MEMORANDUM

DATE: 08/28/2014
FROM: Laura Farris/EPA Region 8
TO: Clean Power Plan for Existing Power Plants; Docket Id: OAR–2013-0602
SUBJECT: Clean Power Plan Discussion with the State of Utah held on 08/28/2014

SUMMARY
EPA Headquarters and Region 8 staff discussed various questions regarding the proposed Clean Power Plan for Existing Power Plants with the State of Utah on 08/28/2014. The Clean Power Plan for Existing Power Plants was proposed on June 2, 2014.

ATTENDEES
EPA HQ: Brian Fisher, David Solomon, Jeremy Mark, James Critchfield, Nick Swanson, Misha Vakoc, Jim Ketcham-Colwill, Jan Cortelyou, Erica Wilson, Matt Clouse, Beth Conlin, Joe Bryson, Gabrielle Stevens.
EPA Region 8: Carl Daly and Laura Farris
Utah Office of Energy Development: Peter Ashcroft, Rob Simmons
Utah DEQ: Glade Sowards, Bryce Bird, Dave McNeil, Jeff Whitchurch, Colleen Delaney

Discussion Questions
1. Can EPA walk through the conversion from a rate-based to a mass-based standard, or provide the numbers?
2. If a state fails to meet its goals, what are the consequences?
3. Can EPA describe how the accounting for EE works?
4. Does EPA have any plans to work with other Feds on new transmission, RE, and natural gas pipeline siting issues; streamlining the NEPA process; and addressing the Sage Grouse issue regarding energy development? These are major issues related to RE development and the increased use of NGCCs.
5. Can EPA discuss what might be acceptable regarding multi-state plans? Do states still submit individual state plans? Can they include more than one multi-state program or initiative? What if one state drops out of the Plan during the review or compliance period?
6. Does a plant have to go through NSR when it is trying to achieve (heat rate improvements) HRIs?
7. Can EPA discuss the RE accounting mechanisms, both in goal setting and in compliance? Can the HRI's work the same way?
8. How do states redispacth to NGCC units located in non-attainment areas?
9. Will EPA correct errors in calculating interim and final targets for the proposed rule prior to issuing final rules? What is the mechanism for correcting errors identified by states? For example, the Lake Side 2 NGCC plant in Utah was mischaracterized as operational, but it was actually under construction and had no generation for 2012. The plant began operating in June 2014. As a result, the 2012 NGCC capacity factor was estimated to be 32% while the actual number should have been 48%. Consequently, Utah’s interim (1,378 lbs/MWh) and final (1,322 lbs/MWh) goal rates were set too high. Because the actual capacity factor of existing plants is much higher than originally estimated (again, 48% vs. 32%), there is less remaining headroom for redispacthing natural gas to the 70% capacity factor targeted by EPA. This error should be corrected and the interim and final goals should be adjusted to 1,422 lbs/MWh and 1,369 lbs/MWh, respectively.
10. How will existing and future RE and other resources located inside Utah be treated if they were constructed to meet policy directives (e.g., RPS, EPS, cap and trade, etc.) in other states (e.g., existing
Milford FirstWind Phases 1 and 2, future IPP conversion from coal to NGCC)? If RE is included in Utah’s target, it should be available for compliance as well.

11. How will new NGCC plants (and other fuels) be treated in the final calculations to determine whether states meet goals? There have been mixed answers to this question in EPA-sponsored calls to-date. It is considerably more difficult for a state like Utah with a 2030 goal in lbs/MWh in excess of the emissions rate for a typical, new NGCC plant to achieve that goal via the four blocks alone. Allowing new NGCC plants to count towards compliance provides more flexibility in meeting the proposed target. 

12. How do the proposed targets address load growth in fast-growing states like Utah? For example, there may be limited opportunities to redispitch to NGCC when these plants were built to meet future load growth. Similarly, in high-growth states, EE investments may not result in lower fossil generation, but may simply be helping to meet load growth. Related: Can high-load growth states realistically use a mass-based approach and, if so, how?

13. The population and economy of Utah have consistently demonstrated strong growth, driving regional economic development and innovation. An emissions reduction plan must account for Utah’s growth, either through a rate-based approach, or through a mass-based approach that allows for economic growth.

14. Utah’s coal-fired power plants are among the cleanest in the country. EPA’s rate-based final target for carbon dioxide emissions in Utah should be set so as to ensure the full life of Utah’s coal-fired power plants, rather than burdening ratepayers and the economy with premature decommissioning. Costs of existing coal plants should be recovered before retirement. Moreover, it doesn’t make sense (from an equity or emissions perspective) to sideline relatively clean Utah coal plants while allowing dirtier plants in other states to continue operation.

15. EPA shouldn’t subject Utah power plants to conflicting regulatory requirements. Regulatory requirements for other pollutants such as PM2.5 or ozone may constrain power plant operations. For example, EPA assumes that natural gas units will be operated at an average of 70 percent capacity, which may be incompatible with other Clean Air Act requirements and/or State Implementation Plans to reduce pollutants along the Wasatch Front.

16. The EPA timetable does not allow sufficient time for utility regulatory proceedings and legislative actions that may be necessary to develop and implement a state emissions reduction plan.

17. Requirements for energy efficiency or renewable energy may exceed the legal authority of state air quality regulators.