

United States Senate

WASHINGTON, DC 20510

December 9, 2014

The Honorable Gina McCarthy
Administrator
U.S. Environmental Protection Agency
William Jefferson Clinton Building
1200 Pennsylvania Avenue, NW
Washington, DC 20460

Dear Administrator McCarthy,

We are writing to express some of our concerns regarding the EPA's proposed Clean Power Plan (CPP) designed to reduce carbon dioxide (CO₂) emissions from the nation's power plants.

Numerous stakeholders in our states have raised various important concerns related to the proposed rule. Among those are several common themes that we have heard repeatedly and believe must be addressed in the final rule. These concerns relate to the initial reduction obligations the electric power sector must meet by 2020, the short timeframes required for states to develop their implementation plans, and the treatment of cross border renewable resources.

First, we have concerns that the CPP as proposed, under which emission reductions are front-loaded by assuming that building blocks one and two directly affecting fossil-fueled electric generating units will be fully implemented by 2020, does not accurately reflect the lead time needed for necessary infrastructure investments and upgrades. In fact, it results in a requirement for steep reductions that would occur in as little as 6 months after EPA has approved the state plans.

For example, the re-dispatch of natural gas combined cycle generation up to a 70 percent capacity factor will require a substantial additional build out of transmission infrastructure and natural gas pipeline capacity. Similarly, outages of individual electric generating units will be required so that coal-fired power plants can be upgraded to achieve improvements in generating efficiency. And, as generation is taken off the grid, additional electric transmission lines and infrastructure will need to be built in order address voltage and other grid management concerns.

In order to minimize the costs to consumers and potential reliability concerns, as recently highlighted in a report from the North American Electric Reliability Corporation (NERC), the final rule must provide adequate time for the design, permitting, and construction of such large scale capital intensive infrastructure. To address this concern, we urge the elimination of initial 2020 targets in the final rule. Rather each state should have the responsibility of developing its own glide path, in its EPA approved state plan, necessary for achieving its final goal by 2030. In so doing, each state could shape the contour of its glide path to attaining its 2030 goal based on its own unique circumstances and limitations. In developing its glide path, the state would

establish enforceable milestones for phasing in the reductions during the interim period, and demonstrate that such measures will achieve the final goals. This approach would preserve the overall reductions achieved by the Clean Power Plan, while enhancing the state flexibility that is already a part of EPA's proposal.

Furthermore, the CPP provides for ambitious deadlines for states to develop and submit plans to achieve CO₂ emission reduction targets under the CPP, further exacerbating the issues discussed above. The proposed rule gives states only 13 months from the issuance of a final EPA rule to prepare and submit their plans to EPA, with the possibility of only a one-year extension for individual state plans and a two-year extension for multi-state plans. These brief timelines will not allow for the full regional and national analysis as multiple states change key portions of the energy generating infrastructure in ways they will have many complicated and interconnected outcomes.

To assure the reliability of the electric grid, NERC and the various other regional transmission authorities must have an opportunity to evaluate the state plans. Due to the interconnections of the electricity grid across state boundaries, a comprehensive evaluation of potential reliability impacts can be accomplished only after all state plans are finalized, so the impact of each respective state on its neighboring states can be considered. This is challenging to accomplish on the ambitious proposed schedule while maintaining strong electric reliability and reasonable cost to consumers and businesses.

Finally, we have heard concerns about how the proposed rules credit renewable energy generation across state lines. Given the uneven distribution of easily exploitable renewable energy resources across the nation, much of the renewable generation built in one state has been incorporated into the rate base of another state. While multi-state implementation plans could moderate this issue there are other significant hurdles that would prevent states from entering such compacts. Therefore, the final rule needs to incorporate a mechanism to account for the renewable energy credits that have been included in rates of utilities located across state lines.

We recognize that climate change is a significant global threat that requires serious action to be taken at both the national and international levels to reduce greenhouse gas emissions. In order to best achieve these goals, however, changes must be made to the current proposal. Although numerous stakeholders have raised a wide range of issues that need to be addressed in the final rule, we are highlighting these three concerns as priorities to be addressed so that greater flexibility can be incorporated, thereby minimizing negative impacts on electric reliability and consumer rates across the country.

Thank you for your consideration of this important request.

Sincerely,



Gina McCasill



Amy Klobuchar

Paul Marchant

Heidi Heitkamp

May of Garden

Joe Donnelly
