

NERC

NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

EPA CPP Final Rule

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September 30, 2015

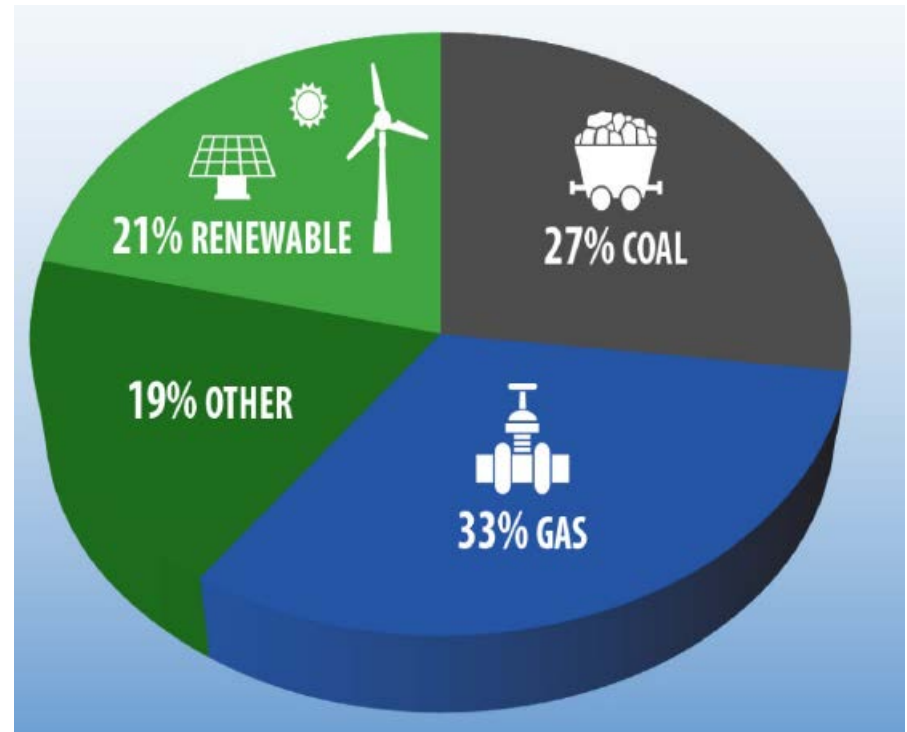
RELIABILITY | ACCOUNTABILITY



Significant Increase in Renewables

Decline in Coal

Increase in Natural Gas



Source: EPA

- The CPP sets CO₂ emissions performance for affected power plants that reflect the best system of emission reduction (BSER)
- EPA identified 3 “Building Blocks” as BSER
 - Calculated performance rates for fossil-fueled EGUs
 - Another rate for natural gas CC units
- EPA translated into a state goal measured in mass and rate, based on each state’s unique mix of 2012 power plants

Source: EPA



Building Block

- Improved efficiency at power plants
- Shifting generation from higher-emitting steam EGUs to lower-emitting natural gas power plants
- Shifting generation to renewables



How EPA Calculated

- Increase operational efficiency of existing coal fired steam EGUS
- Substituting increased generation from existing natural gas units for reduced generation at existing steam EGUs
- Substituting increased generation from zero emitting resources

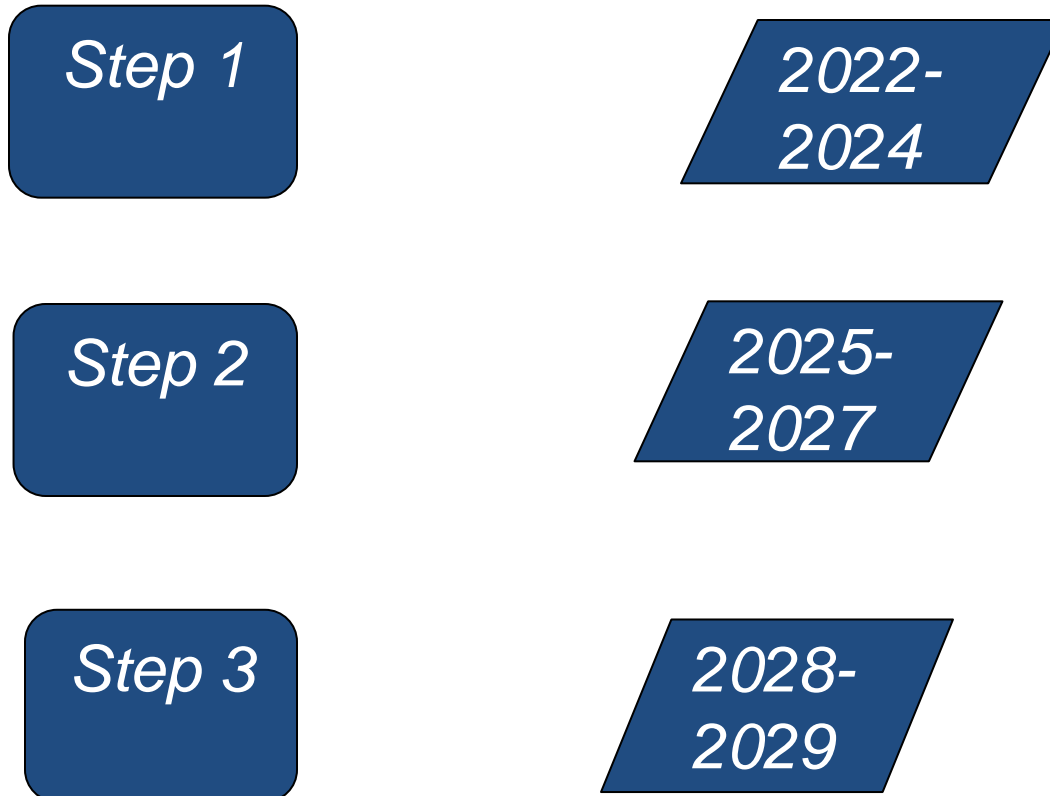


Examples of Compliance

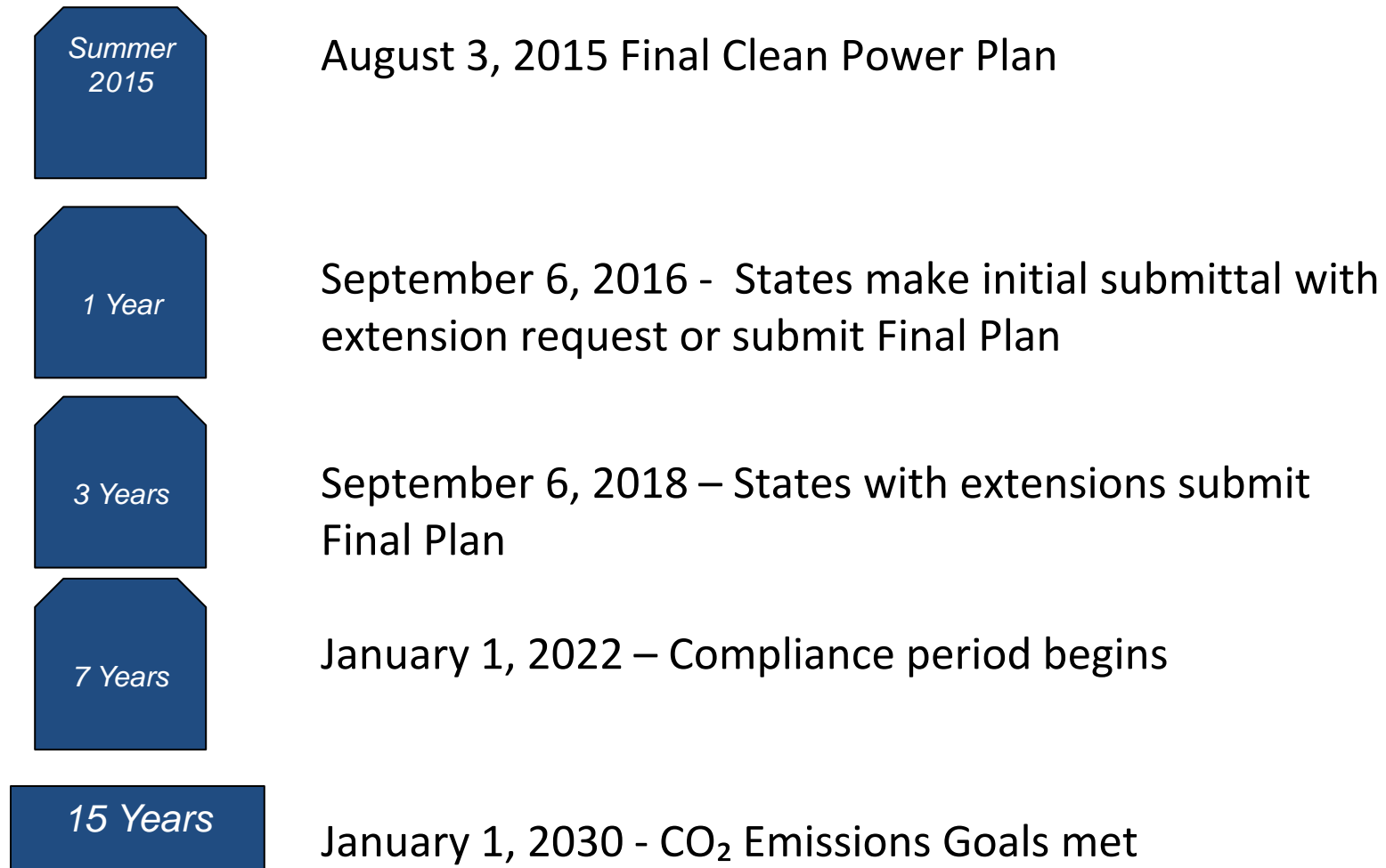
- Boiler chemical cleaning; equipment and software upgrades
- Increase generation at existing NGCC units
- Increased generation from solar, wind, nuclear, and CHP

Source: EPA

- The interim period runs from 2022-2029 and includes three interim performance periods



Source: EPA



- States can collaborate with other states linking plans through common administrative provisions (“trading ready”)
- Trading ready mechanisms allow states or power plants to use creditable, out of state reductions to meet their goal without the need for up-front interstate agreements

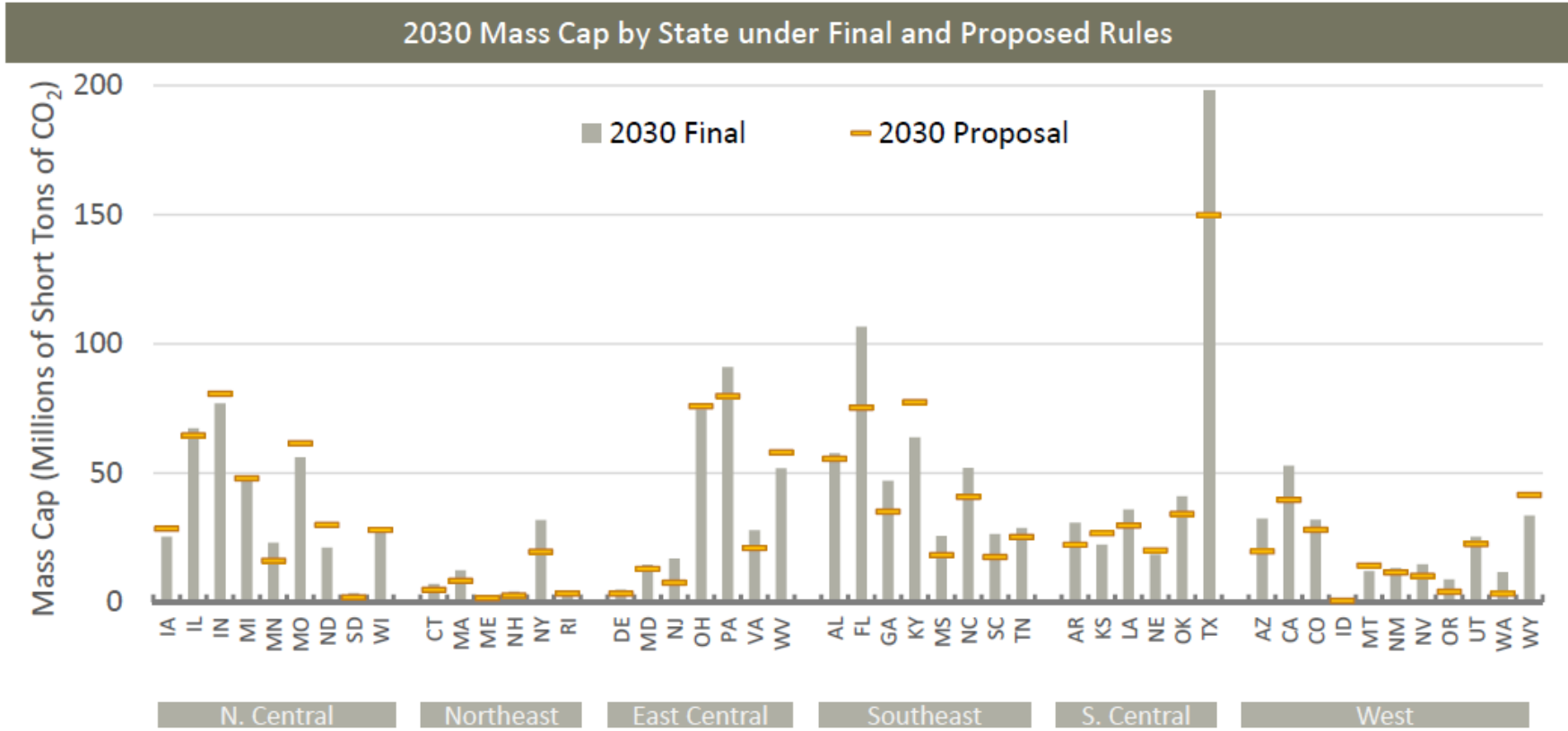
Source: EPA

- EPA provided the Clean Energy Incentive Program (CEIP) to incentivize early investment for wind and solar power or reduce end-use energy demand during 2020 and 2021.
- EPA will provide matching allowances or ERCs to states that participate in the CEIP, up to an amount equal to the equivalent of 300 million short tons of CO₂ emissions. The match is larger for low-income EE projects.

Source: EPA

- Each state is required to demonstrate in its final plan that it has considered reliability issues in developing its plan, including consultation with an appropriate reliability or planning agency
- EPA provides for a mechanism for a state to seek a revision to its plan in case unanticipated and significant reliability challenges arise
- Reliability safety valve to address situations where, due to an unanticipated event or other extraordinary circumstances, there is a conflict between the requirements imposed on an affected power plant and maintaining reliability

Source: EPA



Source: <http://www.epa.gov/airquality/cpp/tsd-cpp-emission-performance-rate-goal-computation-appendix-1-5.xlsx>



Questions and Answers