Clean Power Plan Federal Plan and Model Trading Rules Call Series

Key Takeaways
On August 3, 2015, EPA released the final Clean Power Plan emission guidelines and the proposed federal plan and model trading rules.

Both rules were published in the Federal Register on October 23, 2015.

The proposed rule performs three actions:

- Amends the Clean Air Act 111(d) framework regulations,
- Establishes federal plan requirements on affected EGUs in the case where a state does not submit an approvable state plan, and
- Presents presumptively approvable rate-based and mass-based model trading rules

EPA also solicited comments on the Clean Energy Incentive Program through a non-regulatory docket, as well as in the proposed rule.

Comments on the proposed rule are due on January 21, 2016.
During November and December, ADEQ hosted four calls with stakeholders to hear their positions on the items for comment in the proposed rule.

Each call focused on a different topic.
- Regulatory Framework and Proposed Rule Impacts
- Federal Plan Structure
- Mass–based Implementation Approach
- Rate–based Implementation Approach

Stakeholders were provided a list of items for comment for discussion a week prior to each call.
Regulatory Framework and Proposed Rule Impacts

Key Issues

- Finalization of a single approach for the federal plan (rate or mass)
- SIP Call Mechanism
- Partial Approval/Partial Disapproval versus Conditional Approval Process
- Stranded Investments
Federal Plan Structure

Key Issues

- Inclusion of CEIP
- Rate vs Mass
- Reliability Safety Valve
- Allowances for Units that Retire
Mass-based Implementation Approach

Key Issues

- Allocation Approaches: Auction vs Distribution based on Historical Generation or Emissions
- Inclusion of Biomass
- Clean Energy Incentive Program
  - Definition of Low Income
  - Set-Asides
  - EM&V
- Banking and Borrowing
- Multi-year Compliance Periods
- Leakage
- Allowance Recordation
- Allowances for Units that Change Status
Rate–based Implementation Approach

Key Issues
- Use of Subcategorized Rate
- Frequency of ERC Issuance
- Expansion of Measures Eligible to Generate ERCs
- Buyer’s Liability for ERCs
- Gas–Shift ERCs
- Resources Required to Implement a Rate–based plan
Additional Information

Notes from the call series can be found on the ADEQ Clean Power Plan Workgroup Presentation & Materials webpage:

https://www.adeq.state.ar.us/air/planning/cpp/materials.aspx

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