilities. The building blocks are: heat rate improvements at coal-fired EGUs; increased dispatch to natural gas combined cycle units (NGCCs); increased renewable energy; and increased energy efficiency. EPA states in its proposal that the building block approach provides flexibility to states in deciding how to achieve the standards. GEPD contends that the Clean Power Plan, as proposed, is instead inflexible and punitive to states that have taken early action to reduce CO₂ emissions. The Clean Power Plan has the potential to put Georgia at a competitive disadvantage relative to other southeastern states.

Georgia has taken significant early action to reduce CO₂ emissions from the electricity generation sector. In Georgia, 3,332 MW of coal-fired generation has either retired or been announced for retirement since 2010. In addition, almost 700 MW of coal-fired generation will be converted to natural gas by 2016. Georgia's utilities have invested in air pollution controls for the remaining coal units to comply with Georgia's Multipollutant Rule (sss), the federal Mercury Air Toxics Standards (MATS), and Cross State Air Pollution Rule (CSAPR). The accompanying reductions in sulfur dioxide, oxides of nitrogen, and mercury have resulted in

significant improvements in air quality for ozone, fine particulate matter, and regional haze. Utilities have also invested in heat rate improvement projects at the remaining coal units to optimize their efficiency for their remaining useful life. CO₂ mass emissions in Georgia declined 33% between 2005 and 2012 as a result of the retirements, conversions, and investments in Georgia's energy sector. Unfortunately the Clean Power Plan as proposed fails to give Georgia credit for the early action taken to reduce CO₂ emissions in Georgia.

GEPD's key concerns and recommendations for improving the Clean Power Plan are as follows:

- EPA's handling of under-construction nuclear generation capacity (Vogtle Units 3 and 4) in the proposed Clean Power Plan is a critical issue to Georgia. Vogtle Units 3 and 4 are a long-term investment to satisfy Georgia's future energy needs and to reduce the need for future carbon-emitting generation. EPA assumes that the project will be completed prior to 2020 and gives Georgia no credit for the CO₂ emission reductions that will occur as a result of this project.
- EPA included under-construction nuclear generating capacity in the CO₂ reduction goals of only three states: Georgia, South Carolina and Tennessee. This imposes an unfair and unequal burden on the citizens of these three states.
- Building Block 1 requires heat rate improvements of 6% at coal-fired EGUs. This across-the-board heat rate improvement goal is unlikely to be attainable in Georgia.
- EPA based the southeastern states' renewable energy (Building Block 3) target of 10% on North Carolina's Renewable Energy and Energy Efficiency Portfolio Standard (REPS). GEPD contends that EPA misinterpreted North Carolina's REPS when setting the renewable energy target for Georgia and other southeastern states. Georgia's renewable energy target should be no more than 7.5% by 2030.
- The proposed rule penalizes states that took early action to reduce greenhouse gas emissions. EPA uses a baseline year of 2012 in the proposal. Significant CO₂ emission reductions occurred prior to 2012 in Georgia. The baseline year should be set somewhere in the 2005 to 2007 time frame to give Georgia and many other states credit for early action. This baseline period is also more appropriate because it predates the recession and would be more reflective of normal energy demand.
- EPA set the CO₂ reduction requirement of each state as rate-based goal. For example, Georgia's goal is 834 lbs CO₂/MWh. EPA proposes methodology to translate the rate-based goal to a mass-based goal. EPA's proposed methodology is flawed. EPA should correct the methodology for the rate-based to mass-based goal translation so that both approaches result in a similar level of actual CO₂ mass emission reductions from the baseline.
- GEPD does not support the alternative method for calculating states' goals suggested in the Notice of Data Availability issued on October 30, 2014. That calculation methodology only serves to make the ambitious goals of the original proposal even more stringent and much more difficult to achieve. Electricity generated from fossil fuels in Georgia would be reduced 83% from 2012 levels.

- EPA's proposal establishes an interim CO2 emission reduction requirement for the 2020-2029 time period. EPA should replace the 2020-2029 interim emission rate requirement with a non-enforceable state developed glide path. If the interim goal is retained, the start date of the interim period should be pushed back from 2020 to five years after EPA's approval of the state plan.

GEPD encourages EPA to structure the final rule in a way that rewards states that have taken early action to reduce CO2 emissions, and encourages innovative approaches towards the goal of reducing CO2 emissions from EGUs. EPA estimates the proposed rule will achieve annual CO2 emission reductions of 26% - 30% below 2005 levels. This is approximately 600 - 700 million metric tons of CO2 reductions per year. Given the "big picture" of massive CO2 emission reductions over a 15-year period, GEPD urges EPA to focus on the goal of achieving those reductions, and encouraging and enabling the use of all available tools that states can use to meet their targets. Overly prescriptive administrative and regulatory processes can create obstacles and disincentives to deploy certain approaches and also burden states and the affected EGUs with unnecessary monitoring, recordkeeping and reporting requirements.

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Thank you for the opportunity to submit these remarks. I look forward to the discussion on March 11, 2015 and continued engagement with the Commission on this important issue.