

Clean Power Plan

Final Rule and Thoughts on Path Ahead

ERM
Cibo EE Meeting
September 2015

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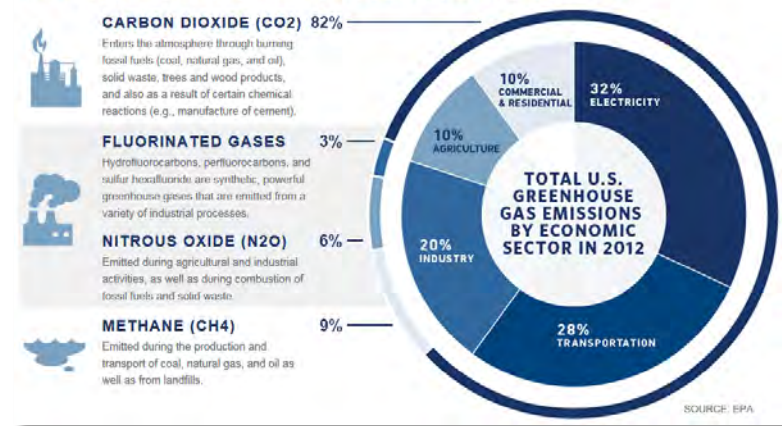
Think of the proposed rule as a trial balloon

EPA addressed more than 4M comments – the result was a different rule

- Mass-based vs. Rate based: there are different goals and different advantages/risks to each
- State-wide plans versus EGU specific standards
- “Trading-ready” criteria for intra- and inter-state trading
- Clean Energy Initiative
- Only focused on existing fossil-steam generation and NGCC
- Normalized, regional rates used

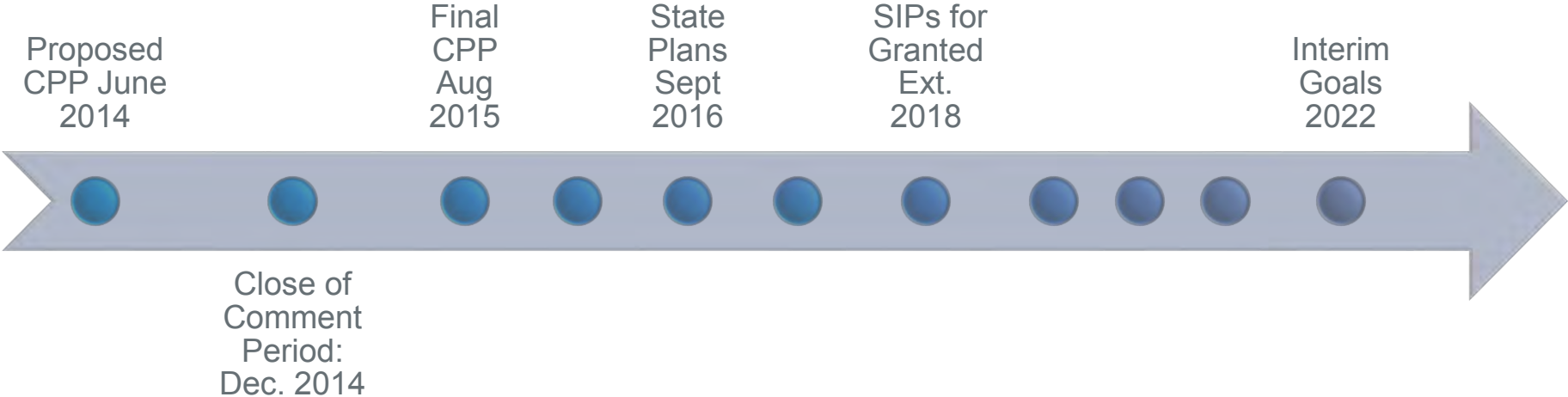


U.S. GREENHOUSE GAS POLLUTION INCLUDES:



The CPP Timeline

Final compliance date of 2030 with 30% reductions in CO₂ emissions



Summary of Final Rule

Source-specific CO₂ emission performance rates:

- Emissions performance rates for affected power plants that reflect the “best system of emission reduction” (BSER)
- BSER in the form of two source-specific CO₂ emission rates for power plants - rate for coal steam and oil steam plants, and rate for natural gas plants.

State-by-state rate- and mass-based goals that rely on CO₂ performance rates:

Three building blocks:

- Energy efficiency at the power plant
- Shifting generation from coal to natural gas
- Shifting generation

Summary of Final Rule (continued)

Regional – and phased-in – BSER analysis to set source-specific emission performance rates:

Additional provisions to address electricity system reliability concerns

- Includes a reliability safety valve to address unforeseen emergencies.

Summary of Final Rule (continued)

Trading-ready mechanisms

- States can design rate-based or mass-based plans that will make their units “trading ready,” allowing individual power plants to use creditable out-of-state reductions to achieve required CO₂ reductions (without interstate agreements upfront)

Clearer Path to Mass-Based Trading

- State-by-state mass-based targets

Summary of Final Rule (continued)

Encouraging actions to achieve early reductions

- Emission rate credits (ERCs) created to reward early investments in certain renewable energy and demand-side energy efficiency projects during 2020 and 2021

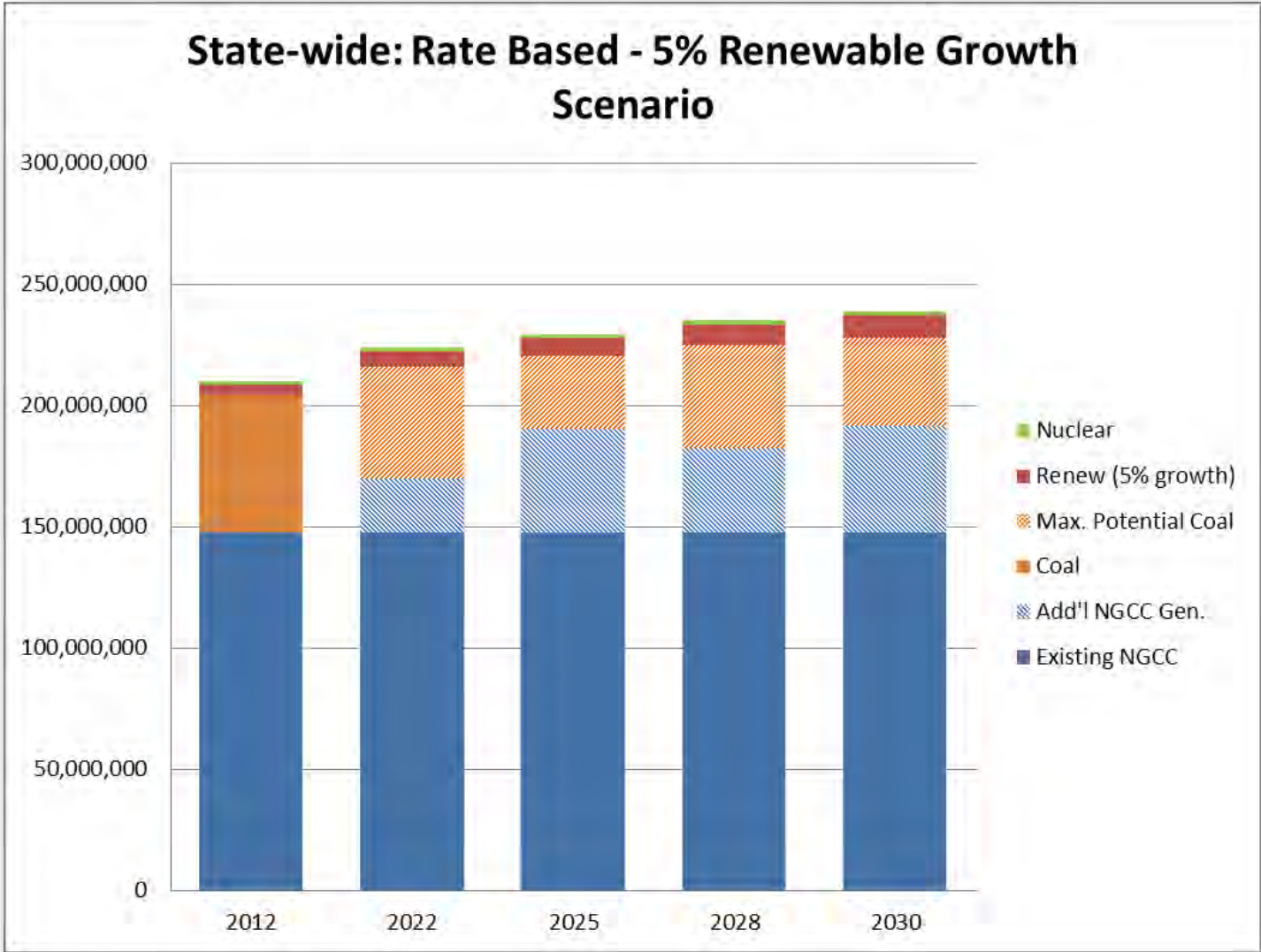
Dealing with Uncertainties

Path ahead

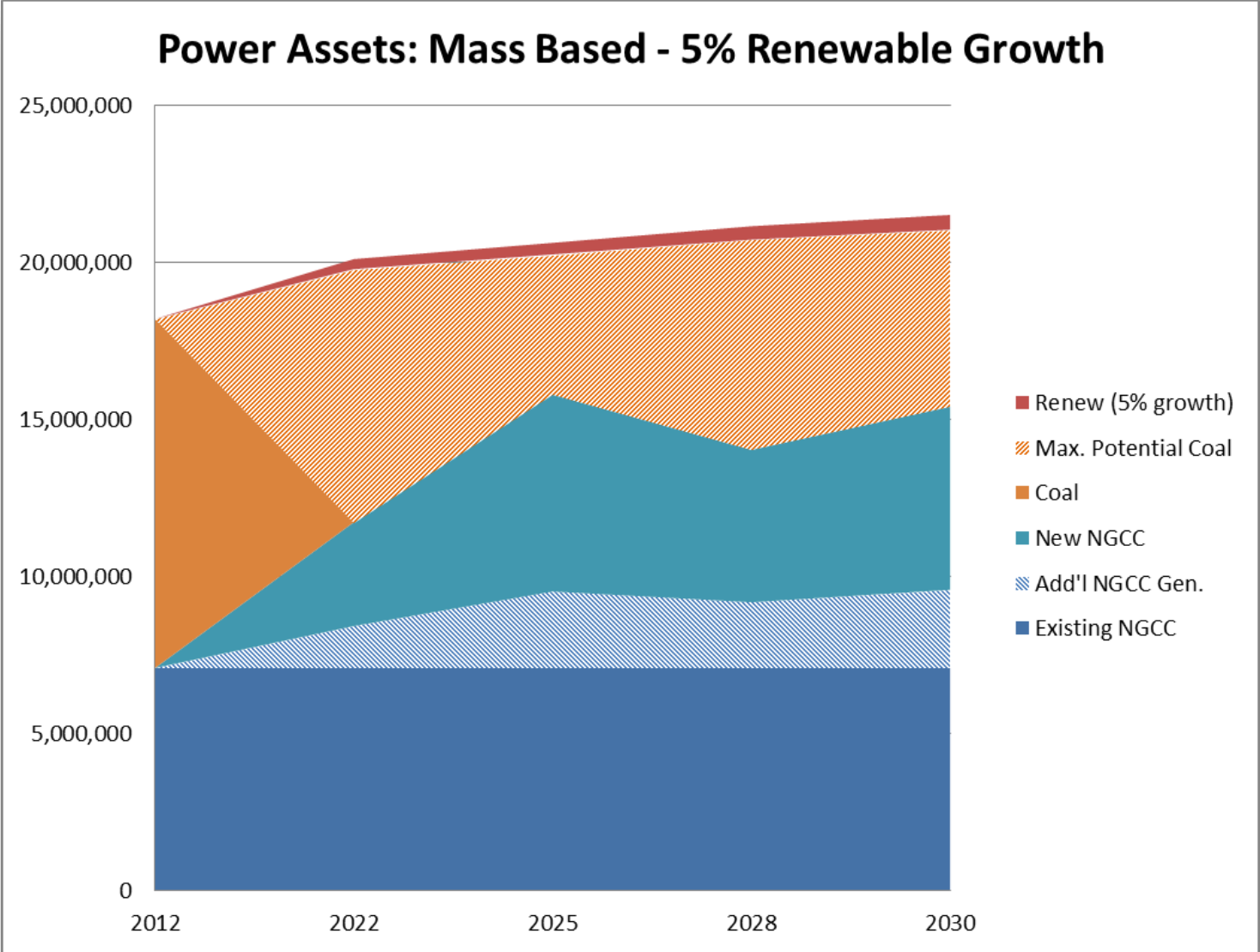
- Legal Challenges
- Implications for Multistate Plans
- Potential for stranded assets



Utility Planning - Rate Based Limits



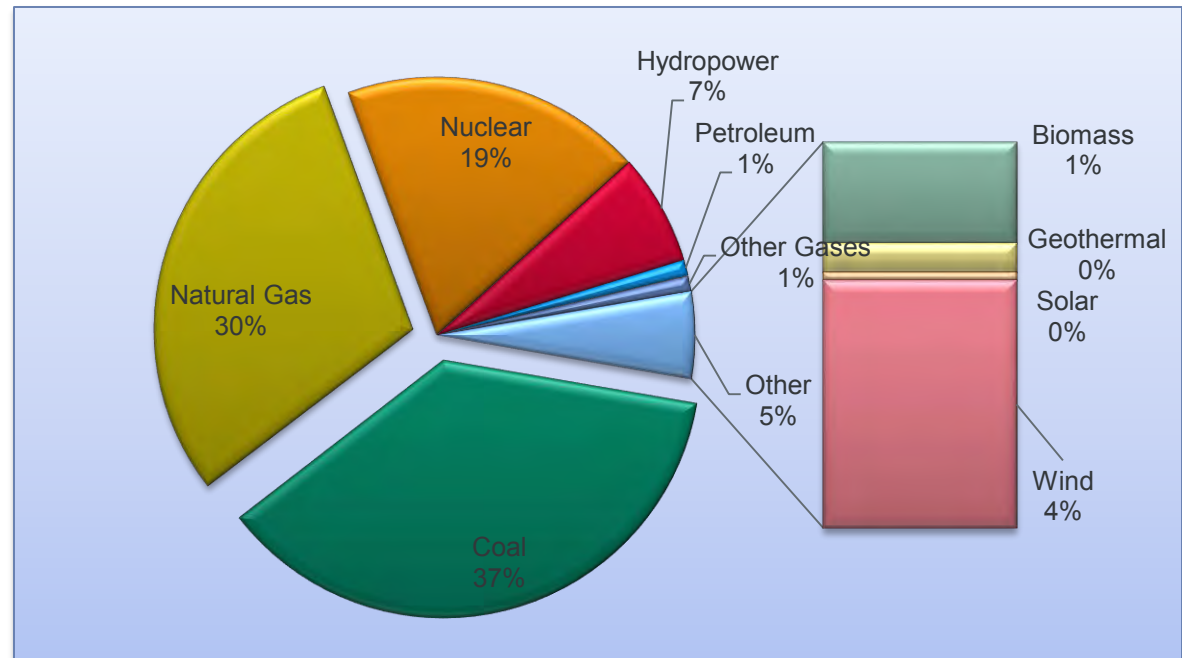
Utility Planning - Mass Based Limits



Different Places, Different Long-Term Solutions

As SIPs are submitted and finalized activities will be triggered:

- Capital Projects - renewable installations, re-powering, modifications, or federally enforceable permits in certain states.
- Identification of “Trade-Ready” assets and 3rd party verifications.



Questions

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