



Policy Resolution 01.2022

Adopted on August 29, 2022

Resolution Opposing EPA’s ‘Good Neighbor Rule’

Sponsors

Senator Brian Hughes, Texas*
Senator Mark Allen, Oklahoma
Senator Rupie Phillips, West Virginia
Senator Gary Stubblefield, Arkansas
Representative Howard Sanderford, Alabama
Representative Jim Gooch, Jr., Kentucky
Representative Mark McBride, Oklahoma
Delegate Will Morefield, Virginia

WHEREAS, on April 6, 2022, the U.S. Environmental Protection Agency (U.S. EPA) proposed a Federal Implementation Plan (FIP) on many of the states in the Southern States Energy Board’s (SSEB) region to implement a “Good Neighbor” Plan governing interstate transport of emissions in the context of the 2015 Ozone National Ambient Air Quality Standard (NAAQS) (hereinafter, “Transport Rule FIP”); and

WHEREAS, on February 22 and May 24, 2022, the U.S. EPA summarily disapproved many state Transport SIP Revisions and issued the proposed Transport Rule FIP to impose significant additional compliance obligations on coal- and gas-fired power plants less than one year from now (May 1, 2023), impacting eleven SSEB states; and

WHEREAS, all SSEB states have strong environmental track records, highly efficient and well-controlled coal and gas plants, and have seen consistent improvements in ambient air quality as a result. In the SSEB region and nationally, ozone levels continue to drop and power plants are playing an ever-smaller role determining those levels relative to mobile and other sources; and

WHEREAS, the proposed Transport Rule FIP ignores these facts and appears to be more about meeting the current Administration’s announced goals of eliminating fossil

fuel power plants than addressing significant contributions to serious environmental risks; and

WHEREAS, the FIP would render moot the hundreds of millions of dollars our ratepayers have invested in enhanced NO_x controls, including enhanced combustion controls and Selective Non-Catalytic Reduction (SNCR) systems; and

WHEREAS, the FIP imposes a draconian edict that all plants install replacements to those systems – called Selective Catalytic Reduction (SCR) controls – in just three years from the start of the new program. Even if it were appropriate to ignore and, in many cases, strand the investment already made by our ratepayers and expose them to hundreds of millions of new costs, it is simply not possible to accomplish the monumental task of universal SCR installation by 2026; and

WHEREAS, considering state and federal permitting requirements, as well as construction time and supply-chain issues, electric utilities will not have sufficient time or funds to stage and stagger the planned outages necessary for such a massive construction project across the fleet; and

WHEREAS, as a result, the most realistic outcome of U.S. EPA's action will be the mass premature retirement of coal and gas units not currently equipped with SCRs; and

WHEREAS, the western, midwestern, and southern states experienced region-wide outages for the first-time in 2020 and 2021, and that electric grid operators from these regions predict blackouts this summer: and

WHEREAS, the four Regional Transmission Organizations (ERCOT, MISO, PJM, SPP) have provided written comments to U.S. EPA expressing their concern that the Good Neighbor Rule will close critical baseload plants with no replacement power in place: and

WHEREAS, the closure of 42,443 MW of natural gas and coal generation will reduce the energy security of our nation.

THEREFORE, BE IT RESOLVED, that the Southern States Energy Board hereby expresses its concern that the U.S. EPA slow the process of the Good Neighbor Plan to

gain a true understanding of the impact on reliability and resilience of the nation's electric grid; and

BE IT FURTHER RESOLVED, that the U.S. EPA work with the North American Electric Reliability Corporation and RTOs to ensure that the reliability and resilience of the electric grid is not compromised; and

BE IT FURTHER RESOLVED, that the U.S. EPA return to the cooperative federalism approach enshrined in the Clean Air Act and withdraw the proposed Transport Rule FIP so the long-pending State Transport SIP Revisions can be meaningfully reviewed and all issues resolved.

