

Clean Power Plan Development and Timeline

Presented to the Utah Air Quality Board
October 7, 2015

EPA August 3 Announcements

- Final rule for new and modified EGUs (a.k.a. the Carbon Pollution Standards (CPS) for New, Modified, and Reconstructed Power Plants)
- Final rule for existing EGUs (a.k.a. the Clean Power Plan (CPP))
- Proposed federal plan and model trading rules for the CPP

Carbon Pollution Standards for New, Modified, and Reconstructed EGUs

- New coal units: 1,400 lbs/MWh (CO₂)
 - Proposal was 1,100 lbs/MWh
- New natural gas units: 1,000 lbs/MWh

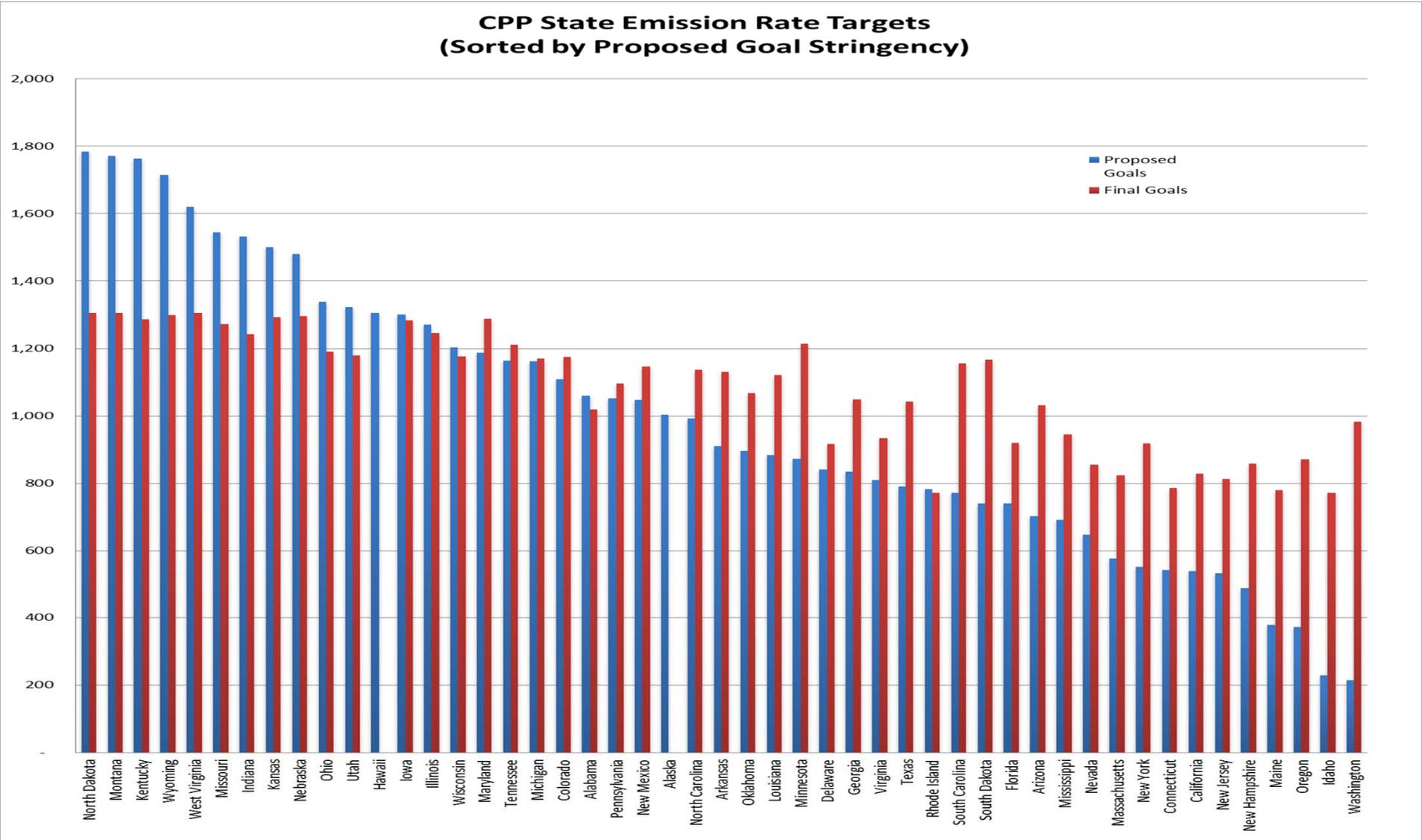
Clean Power Plan – Final Rule Overview

- Covers 11 power plants in Utah:
 - 5 coal plants under state jurisdiction:
 - Carbon (retired)
 - Hunter
 - Huntington
 - Intermountain Power Plant
 - Sunnyside
 - 1 coal plant (Bonanza) under federal jurisdiction
 - 5 natural gas plants under state jurisdiction
 - Carrant Creek
 - Lake Side 1
 - Lake Side 2
 - Nebo
 - Gadsby (units 1, 2, and 3)
- EPA established rates based on best system of emissions reduction (BSER) building blocks:
 - Block 1: Improved efficiency at *existing* coal-fired power plants
 - Block 2: Shifting generation from coal to *existing* lower-emitting natural gas plants
 - Block 3: Shifting to *new* zero-emitting renewables
- Used BSER to establish emissions performance rates for two source categories
 - Steam rate of 1,305 lbs/MWh
 - NGCC rate of 771 lbs/MWh

Clean Power Plan – Final Rule Overview (continued)

- Category specific rates then used to calculate separate CO2 emissions rate- and mass-based targets for each state
 - Rate:
 - Utah’s 2012 rate was 1,874 lbs/MWh
 - Utah’s interim (2022-2029) target is 1,368 lbs/MWh
 - Utah’s final (2030) target is 1,179 lbs/MWh (37% reduction from 2012 levels)
 - Mass:
 - Utah’s 2012 emissions were 30,822,343 short tons
 - Utah’s interim (2022-2029) target is 26,566,380 short tons
 - Utah’s final (2030) target is 23,778,193 short tons (23% reduction from 2012 levels)
- States may use BSER measures and/or other emissions reduction strategies for compliance
 - Examples:
 - Energy efficiency measures
 - Emissions trading programs
 - Unit retirements

Goals: Proposed vs. Final



Who develops/submits state plans?

- CPP
 - Includes a requirement mirroring that found in 40 CFR part 51 App. V.2.1.(a) with respect to SIPs that identifies the Governor of a state as the authorized official for submitting the state plan to EPA
 - Governor can designate another responsible official via letter prior to September 6, 2016
 - This step is necessary to allow designee access to EPA's electronic plan submission system
 - If the Governor has previously delegated authority to make CAA submittals, states can submit documentation of this delegation in lieu of a letter from the Governor
- Utah
 - Utah Code 19-2-104(1) authorizes the Utah Air Quality Board to make rules in accordance with Utah Code 63G-3, Utah Administrative Rulemaking Act
 - Board adopts rules/plans
 - Governor submits plans to EPA
 - Examples of 111(d) plans adopted by the Board
 - Plan for Hospital, Medical, Infectious Waste Incinerators
 - Plan for Small Municipal Waste Combustion Units

State Plan Deadlines

Submittals	Dates
State Plan -OR- initial submittal with extension request	September 6, 2016
Progress Update (for states w/ extensions)	September 6, 2017
State Plan (for states w/ extensions)	September 6, 2018
Milestone (Status) Report	July 1, 2021

Interim and Final Goal Periods	Reporting
Interim goal performance period (2022-2029)	
- Interim Step 1 Period (2022-2024)	July 1, 2025
- Interim Step 2 Period (2025-2027)	July 1, 2028
- Interim Step 3 Period (2028-2029)	July 1, 2030
Interim Goal (2022-2029)	July 1, 2030
Final Goal (2030)	July 1, 2032 and every 2 years beyond

State Plan – Initial Submittal

- Three required components to obtain a 2-year extension:
 1. Identification of approaches under consideration and a description of progress made to date
 - Must include a non-binding statement of intent to participate in Clean Energy Incentive Program (CEIP)
 2. Explanation for why the state requires additional time
 - Modeling
 - Stakeholder outreach
 - Development of tracking or other systems
 - Regional coordination
 3. Demonstration of opportunity for public comment on the initial submittal and meaningful engagement with stakeholders during the preparation of initial submittal
 - Include plans for engagement during development of the final plan
- DAQ will need to have an initial submittal completed prior to June 15, 2016, to allow time for our public process
 - Stakeholder process between now and then

Considerations regarding initial plan submittal

- Several western states have either issued statements supporting or neutral on the CPP
 - Will be actively engaged in plan development and seeking allowances/credits associated with new energy development projects and planned closures/conversions
 - Important to have a seat at the table to ensure that Utah's interests are represented and protected
- The initial submittal does not require the adoption of any enforceable measures or final decisions
- The initial submittal does not require legislation and/or regulations to be passed
- Initial submittal does not change the compliance period, which begins in 2022
 - Allows stakeholders to engage over the plan development period
- Failure to submit an initial plan will trigger a federal plan

Proposed Federal Plan

- Four proposed actions:
 - Rate-based federal plan
 - Mass-based federal plan
 - Rate-based model trading rule for potential use by any state
 - Mass-based model trading rule for potential use by any state
- Model trading rules to be finalized by summer 2016
- EPA won't finalize federal plans until there's a need (i.e., for states that don't submit an approvable plan by the required deadline)
 - EPA intends to finalize a single plan type (i.e., either rate-based or mass-based)
 - Won't know which approach will be utilized until the first failure to submit an approvable plan
- Comments on proposed federal plan due 90 days following publication in the Federal Register

Next Steps

- Begin series of stakeholder meetings
 - Goal of completing an initial submittal for public review by June 2016
 - Initial submittal by September 6, 2016