MEMORANDUM

DATE: August 13, 2014

TO: Clean Power Plan for Existing Power Plants; Docket Id: OAR–2013-0602

FROM: EPA Region 1

SUBJECT: August 11, 2014, Meeting with Maine State Staff Regarding Proposed Carbon Power Plan for Existing Power Plants

SUMMARY

A meeting was held between EPA and the attendees listed below on August 11, 2014 to discuss the proposed Carbon Power Plan for Existing Power Plants. Discussion covered state goal calculations, crediting of renewable energy and energy efficiency, and accounting for imports and exports.

ATTENDEES (all by phone)

Maine Department of Environmental Protection:
Marc Cone, Eric Kennedy, Erle Townsend, Jaime Farrin

Maine Governor’s Energy Office:
Lisa Smith

EPA:
Shutsu Wong
Dave Conroy
John Moskal
Bob McConnell
Joe Bryson
Matt Clouse
Michael Cohen
Colin Boswell
Jim Ketcham-Colwill
Julia Miller
Jeremy Mark
Denise Mulholland
Juan Santiago
David Solomon
Lora Strine
Erika Wilson
Questions provided by Maine are below:

1. We understand that existing hydro power generation was not included in the baseline and the electricity generated from hydro is currently not being considered creditable in the future unless it is new. What constitutes “new”? What does that mean? We would like specific calculations as to how EPA arrived at Maine’s baseline rate and then how EPA calculated our target rate.

2. How is existing wind powered generation considered in the baseline calculation? Would existing wind and future wind generations be considered similarly as hydro generation? What is the cut-off date to distinguish between existing and new? Can Maine use existing wind generation as an offset for compliance? In calculating the offset for RE generation, do we use the generation capacity, or the actual MWh of generation (capacity factor consideration)?

3. We think we have heard that RE generated outside of the country would not be creditable. Is that true? In northern Maine the grid is connected to the Canadian grid and needs to rely on generation from out of the country. In addition, some of the renewable electricity proposed to be generated in northern Maine will need to be transmitted through Canada and then back into Maine to connect with ISO New England. Would that also not be considered creditable towards our compliance goal?

4. Who may take credit for carbon avoided by RE projects if the generation is created in Maine but is being used to meet RPS requirements in another state? Does the existence of a purchase power agreement with an out-of-state consumer for a particular RE project eliminate that project as a source for offset MWh for compliance? What circumstances allow Maine to retain credit for RE generated for out-of-state consumption, and what causes Maine to lose the credit?

5. In the TSD list of generating assets we see where industrial co-generation facilities are exempted. Could you point us to where that exemption is in the proposed regulation?

6. RGGI considers biomass renewable, does the EPA proposal? Is a >250 MMbtu/hr biomass facility that burns <10% fossil fuel exempt from 111d?

7. When the RE building block was calculated, the regional average RPS was used to establish the available RE potential in each individual state in a region. Because Maine’s RPS is much higher than the regional average, applying the building block makes it appear that there is much more available carbon savings through RE in Maine than there really is. This penalizes Maine for having so much RE already on line, and this penalty is made worse by the exclusion of existing hydropower from the equation. In reality, approximately 2/3 of Maine’s generation is already from renewable sources. Will EPA consider reassessing Maine’s goal based on a more realistic analysis of our RPS and our existing fleet of renewable generation?

8. Maine’s existing CC gas plant facilities are under-utilized. In EPA’s proposal, these facilities would increase their production of electricity and resulting CO2. Because Maine relies so
heavily on renewable assets, the baseline and goal rates are below the CC plant rates, any increase use of these CC plants will only increase our final rate. We are being penalized, whether we choose to comply on a regional basis or individual state basis – due to no hydro credit. All of Maine’s CC natural gas plants meet the 111(b) proposed emission standards for a new plant. If one of those facilities were to come on line after the applicability date it would not be considered an affected EGU. Why is it considered an affected under the proposed rule, if the identical plant would be exempt at a later time? What if that plant were to be decommissioned, and then re-commissioned after the rule takes effect? Will EPA consider reassessing these plants as non-affected EGUs?

9. How should generating assets that were not listed in the TSDs be accounted for?