BEFORE THE
UNITED STATES HOUSE OF REPRESENTATIVES

COMMITTEE ON ENERGY AND COMMERCE,
SUBCOMMITTEE ON ENERGY AND POWER

TESTIMONY OF THE HONORABLE DAVID A. WRIGHT
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ON BEHALF OF THE
NATIONAL ASSOCIATION OF REGULATORY UTILITY COMMISSIONERS

ON

"American Energy Initiative: EPA Greenhouse Gas Regulations"

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Summary for Testimony of the Honorable David A. Wright
On Behalf of the
National Association of Regulatory Utility Commissioners (NARUC)

Representing the State public service commissioners who regulate the nation's power providers, NARUC's perspective on the proposed EPA greenhouse gas regulations involves the impact of these regulations on the utilities we regulate and, by extension, their consumers. NARUC adopted the following recommendations, urging EPA in its implementation of power sector regulations to:

- Avoid compromising energy system reliability;
- Seek ways to minimize cost impacts to consumers;
- Ensure that its actions do not impair the availability of adequate electricity and natural gas resources;
- Consider cumulative economic and reliability impacts in the process of developing multiple environmental rulemakings that impact the electricity sector;
- Recognize the needs of States and regions to deploy a diverse portfolio of cost-effective supply-side and demand-side resources based on the unique circumstances of each State and region;
- Encourage the development of innovative, multi-pollutant solutions to emissions challenges as well as collaborative research and development efforts in conjunction with the U.S. Department of Energy;
- Employ rigorous cost-benefit analyses consistent with federal law, in order to ensure sound public policy outcomes;
- Provide an appropriate degree of flexibility and timeframes for compliance that recognizes the highly localized and regional nature of the provision of electricity services in the U.S;
- Engage in timely and meaningful dialog with State energy regulators in pursuit of these objectives; *and*
- Recognize and account for, where possible, State or regional efforts already undertaken to address environmental challenges.

Good Morning Chairman Whitfield, Ranking Member Rush, and Subcommittee Members. Thank you for the opportunity to appear before you today.

My name is David Wright. I am Vice Chairman of the South Carolina Public Service Commission and I serve as president of the National Association of Regulatory Utility Commissioners (NARUC), on whose behalf I am speaking this morning. I appreciate the opportunity to present NARUC's views on the Environmental Protection Agency's proposed greenhouse gas regulations under the Clean Air Act. I will also address my personal views from the perspective of a commissioner from South Carolina.

NARUC is a quasi-governmental, non-profit organization founded in 1889. Our membership includes the public utility commissions serving all States and territories. NARUC's mission is to serve the public interest by improving the quality and effectiveness of public utility regulation. Our members regulate the retail rates and services of electric, gas, water, and telephone utilities. We are obligated under the laws of our respective States to assure the establishment and maintenance of such utility services as may be required by the public convenience and necessity and to assure that such services are provided under rates and subject to terms and conditions of service that are just, reasonable, and non-discriminatory.

NARUC understands the significant impact EPA's Proposed Standards of Performance for Greenhouse Gas Emissions for New Stationary Sources: Electric Utility Generating Units regulations (Proposed NSPS for GHGs) and other finalized and pending environmental

regulations will have on the power sector. To this end, NARUC adopted policy positions that stress the need for flexibility in compliance requirements, coordination among generating plants, and continued dialogue with federal and State utility and environmental regulators to ensure that compliance with these regulations does not hinder system reliability and minimizes cost impacts on consumers.

Proposed NSPS for Greenhouse Gases Background

The Proposed NSPS for GHGs will limit carbon dioxide emissions from new fossil-fuel fired power plants to 1,000 lbs CO_2/MWh per year. The rule arises under Clean Air Act section 111, which governs pollution from stationary sources such as power plants that have been deemed by the EPA Administrator as a category of sources that "causes, or contributes significantly, to, air pollution which may reasonably be anticipated to endanger public health or welfare." The standard for emissions is defined as, "best system of emissions reductions, (taking into account the cost of achieving such reduction and any non-air quality health and environmental impacts and energy requirements) the Administrator determines has been adequately demonstrated." The Proposed NSPS for GHGs is subject to a settlement agreement where States and environmental entities challenged EPA's failure to address GHG emissions in the 2006 Electric Utility Steam Generating Units NSPS.

EPA proposes to combine coal-fired power plants and natural gas combined-cycle power plants into a single category for the Proposed NSPS for GHGs. The emission limit established for this new combined source category is based on the demonstrated performance of natural gas

combined-cycle units (NGCC) "which are currently in wide use throughout the country, and are likely to be the predominant fossil fuel technology for new generation in the future."

While the Clean Air Act applies NSPS to new and modified sources, the Proposed NSPS for GHGs does not propose a standard for modifications, stating that "sources not subject to the new source performance standards would be treated as existing sources subject to section 111(d)."

The Proposed NSPS for GHGs excludes transitional sources, defined as "a coal-fired power plant that has received approval for its completed PSD [Prevention of Significant Deterioration] preconstruction permit… and that commences construction within 12 months of the date of this proposal." EPA estimates that there are 15 sources that may qualify as transitional sources. The rule also excludes reconstructions from the Proposed NSPS for GHGs.

The Proposed NSPS for GHGs does not provide guidance to the States for promulgating requirements for existing sources, under Clean Air Act 111(d), but the Proposal anticipates future standards for existing sources, and the settlement agreement that catalyzed this NSPS directs EPA to issue guidance for existing affected generating units.

NARUC's Perspective

NARUC does not take a position on the merits of this or any other EPA regulation at this time. However, the Proposed NSPS for GHGs raises concerns regarding resource diversity, consumer costs, and uncertainty for existing sources. These concerns are heightened if one considers previous and future EPA rules that have, or will have, an impact upon electric

generation reliability, consumer costs and resource diversity in concert with the proposed NSPS for GHGs.

Diversity of Resources

NARUC has encouraged EPA to recognize the needs of States and regions to deploy a diverse portfolio of cost-effective supply-side and demand-side resources based on their own unique circumstances and characteristics. The proposed NSPS for GHGs combines two otherwise distinct categories, electric-steam generating units and combined-cycle generating units, based on the fact that they "serve the same function, that is to serve baseload and intermediate demand." This may create a challenge to resource diversity.

The Proposed NSPS states that, "in light of a number of economic factors, including the increased availability and significantly lower price of natural gas, energy industry modeling forecasts uniformly predict that few, if any, new coal-fired power plants will be built in the foreseeable future." EPA "recognize[s] that some owners/operators may nevertheless seek to construct new coal-fired capacity. This may be beneficial from the standpoint of promoting energy diversity and this proposal does not interfere with construction of new coal-fired capacity."

The rule asserts that it does not preclude the development of coal-fired capacity, but it bases its NSPS on the emissions rates for natural gas combined-cycle plants rather than maintaining separate categories and standards for coal and natural gas plants.

> NGCC qualifies as the ‘‘best system of emission reduction’’ (BSER) that the EPA has determined has been adequately demonstrated because NGCC emits the least amount of CO_2 and does so at the least cost. We propose that a NGCC facility is the best system of emission reduction for two main reasons. First, natural gas is far less polluting than coal. Combustion of natural gas emits only about 50 percent of the CO_2 emissions that the combustion of coal does per unit of energy generated. Second, new natural gas-fired EGUs are less costly than new coal-fired EGUs, and as a result, our Integrated Planning Model (IPM) model projects that for economic reasons, natural gas-fired EGUs will be the facilities of choice until at least 2020….

The Proposed GHG NSPS recognizes that some power suppliers may want to build coal plants for resource diversity and suggests a 30-year averaging alternative for coal plants that may exceed the 1,000 lbs CO_2/MWh in the first ten years, and then make up these emissions through reducing emissions below threshold for the next 20 years to meet the BSER standard by averaging those 30 years. NARUC supports flexibility such as that provided in the 30-year averaging mechanism.

The decision to combine coal and natural gas combined-cycle categories for the purpose of the Proposed NSPS for GHGs and basing the BSER on the combined cycle emissions favors natural gas-fired plants. The Proposed GHG NSPS indicates that, “The best performing subbituminous-fired EGU has maintained a 12-month emissions rate of 1,730 lb CO2/MWh.” Even the best performing coal units cannot meet the NSPS without CCS. The Proposed NSPS for GHG goes on to state that, “we are not proposing that CCS, including the 30-year averaging compliance option, does or does not qualify as the BSER adequately demonstrated” but solicits comments on that decision. A commitment to resource diversity would encourage a separate

NSPS BSER for coal-fired plants and natural gas combined cycle units, keeping the categories separate as they have been historically.

Cost to Consumers

NARUC commissioners are primarily economic regulators who are charged by State law to protect the public interest in affordable and reliable electric service. The Proposed NSPS for GHGs identifies the current trend of low natural gas prices. The price of natural gas, however, like any commodity, can be volatile—the more dependent a system is on a particular fuel, the more risk to the consumer from this volatility. Additionally, depending on natural gas-fired plants increases concerns around gas and electric interdependencies that need to be addressed in order to ensure the continued reliability of the electric grid. Further, while the NSPS for GHGs estimates that it has no cost because the models suggest that all generation developers will build natural gas combined-cycle units, in the case that someone builds coal for resource diversity or other purposes, there will be increased costs (probably because of CCS) associated with coal. The Proposed NSPS for GHGs recognizes this cost and suggests that government subsidies are necessary for building coal with CCS. *See, e.g.* 77 Fed. Reg. 22,418 and 22,422 (discussing the six transitional sources that will install CCS and have DOE loan guarantees or grants to do so).

Uncertainty for Existing Sources

In many regions, State commissioners are currently reviewing significant cost recovery requests for power plant compliance plans with the Mercury and Air Toxics Standard (77 Fed. Reg. 9,304). The investment decisions may be impacted by the Proposed NSPS for GHGs, but the impact the rule will have on these existing sources remains uncertain.

The proposed NSPS reiterates the established approach that installation of pollution control equipment, such as those required under MATS, does not count as a modification that would trigger the NSPS.

EPA has gone further and excluded all modifications and reconstructions from the NSPS. While NARUC does not have a position on EPA's approach, we are concerned that this may raise legal challenges and extend uncertainty for existing sources. Further, the statute, the settlement agreement, and the Proposed NSPS for GHGs indicate that a NSPS standard promulgated under 111(b) would lead to a standard under 111(d) for existing sources that would be covered by the NSPS as if they were new sources. The proposed NSPS for GHGs itself states that "EPA anticipates that [it will] promulgate at the appropriate time, [standards] for existing sources under 111(d)." Uncertainty about these 111(d) requirements will complicate retrofit investment and cost recovery decisions. No one wants to pour millions of dollars into retrofitting a plant to see it close down based on NSPS for GHG standards for existing sources.

Other Rules

In addition to this Proposed Rule, several other rules will impact the Utility Sector, including the Mercury and Air Toxics Standard, 77 Fed. Reg. 9304 (Feb. 16, 2012), the Cross-State Air Pollution Rule: "Federal Implementation Plans: Interstate Transport of Fine Particulate Matter and Ozone and Correction of SIP Approvals," 76 Fed. Reg. 48208 (Aug. 8, 2011) Stayed by the DC Circuit Court of Appeals); the Coal Combustion Residual proposed rule 75 Fed. Reg. 35127 (June 21, 2010); the National Pollution Discharge Elimination System, Clean Water Act 316(b) proposed rule 76 Fed. Reg. 22174 (April 20, 2011). These rules must be evaluated in concert when making investment decisions and cost calculations.

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I would now like to take my NARUC hat off and provide some of my personal observations as a State utility regulator.

I, David Wright, am very concerned about the whole suite of regulations that EPA has adopted, proposed, or intends to propose that affect the electric utility sector. This includes the rule being discussed at this hearing on greenhouse gas emissions from new electric generation and the rule EPA said it will issue that applies to greenhouse gas emissions from existing generation. This suite also includes EPA's mercury regulation, (the so-called "MATS" rule), the Cross-State Air Pollution Rule (CSAPR), and others.

As a public utility commissioner, I am ultimately accountable to the electric ratepayer. When electric bills go up, I get the calls from irate consumers, so naturally I am concerned about

the impact these rules will likely have on electric rates. I am not here to criticize specific provisions in any of the EPA rules – but I am here to express concern about the prospect of rate increases, perhaps significant rate increases, that these rules will create.

For example, EPA's own assessment of the MATS rule, estimates costs of $9.6 billion per year. When added to assessments of the other EPA rules, these costs will be even higher.

In a September 2011 study performed for the American Coalition for Clean Coal Electricity (ACCCE) entitled *Potential Impacts of EPA Air, Coal Combustion Residuals, and Cooling Water Regulations*, National Economic Research Associates (NERA) analyzed the impact of four EPA rules –MATS, CSAPR, the coal-combustion residuals rule, and the cooling water intake structures regulation – and estimated costs of approximately $21 billion per year over the period from 2012 to 2020. The present value of these costs is $127 billion. The rules would cause average U.S. retail electricity prices to increase by approximately 6.5 percent over the period 2012 to 2020, with prices in certain regions increasing considerably more than that. Henry Hub natural gas prices would increase by 10.7 percent on average, according to the study.

A more recent NERA analysis for ACCCE analyzed just the effects of the MATS rule. NERA used EPA's retrofit assumptions and costs to project impacts of the final MATS rule. It found that compliance costs for the electric sector in 2015 are $10.4 billion. Total compliance costs are $94.8 billion**.**

These cost numbers are eye opening and will have a significant effect on ratepayers. As EPA adds new rules, such as its greenhouse gas rules, these numbers will most certainly go up.

It also concerns me that the policies being pursued today actually make it harder for our States and regions to develop diverse resource portfolios by eliminating the use of coal, which will force us to overly rely on natural gas. I am fuel neutral, but resource diversity is critically important in the electric sector. As a regulator, I am responsible for ensuring that the long-term, high capital decisions made by utilities will not overburden their ratepayers. Yet no one can predict the future, especially when that future is reliant on a historically volatile commodity like natural gas. It is therefore important that we as a country maintain the ability to invest in a diverse portfolio of resources so that our ratepayers are protected against price increases that one particular fuel may experience.

Let me drive this point home. Just a few years ago, natural gas prices exceeded $14/MMBTU. Recently they went down to around $2.00. It is a mistake to assume these low gas prices will last forever. We must be allowed to keep all fuels, including coal, in our resource mix in case gas prices again spike.

I am also concerned about the impact EPA's regulations will have on the reliability of the grid. The North American Electric Reliability Corporation has termed EPA's regulations significant – the number one risk to grid reliability in the nation.

Part of my concern is that there has never been a formal true reliability assessment of EPA's regulations. EPA's assessments have been resource adequacy assessments, where EPA determines whether the total amount of retirements in a particular region will cause regional reserve margins to fall below acceptable levels. But the true reliability impacts occur locally, because particular units that might be forced into retirement by EPA's regulations are needed for local reliability purposes, such as voltage support or black-start capability. And the potential reliability problems that could ensue, while they might begin in particular local areas, have the potential for cascading into much larger areas.

Last year, because of concern that the reliability impacts of EPA's rules have not been adequately assessed, my agency, the South Carolina Public Service Commission, along with our Office of Regulatory Staff, petitioned the Federal Energy Regulatory Commission (FERC) to establish a joint federal-State board to study the reliability implications of EPA's rules. A number of other State public service commissions filed in support of this effort. While FERC denied the petition, they agreed to establish a continuing dialogue with NARUC on the issue. The first FERC-NARUC Forum on Reliability and the Environment took place in February, and we will meet again this July. The forum proved to be a successful venue for all parties to discuss these issues. We appreciate FERC agreeing to meet with us, and I personally appreciate the participation of EPA so far.

But having a dialogue does not substitute for the needed study, and it does not ameliorate concerns about what the reliability impacts will be and what it will cost to comply with the EPA regulations without impairing grid reliability. In fact, as I look around the country at what some

of the regional transmission organizations and independent organizations are saying will occur as a result of the EPA rules, my concerns are intensified.

- Both the Electric Reliability Council of Texas and the Southwest Power Pool have expressed alarm about blackouts if the Cross-State Air Pollution Rule, which has been stayed in court, were to go into effect.

- The Midwest Independent Transmission System Operator says that 61 of 71 GW of baseload coal in the MISO region will require some action to comply with EPA's regulations over the next three years or sooner. MISO says 13 GW of those 61 GW are at immediate risk of retirement. MISO projects retrofit or replacement costs of $33 billion. According to MISO, reserve margins are "plummeting." "Retirement of 13 GW of coal-fired generation would cause MISO's current projected reserve margin for 2016 to plunge to 8.3 percent – 9.1 percent short of our required 17.4 percent reserve margin."

- PJM is projecting that an unprecedented number of transmission projects will be needed to remove bottlenecks caused by unit retirements – 130 separate projects at a cost of nearly $2 billion – and these all have to be completed within the next several years. Delays will threaten reliability and could cause significant electric rate increases.

In sum, if there is one message I would like to leave with the committee, it is that EPA must pause in its regulatory processes until the impact of its regulations, both as to cost to ratepayers and the reliability of the electric system, are better understood. There has to be a

better way to harmonize the need for the country to continue to improve the environmental performance of the electric utility industry with the need to keep electric rates stable and low. In these difficult economic times, the people of my home State, and I'm sure other States as well, cannot afford significant rate increases.

Conclusion

In conclusion, NARUC appreciates the opportunity to present testimony discussing the Proposed NSPS for GHGs and encourages Congress and EPA to consider the principles outlined in our resolutions which are attached, with a specific focus on resource diversity, consumer costs, and the challenges of uncertainty for existing sources when finalizing the NSPS for GHGs.

ATTACHMENTS

Resolution on the Role of State Regulatory Policies in the Development of Federal Environmental Regulation[1]

WHEREAS, The National Association of Regulatory Utility Commissioners (NARUC) recognizes that the U.S. Environmental Protection Agency (EPA) is engaged in the development of public health and environmental regulations that will directly affect the electric power sector; *and*

WHEREAS, EPA is expected to promulgate regulations to be implemented by State environmental regulators concerning the interstate transport of sulfur dioxide and nitrogen oxides, cooling water intake, emissions of hazardous air pollutants and greenhouse gases, release of toxic and thermal pollution into waterways, and management of coal combustion solid waste; *and*

WHEREAS, NARUC at this time takes no position regarding the merits of these EPA rulemakings; *and*

WHEREAS, Such regulations under consideration by EPA could pose significant challenges for the electric power sector, with respect to the economic burden, the feasibility of implementation by the contemplated deadlines and the maintenance of system reliability; *and*

WHEREAS, EPA is expected to provide opportunities for public comment and input with respect to forthcoming regulations; *and*

WHEREAS, Compliance with forthcoming environmental regulations will affect consumers differently depending upon each State's electricity market and the nature of the decisions made by State regulators; *and*

WHEREAS, Addressing compliance with multiple regulatory requirements at the same time may help to reduce overall compliance costs and minimize risk assuming reasonable flexibility with respect to deadlines; *and*

WHEREAS, State utility regulators are well positioned to evaluate risks and benefits of various resource options through policies that appropriately account for and mitigate the risks arising from compliance with pending regulations; *and*

WHEREAS, Cooperation between utility commissions and environmental regulators can promote greater policy coordination and integration and improve the quality and effectiveness of electricity sector regulation; *and*

WHEREAS, State utility regulators, by working with the power sector and State and federal environmental regulators, can help to facilitate least-cost compliance with public health and environmental goals; *and*

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[1] Based upon Resolution on Implications of Climate Policy for Ratepayers and Public Utilities, adopted by NARUC Board of Directors on July 18, 2007

WHEREAS, State utility regulators can help to minimize environmental risk as well as uncertainty regarding reliability and customer rate impacts by requesting regulated utilities with fossil generation to develop plans that evaluate all relevant environmental rulemakings at U.S. EPA; *now, therefore, be it*

RESOLVED, That the Board of Directors of the National Association of Regulatory Utility Commissioners, convened at its 2011 Winter Committee Meetings in Washington D.C., urges the EPA to ensure that, as it develops public health and environmental programs, it will:

- Avoid compromising energy system reliability;
- Seek ways to minimize cost impacts to consumers;
- Ensure that its actions do not impair the availability of adequate electricity and natural gas resources;
- Consider cumulative economic and reliability impacts in the process of developing multiple environmental rulemakings that impact the electricity sector;
- Recognize the needs of States and regions to deploy a diverse portfolio of cost-effective supply-side and demand-side resources based on the unique circumstances of each State and region;
- Encourage the development of innovative, multi-pollutant solutions to emissions challenges as well as collaborative research and development efforts in conjunction with the U.S. Department of Energy;
- Employ rigorous cost-benefit analyses consistent with federal law, in order to ensure sound public policy outcomes;
- Provide an appropriate degree of flexibility and timeframes for compliance that recognizes the highly localized and regional nature of the provision of electricity services in the U.S;
- Engage in timely and meaningful dialog with State energy regulators in pursuit of these objectives; *and*
- Recognize and account for, where possible, State or regional efforts already undertaken to address environmental challenges; *and be it further*

RESOLVED, That NARUC urges State utility regulators to actively engage with State and federal environmental regulators and to take other appropriate actions in furtherance of the goals of this resolution.

Sponsored by the Committees on Electricity and Energy Resources and the Environment
Adopted by the NARUC Board of Directors February 16, 2011

Resolution on Increased Flexibility for the Implementation of EPA Rulemakings

WHEREAS, The Board of Directors of the National Association of Regulatory Utility Commissioners (NARUC) adopted a resolution on the *Role of State Regulatory Policies in the Development of Federal Environmental Regulations* on February 16, 2011; including the following statements:

- **WHEREAS**, NARUC at this time takes no position regarding the merits of these EPA rulemakings; *and*

- **WHEREAS**, Such regulations under consideration by EPA could pose significant challenges for the electric power sector and the State Regulatory Commissions with respect to the economic burden, the feasibility of implementation by the contemplated deadlines and the maintenance of system reliability; *and*

WHEREAS, NARUC wishes to continue to advance the policies set forth in the resolution as it relates to the proposed EPA rulemakings concerning the interstate transport of sulfur dioxide and nitrogen oxides, cooling water intake, emissions of hazardous air pollutants and greenhouse gases, release of toxic and thermal pollution into waterways, and management of coal combustion solids; *and*

WHEREAS, NARUC recognizes that a reliable energy supply is vital to support the nation's future economic growth, security, and quality of life; *and*

WHEREAS, There are many strategies available to States and utilities to comply with EPA regulations, including retrofits and installation of pollution control equipment, construction of new power plants and transmission upgrades to provide resource adequacy and system security where needed when power plants retire, purchases of power from wholesale markets, demand response, energy efficiency, and renewable energy policies – the collection of which can be implemented at different time frames by different interested parties and may constitute lower-cost options that provide benefits to ratepayers; *and*

WHEREAS, A retrofit timeline for multimillion dollar projects may take up to five-plus years, considering that the retrofit projects will need to be designed to address compliance with multiple regulatory requirements at the same time and requiring several steps that may include, but are not limited to: utility regulatory commission approval, front-end engineering, environmental permitting, detailed engineering, construction and startup; *and*

WHEREAS, Timelines may also be lengthened by the large number of multimillion dollar projects that will be in competition for the same skilled labor and resources; *and*

WHEREAS, NARUC recognizes that flexibility with the implementation of EPA regulations can lessen generation cost increases because of improved planning, selection of correct design for the resolution of multiple requirements, greater use of energy efficiency and demand-side resources, and orderly decision-making; *and*

WHEREAS, Some generators that will be impacted by the new EPA rulemakings are located in constrained areas or supply constrained areas and will need time to allow for transmission or new generation studies to resolve reliability issues; *and*

WHEREAS, The North American Electric Reliability Corporation (NERC) and regional RTOs will need time to study reliability issues associated with shutdown or repowering of generation; *and*

WHEREAS, NARUC recognizes that flexibility will allow time for these needed studies, *and*

WHEREAS, The Federal Energy Regulatory Commission (FERC), through its oversight of NERC, has authority over electric system reliability, and is in a position to require generators to provide sufficient notice to FERC, system operators, and State regulators of expected effects of forthcoming health and environmental regulations on operating plants to allow an opportunity for meaningful assessment and response to reliability claims; *now, therefore be it*

RESOLVED, That the Board of Directors of the National Association of Regulatory Utility Commissioners, convened at its 2011 Summer Committee Meetings in Los Angeles, California, supports efforts to promote State and federal environmental and energy policies that will enhance the reliability of the nation's energy supply and minimize cost impacts to consumers by:

- Allowing utilities to coordinate the closure and/or retrofitting of existing electric generating units in an orderly manner that will ensure the continued supply of electricity and that will allow power generators to upgrade their facilities in the most cost effective way, while at the same time achieving attainable efficiency gains and environmental compliance; *and*

- Allowing regulatory options for units that are necessary for grid reliability that commit to retire or repower; *and*

- Allowing an EPA-directed phasing-in of the regulation requirements; *and*

- Establishing interim progress standards that ensure generation units meet EPA regulations in an orderly, cost-effective manner; *and be it further*

RESOLVED, That Commissions should encourage utilities to plan for EPA regulations, and explore all options for complying with such regulations, in order to minimize costs to ratepayers; *and be it further*

RESOLVED, That FERC should work with the EPA to develop a process that requires generators to provide notice to FERC, system operators, and State regulators of expected effects of forthcoming EPA regulations on operating plants to allow an opportunity for meaningful assessment and response to reliability issues; *and be it further*

RESOLVED, That NARUC and its members should actively coordinate with their environmental regulatory counterparts, FERC, and the electric power sector ensuring electric system reliability and encourage the use of all available tools that provide flexibility in EPA regulation requirements reflecting the timeline and cost efficiency concerns embodied in this

resolution to ensure continuing emission reduction progress while minimizing capital costs, rate increases and other economic impacts while meeting public health and environmental goals.

Sponsored by the Subcommittee on Clean Coal and Carbon Sequestration and the Committees on Electricity and Energy Resources and the Environment
Adopted by the NARUC Board of Directors July 20, 2011