



## **2014 Adopted Resolutions of the Southern States Energy Board**

### **1. 2014 – Resolution to Support a Robust 2017-2022 Outer Continental Shelf Leasing Program**

Sponsored by: Senator Cam Ward of Alabama  
Senator Eddie Joe Williams of Arkansas  
Senator Gerald Long of Louisiana  
Senator Bob Rucho of North Carolina  
Representative Mike Hager of North Carolina

### **2.2014 – Resolution Concerning Clean Water Act Regulations and EPA's Definitions of "Waters of the U.S."**

Sponsored by: Senator Cam Ward of Alabama  
Representative Jose Diaz of Florida  
Representative Lynn Smith of Georgia  
Senator Robert Adley of Louisiana  
Senator Gerald Long of Louisiana  
Representative Raymond Garofalo of Louisiana  
Representative Joe Harrison of Louisiana  
Representative Weldon Watson of Oklahoma  
Representative Bill Sandifer of South Carolina  
Senator Mark Norris of Tennessee

### **3.2014 – Resolution Supporting Fuel and Technology Diversity in the U.S. Electricity Generation Portfolio**

Sponsored by: Senator Cam Ward of Alabama  
Representative Rocky Miller of Missouri  
Representative Bill Sandifer of South Carolina

### **4.2014 – Resolution Concerning U.S. EPA's Proposed Greenhouse Gas Emission Guidelines for Existing Fossil-Fueled Power Plants**

Sponsored by: Representative Jim Gooch of Kentucky  
Representative Bill Sandifer of South Carolina  
Senator Art Kirkendoll of West Virginia

### **5.2014 – Resolution Questioning Nuclear-Specific Provisions of U.S. EPA's Proposed 111 (d) Carbon Rule**

Sponsored by: Senator Cam Ward of Alabama  
Representative Rocky Miller of Missouri  
Representative Bill Sandifer of South Carolina



Unanimously Adopted on September 29, 2014

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Representative Mike Hager of North Carolina

## **1. 2014 – Resolution to Support a Robust 2017-2022 Outer Continental Shelf Leasing Program**

WHEREAS, offshore energy development supports hundreds of thousands of American jobs, generates billions of dollars in government revenue annually, and lessens America's dependence on overseas oil; and

WHEREAS, the federal Outer Continental Shelf (OCS) produced 1.3 million barrels of oil and 1.3 trillion cubic feet of natural gas a day in 2013, helping to supply U.S. energy consumers with stable sources of American energy<sup>i</sup>; and

WHEREAS, the federal Bureau of Ocean Energy Management estimates conservatively that the federal U.S. offshore holds 89.93 billion barrels of oil and 404.63 trillion cubic feet of natural gas<sup>ii</sup>; and

WHEREAS, eighty-seven percent of federal offshore areas remain off-limits to development<sup>iii</sup>; and

WHEREAS, despite America's abundant domestic oil resources, the United States continues to import approximately 40 percent of its crude oil needs<sup>iv</sup>; and

WHEREAS, the federal Bureau of Ocean Energy Management is developing its next Five-Year Outer Continental Shelf Oil & Natural Gas Leasing Program for 2017-2022 and, as part of this evaluation, the agency will consider whether to offer leasing opportunities in areas not included in the current leasing program, including off the Atlantic Coast and in the Eastern Gulf of Mexico (which is under congressional moratorium until 2022), as well as evaluating whether to continue leasing in the Western and Central Gulf of Mexico and off Alaska; and

WHEREAS, a July 2014 poll of registered voters found that 68 percent of Americans support offshore drilling for oil and natural gas<sup>v</sup>; and

WHEREAS, the governors of Virginia, North Carolina and South Carolina have written the Department of the Interior and President Obama to support seismic testing and new leasing in the Atlantic; and

WHEREAS, federal legislation, most notably the Fixing America's Inequities with Revenue (FAIR) Act, is necessary to ensure that all coastal states that develop offshore energy share equitably in the revenues generated from activities off their coasts; and

WHEREAS, energy production in the Atlantic OCS is projected to support 160,000 jobs 15 years after initial leasing and generate \$95 billion in government revenue over the course of 18 years after leasing<sup>vi</sup>; and

WHEREAS, broad and predictable access to offshore oil and natural gas resources will help grow more jobs and activity in the U.S. offshore industry, reduce America's reliance on overseas imports, and increase revenues to federal and state governments; and

WHEREAS, offshore operators and regulators have significantly improved their abilities to prevent and respond to an oil spill since the tragic *Deepwater Horizon* blowout and oil spill with new containment and capping systems and an enhanced regulatory regime.



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THEREFORE, BE IT RESOLVED that the Southern States Energy Board respectfully calls on the Obama Administration to expand access to additional offshore resources in its upcoming 2017-2022 Outer Continental Shelf Oil & Natural Gas Leasing Program by including lease sales in the Western, Central and Eastern Gulf of Mexico, the Mid and South Atlantic, and off the coast of Alaska.

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<sup>i</sup>U.S. Energy Information Administration, "Crude Oil Production," <http://www.eia.gov/petroleum/data.cfm#crude>.

<sup>ii</sup>Bureau of Ocean Energy Management, 79-FR-34349, <http://www.boem.gov/79-FR-34349/>.

<sup>iii</sup>American Petroleum Institute, "Offshore Access to Oil and Natural Gas Resources," July 2014. <http://www.api.org/policy-and-issues/policy-items/exploration/~media/Files/Oil-and-Natural-Gas/Offshore/OffshoreAccess-primer-highres.pdf>.

<sup>iv</sup>U.S. Energy Information Administration, "Imports, Exports and Movements," <http://www.eia.gov/petroleum/data.cfm#imports>.

<sup>v</sup>Nielsen, "Production and Offshore Drilling: Created for American Petroleum Institute," July 2014.

<http://www.api.org/~media/Files/News/2014/14-July/What-America-Is-Thinking-Production-and-Offshore-Drilling-July-2014-IS.pdf>.

<sup>vi</sup>Quest Offshore Resources, Inc., "The Economic Benefits of Increasing U.S. Access to Offshore Oil and Natural Gas Resources in the Atlantic," December 2013. <http://questoffshore.com/wp-content/uploads/Economic-Benefits-Full-Dec.13.pdf>.



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Senator Mark Norris of Tennessee

## **2.2014 – Resolution Concerning Clean Water Act Regulations and EPA's Definitions of "Waters of the U.S."**

WHEREAS, the Clean Water Act (CWA) and implementing regulations of the past four decades recognize the partnership between federal, state, and local governments to achieve the objectives of the Act; and

WHEREAS, Section 101(g) of the CWA expressly states that it is “the authority of each state to allocate quantities of water within its jurisdiction [that] shall not be superseded, abrogated, or otherwise impaired by this Act”; and

WHEREAS, the U.S. Environmental Protection Agency and U.S. Army Corps of Engineers have proposed a rule to redefine “waters of the U.S.” that could significantly increase the cost and regulatory requirements for state and local governments and ultimately the costs for state and local residents and businesses; and

WHEREAS, the proposed rule has no prescribed limits to federal jurisdiction, impairs state authority and therefore contravenes congressional intent and is not consistent with three distinct rulings by the Supreme Court regarding the limits of federal jurisdiction; and

WHEREAS, the proposed rule will apply to all programs of the CWA and therefore subject more activities to CWA permitting requirements, National Environmental Policy Act (NEPA) analyses, mitigation requirements, and citizen suits challenging local actions based on the applicability and interpretation of new-found authorities; and

WHEREAS, the costs of obtaining Corps wetlands permits are significant: averaging 788 days and \$271,596 for an individual permit; 313 days and \$28,915 for a nationwide permit—not counting costs of mitigation or design changes and the greatest burden will fall on small landowners and small businesses least able to absorb the costs; and

WHEREAS, the proposing agencies’ economic analysis for this rule did not consider impacts of the full range of CWA programs affected or of economic impacts to small businesses and the analysis relies on nearly 20-year old cost data that has not been adjusted for inflation and, in concluding that the proposed rule would increase the waters subject to permitting requirements by only 2.7 percent, the proposing agencies rely on a data base that is incomplete and not representative of those waters that are subject to jurisdiction under current regulation; and

WHEREAS, the justification for the scope of the proposed rule rests on a scientific analysis that is still under review and the proposing agencies decided to proceed with development of a proposed rule addressing issues associated with the connectivity of waters prior to being informed by the Science Advisory Board Review and the implications of its findings; and

WHEREAS, the proposed rule does not provide an explanation or clear understanding about how the proposed expansion of CWA jurisdiction and transfer of ultimate authority might affect other CWA programs, state laws and responsibilities, water rights, land use, governances, and regulated parties; and



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WHEREAS, EPA and the Corps have failed to fully consult with the states thus undermining the cooperative federalism intent at the heart of the CWA.

THEREFORE, BE IT RESOLVED, as co-regulators of water resources, states should be fully consulted and engaged in any process that may affect the management of their waters; and

BE IT FURTHER RESOLVED that the Southern States Energy Board urges member states to engage their congressional delegations as well as introduce resolutions on the EPA and Corps of Engineers' proposed rule on waters of the U.S.; and

BE IT FURTHER RESOLVED that the Southern States Energy Board urges the EPA and the Corps of Engineers to defer adopting any redefinition of the waters of the U.S. rule until:

- a) The Science Advisory Board concludes its review and the EPA and the Corps of Engineers incorporate the conclusions of the Science Advisory Board review; and
- b) An economic analysis is completed that fully identifies impacts of the proposal and any revised proposal on economic development, including the impact on efforts to streamline infrastructure permitting and siting under current executive orders, guidance, and regulations, and it should include a thorough analysis of economic impacts to the economy as a whole; and
- c) The redefinition provides clarity on definitions and federal jurisdiction consistent with previous Supreme Court rulings and should affirm that there is a limit to federal jurisdiction under the CWA.

BE IT FURTHER RESOLVED that when this resolution is approved, copies of it shall be transmitted to the President, all members of Congress, the Administrator of the U.S. EPA, and the leadership of the U.S. Army Corps of Engineers.

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<sup>1</sup>David Sunding and David Zilberman. The Economics of Environmental Regulation by Licensing: An Assessment of Recent Changes to the Wetland Permitting Process. Available at:  
<http://areweb.berkeley.edu/~sunding/Economcs%20of%20Environmental%20Regulation.pdf>.



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### **3.2014 – Resolution Supporting Fuel and Technology Diversity in the U.S. Electricity Generation Portfolio**

WHEREAS, fuel and technology diversity historically have been key strengths of the electricity generation sector serving the South and the United States as a whole, helping to ensure price stability, system reliability, technical innovation, effective resource planning and integration, environmental protection, job creation, and strong economic growth; and

WHEREAS, IHS Energy has issued a report entitled "*The Value of US Power Supply Diversity*," which concludes that diversity of fuels and technology in the U.S. electricity portfolio is "fundamental to a properly functioning electricity system"; and

WHEREAS, the IHS Energy report finds that the United States is moving toward a "significant reduction" of diversity in its electricity mix with much of the Nation's baseload supply capacity at risk; and

WHEREAS, the IHS Energy report further finds that continuing shutdowns of the country's baseload nuclear and coal generating assets would decrease a typical household's annual disposable income by more than \$2,000, drive down the annual U.S. gross domestic product by nearly \$200 billion, increase wholesale and retail electricity prices by 75 percent and 25 percent respectively, and cause the loss of approximately one million jobs while degrading electricity reliability for consumers; and

WHEREAS, implementing an effective all-of-the-above energy policy and directing new energy infrastructure investment requires properly internalizing the value of fuel diversity; and

WHEREAS, market flaws distort wholesale power prices downward resulting in uneconomic retirement and replacement of existing cost-effective generation resources.

THEREFORE, BE IT RESOLVED that the members of the Southern States Energy Board recognize the importance and value of fuel and technology diversity in the U.S. electricity generation portfolio and urge federal, state, and local officials to work with the electric sector to preserve portfolio diversity and its benefits to the economy; and

THEREFORE, BE IT FURTHER RESOLVED that the members of the Southern States Energy Board commend the findings of IHS Energy's report, "*The Value of US Power Supply Diversity*," to the President of the United States, the United States Congress, the Federal Energy Regulatory Commission, the U.S. Department of Energy, the Southeastern Association of Regulatory Utility Commissioners, and the National Association of Regulatory Utility Commissioners.



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## **4.2014 –Resolution Concerning U.S. EPA's Proposed Greenhouse Gas Emission Guidelines for Existing Fossil-Fueled Power Plants**

WHEREAS, on June 18, 2014, the United States Environmental Protection Agency (EPA) published in the Federal Register a proposal ("Clean Power Plan") for reducing carbon dioxide (CO<sub>2</sub>) emissions from existing fossil-fueled power plants based on Clean Air Act Section 111(d); and

WHEREAS, EPA's proposed Clean Power Plan establishes significant CO<sub>2</sub> emission reductions for power plants in the Southern States Energy Board member states that will cause disruptive changes in the region's well diversified electricity mix; and

WHEREAS, states would only have 12 to 24 months after EPA approves their implementation plans to progress towards meeting their interim emissions target on January 1, 2020; and

WHEREAS, EPA, in its Regulatory Impact Analysis and databases, lists potential plant unit retirements for states and predicts that 46 to 49 gigawatts of coal-fueled generation in the U.S. will be shut down between 2016 and 2020 due to its Clean Power Plan and 75 percent of that lost capacity will disproportionately come from the 16 states in the SSEB region; and

WHEREAS, these retirements are in addition to the 71 gigawatts of coal-fueled generation that EPA acknowledges has retired or will retire between 2010 and 2020, for a total loss of generation to power 60 million homes due to other recent regulations and factors; and

WHEREAS, the promotion and funding of carbon capture and storage (CCS) technology development is essential to continuing the progress of facilities, such as Plant Barry in Alabama, the largest carbon capture and storage demonstration project to date; and

WHEREAS, another component of the proposed regulations that has serious implications for the Southern region is the EPA's treatment of under-construction nuclear energy facilities. In calculating state benchmarks, the EPA credited under-construction nuclear energy facilities as if they were currently operational. This disproportionately affects states in the southern region, as the only nuclear energy facilities currently being constructed are in the states of Georgia, South Carolina, and Tennessee. It is inappropriate to reflect the completion of these units in state goals, as the units are not currently completed. As a result, the affected states will have to make more drastic emissions reductions in order to meet the proposed goals; and

WHEREAS, EPA does not recognize the CO<sub>2</sub> emission reductions states have made before 2012, although the U.S. leads all other countries in reductions made since the year 2005; and according to EPA's modeling, would lead to 11 of the 16 SSEB states reducing their power plant CO<sub>2</sub> emissions more than the 30 percent national reduction from 2005 levels; and

WHEREAS, the 16 states in the Southern States Energy Board region currently produce over 50 percent of the U.S. energy supply, and \$5 trillion of the nation's \$16 trillion economic output with a commensurate number of high quality jobs in the manufacturing and agriculture sectors and with much lower electricity rates and higher economic growth than states with self-imposed carbon limits; and

WHEREAS, SSEB, individual state and other associations of legislators, financial regulators, attorneys general, and environmental commissioners have previously expressed their concerns



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with EPA's plans to regulate CO<sub>2</sub> emissions, have supported reasonable environmental policies as long as they maintain predictable, stable, affordable, and reliable supplies of electricity and have expressed the need to preserve the rights and powers of the states, including the sovereign right of each state to determine the appropriate mix of energy resources to meet its electricity needs; and

Whereas, EPA's proposed Clean Power Plan would establish an unprecedented program for EPA to regulate the production, delivery and use of electricity in the SSEB states and the entire United States by requiring each state to achieve an emission rate that cannot be achieved by the emitting 111(d) designated facilities so that states must rely on the production of electricity from non-emitting sources and from avoided generation attributed to consumer end use efficiency measures; and

Whereas, Congress did not empower EPA to expand its environmental policy role beyond the requirements in Section 111 of the Clean Air Act and EPA would be intruding upon the authority reserved to the states under the 10<sup>th</sup> Amendment of the U.S. Constitution; now

THEREFORE, BE IT RESOLVED that the Southern States Energy Board requests that the U.S. EPA withdraw the proposed guidelines and issue new guidelines that allow the southern states to establish policies that are in the best interest of the region and each of its states. The guidelines should:

1. Respect the primacy of states by allowing states to develop plans that establish performance standards and discretion and flexibility in establishing compliance mechanisms.
2. Maintain an adequate, reliable, affordable electrical generating fleet.
3. Be based on EPA guidelines for cost-effective, achievable reductions at the affected power plant units, rather than the states.
4. Establish emissions guidelines based on adequately demonstrated systems that are fuel and technology specific.
5. Provide credit for significant emissions reductions already made or being made.
6. Avoid premature retirements and stranded assets.
7. Be fair and equitable to all electricity consumers; and

BE IT FURTHER RESOLVED, that EPA should adopt policies that do not conflict with the responsibility of each state to provide affordable and reliable supplies of electricity for its citizens; and

BE IT FURTHER RESOLVED, the United States Department of Energy, Office of Fossil Energy should receive an increased appropriation to provide funding to further develop carbon capture and storage technology essential to ensuring that coal remains a vital and competitive asset in the United States' energy portfolio; and

BE IT FURTHER RESOLVED, SSEB recommends that state legislators work with other policymakers in their states to:





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- a) Provide comments to EPA on the legal, reliability, affordability, achievability, timing, implementation scheduling, and other issues that need to be considered for individual and groups of states to eliminate or minimize the aforementioned risks; and
- b) Jointly develop state implementation plans to protect residential, industrial, and commercial electricity users and ensure continued reliability of the electric system; and
- c) Continue to engage EPA and other relevant federal agencies and congressional delegations after the regulation is finalized to eliminate or minimize the aforementioned risks and consequences.



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Representative Rocky Miller of Missouri  
Representative Bill Sandifer of South Carolina

## **5.2014 – Resolution Questioning Nuclear-Specific Provisions of U.S. EPA’s Proposed 111(d) Carbon Rule**

WHEREAS, there is broad consensus throughout industry, academia, the United States government, and international organizations that zero-carbon nuclear energy is a necessary component of any meaningful strategy to reduce carbon in the electric generation sector, and nuclear energy presently generates nearly two-thirds of all carbon-free electricity in the U.S.; and

WHEREAS, the existing 44 reactor nuclear fleet throughout the Southern States Energy Board region, and five new reactors now under construction to come on-line in Tennessee, Georgia, and South Carolina by 2019, are key assets in the South’s ongoing comprehensive, multi-technology carbon reduction strategy; and

WHEREAS, the U.S. Environmental Protection Agency (U.S. EPA) has recognized that maintaining the existing nuclear fleet is a cost-effective carbon abatement strategy, but the agency’s proposed carbon rule considers only six percent of the carbon-free electricity produced by a state’s existing nuclear power plants and would not count the output of nuclear reactors now under construction in the U.S., all of which are being built in the South; and

WHEREAS, EPA’s proposal counts all renewable electricity production regardless of when it was placed into service, but ignores 94 percent of existing nuclear plant electricity production and all hydroelectric plant production.

THEREFORE, BE IT RESOLVED that the members of the Southern States Energy Board call on U.S. EPA to treat all sources of non-carbon generation equally and recognize that nuclear energy is critical to any national carbon reduction strategy so that states have sufficient incentive to preserve existing nuclear capacity and build new reactors.