My name is Byron Burrows, Manager of Air Programs with Tampa Electric Company (TEC). TEC is an investor-owned utility located in West Central Florida with over 687,000 residential, commercial and industrial customers that depend on us for reliable power and value-added energy services. TEC has served our community for over 115 years and currently utilizes a balanced fuel mix of coal and natural gas. In 2005, TEC completed the first part of a $1.2 billion initiative that reduced carbon dioxide (CO$_2$) emissions by 20% from 1998 levels. By repowering the coal-fired units to a Natural Gas Combined Cycle system, 5 million tons of CO$_2$ reductions have been realized every year since 2005. These reductions were memorialized by our participation in a voluntary but legally binding GHG trading program from 2003 to 2010 and they are valid reductions.

The substantial CO$_2$ reductions resulted from an agreement with EPA. This was the very first agreement in EPA’s ongoing NSR enforcement program. As a result of this agreement with EPA, TEC and our customers have made a substantial investment to make early reductions and EPA’s proposal for existing sources neglects to account for this bold and early action. If the Florida limits outlined in this proposal are finalized in their current form, our customers will be paying twice for the same reductions many other companies deferred until now. Projects that are part of the billion dollar reductions we recently completed are amortized over the remaining life of the coal plant (beyond 2030) to minimize the impact to customer’s bills and this proposal would create stranded assets. The benefits of these reductions, 5 million tons of CO$_2$ per year, have been realized for each of the last ten years. EPA should work with states to adjust the goals relating to Block 2 to a level that recognizes this early action, acknowledges the importance of fuel diversity, preserves the thousands of jobs at risk, and allows existing units to exist and operate within the confines of the Clean Air Act.

Instead, EPA’s proposal penalizes early action we have already taken with respect to Block 1 boiler efficiency improvements. TEC and many other utilities have already completed the relevant efficiency improvement projects outlined by EPA to get these emission reductions. EPA’s goal-
setting exercise for Florida simply assumes a reduction from efficiency improvements is plausible without due consideration of whether or not the potential measures have already been completed. This would arbitrarily reward those who delayed maintenance on power plants until after 2012 and penalize others. States should be afforded the flexibility to work with EPA to adjust the goal if the appropriate efficiency projects that EPA assumes are feasible have already been completed or would not achieve the reduction that EPA projects.

Unfortunately EPA’s proposal also directly penalizes our customers. In addition to paying for the substantial emission reductions described earlier, they have been participating in energy efficiency programs TEC has incentivized since 1979. Indeed, participation in the programs has been diminishing as the energy efficiency opportunities have been depleted in the 35 years of this already successful program. Again, the EPA proposal penalizes these proactive and forward-thinking customers who are now benefitting from a lower power bill because these customers would undoubtedly see a substantially higher bill due to the additional costs this proposal would bring. EPA should recognize that the decades of early action as well as new appliance and building codes are already reducing load demand and EPA should work with states to adjust the goal if the remaining reductions are found to be too expensive or simply not practicable.

We share the concern of our legal counsel that the rule as proposed does not comport with the intent or spirit of the Clean Air Act, which is ill-suited for EPA’s approach to this rule. We also share the concerns of various organizations that we support in evaluating this rule including, Florida Electric Power Coordinating Group, Class of 85, and Edison Electric Institute. We will join these groups in preparing and submitting written comments elaborating on the concerns voiced here today. We desire to provide substantive evidence of our observations described above and we are actively collaborating with other utilities and organizations in this regard. We have participated in previous hearings on this matter, met individually with EPA and Florida representatives, and we have participated in numerous meetings with our stakeholder groups. It is evident that a robust evaluation is warranted, therefore we request an additional 90 days to prepare a more complete analysis.
To summarize, the EPA proposed rule, if implemented as currently drafted, would penalize our company and our customers for substantial early action taken to reduce CO₂ emissions. Our low income customers will be disproportionately negatively impacted. Our analysis to this point indicates that that EPA’s proposal pushes each building block beyond practical application in our state and region and therefore is devoid of the purported flexibility. This can be rectified by accounting for the billion dollar repowering and other early action like it in the goal setting formula, allowing an appropriate capacity factor for the remaining coal units to properly function as existing units, and recognizing our customers’ early action in implementing substantial energy efficiency measures since 1979. To avoid a disproportionate impact to Florida and its citizens, it will require significant adjustment to the EPA goals to properly reflect the best system of emission reductions as defined in the Clean Air Act. We look forward to working with EPA and the state of Florida to properly consider these factors during development of these standards. Thank you for the opportunity to participate in this hearing and submit comments.