



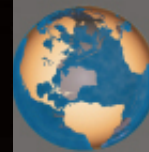
CO2 Performance Standards New & Existing Coal Plants

SSEB Annual Meeting
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PRESENTED BY

Angela J. Levin

Troutman Sanders LLP
5200 Bank of America Plaza
600 Peachtree Street N.E.
Atlanta, Georgia 30308
(404) 885-2622
www.troutmansanders.com



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Proposed New Source Standards The Basics



- Proposal issued on 9/20/2013
- Applies to coal and natural gas EGUs; does not apply to biomass (can co-fire with up to 10% coal)
- Applies to new sources only – not to modified or reconstructed
- Last year's proposal revoked

CO2 New Source Standards New Coal EGUs

- Includes coal-fired units with integrated pre-combustion and post-combustion capture cycle units
- Requires CO2 emissions from new coal EGUs based on the following:
 - 1,100 lb of CO2 per MWh of electricity generated a 12-month rolling average
 - 1,000-1,050 lb of CO2 per MWh of electricity generated a 7-year rolling average
- Effective ban on new coal plants



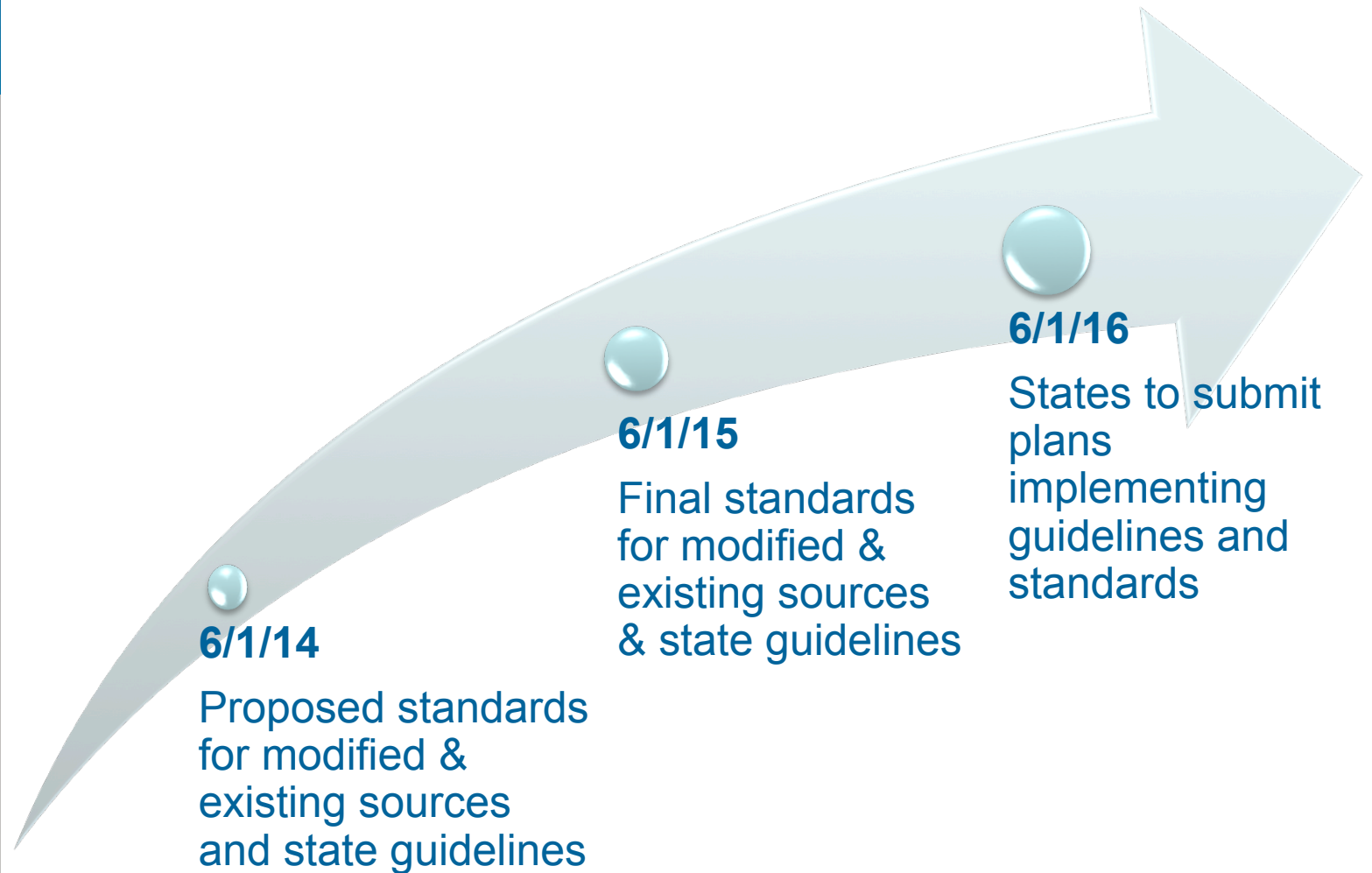
Rationale for Coal Standard

- Partial CCS is the “best system of emission reduction adequately demonstrated”
 - Technical feasibility
 - Amount of emissions reductions from standard
 - Reasonable cost
 - Promotes development of technology
- Claims broad EPA discretion
- *Yet, there are no commercial-scale power-sector CCS plants operating anywhere in the world*

Comments

- Due 60 days from publication in Federal Register
- EPA will not change its mind on this rule
- Still, comments needed:
 - Must create record for judicial review
 - Those interested in a future for coal must keep making the case to EPA – at least to influence the upcoming proposal for existing coal plants

Existing Source Standard: Rulemaking Schedule



Existing Source Standards

The Basics

- EPA's role is narrower than for new sources
- EPA establishes guidelines for categories and subcategories nationwide
- States have broad flexibility to meet the guidelines
- Any emission standards set by states would be based on most cost-effective option for the source, and take into account remaining useful life

Existing Source Standards Coal Units

- No add-on technology for coal plants to reduce CO₂
- Standards for existing coal units should be focused on measures inside the fence at each source
- EPA has suggested a different approach that looks outside the fence

Outside the Fence

- Focus on utility system in the state as a whole
- Define “cost-effective” as more renewables, gas, and DSM – which means less coal
- Offer “flexible,” “market-based” approaches as incentives for utilities to agree to greater emission reductions
- EPA in pre-rulemaking process of trying to build consensus around this approach



Stakeholder Process



- June 2014 proposal belies that decisions are being made now
- EPA is meeting with regions and states in one-on-one sessions and holding listening sessions
- Under original schedule, EPA indicated input period would end November 8
- Delayed by shutdown, but timeframe will likely be even more compressed as a result

Key State Messages

- States have the main role for existing sources
- EPA cannot dictate a state-wide, market-based approach
- But, states have the authority to provide state-wide flexibility after setting unit-specific, achievable emission standards



Opportunities for Involvement

- EPA's Listening Sessions
- Regional, State by State Meetings between EPA & State Environmental Directors
 - Coordinate with your state agency
 - Coordinate with neighboring states
- State and Trade Organization Resolutions
- Joint Letter by State Agency Directors