

December 1, 2014

VIA ELECTRONIC FILING

Gina McCarthy, EPA Administrator  
Environmental Protection Agency  
1200 Pennsylvania Ave NW  
Washington, DC 20460

Re: Docket ID No. EPA-HQ-OAR-2013-0602

Dear Administrator McCarthy:

This letter is submitted to the United States Environmental Protection Agency ("EPA") on behalf of the Southwest Power Pool, Inc. ("SPP") in its capacity as a Federal Energy Regulatory Commission ("FERC") approved Regional Transmission Organization ("RTO") and a Regional Entity with delegated authorities to ensure the reliability of the bulk electric system within the SPP region.

On October 9, 2014, SPP submitted comments ("initial comments") on the "Carbon Pollution Emission Guidelines for Existing Stationary Sources: Electric Utility Generating Units" ("Clean Power Plan" or "CPP") proposed rule that was published in the Federal Register on June 18, 2014. The purpose of this letter is to provide additional SPP comments on the Notice of Data Availability ("NODA") released on October 28, 2014.

Specifically, SPP will provide comment on stakeholder suggestions related to: 1) the proposed glide path for emission reductions from 2020-2029; 2) certain aspects of the building block methodology; and 3) issues related to the implementation of the proposed goal-setting equation.

Regarding the proposed glide path for emission reductions, the EPA asks for comments on ways to adjust interim goals that include a phase-in of block one and two specific approaches for a phase-in of block two: (1) developing a phase-in schedule on the basis of whether and to what extent any additional infrastructure improvements are needed, and (2) using book life of the original generation assets and any upgrades to those assets in the development of a glide path.

SPP appreciates the EPA's consideration of reliability implications associated with the currently proposed glide path and willingness to consider ways to adjust the glide path. We do not believe that the approaches for which the EPA seeks comments in its NODA do enough to address SPP's reliability concerns. We remain concerned with the timing of the EPA's proposed schedule. The current schedule of issuing a final rule by June 2015, allowing state plans to be developed by as late as 2018, and interim goals that begin in 2020 does not allow sufficient time to evaluate, design, and construct infrastructure needed to allow compliance in a reliable fashion. It takes SPP about eighteen months to evaluate transmission needs for a set of modeled assumptions,<sup>1</sup> and as stated in our initial comments, it has taken as much as eight and a half years to study, plan for and construct transmission facilities in the SPP region. While adjusting interim goals such that the proposed glide path is less stringent could reduce the need for additional infrastructure at the onset of the compliance period, it is not possible to determine the appropriate infrastructure needed before the issuance of the final CPP by June 2015. Reliability can only be maintained if the EPA takes into consideration the length of time it will take to plan for and construct both generation and transmission infrastructure. Without such consideration, reliability will be at risk for interim goals established to begin in 2020. SPP continues to believe that the best way to address the reliability concerns expressed in its initial comments and those expressed by others is to extend the imposition of interim goals from 2020 to at least 2025.

Additionally, as reflected in our initial comments, a reliability safety valve would allow system operators and planners to maintain reliability by evaluating and addressing reliability issues on a state-by-state basis both during and after the development of state plans. Inclusion of a reliability safety valve in the final rule would better ensure that all reliability risks, not just those being considered by the NODA, be addressed before the implementation of state plans.

Turning to certain aspects of the building block methodology as described in the NODA, the EPA raises a number of questions related to building block two, including whether to establish a floor for the amount of generation shift from coal to gas assumed, whether to consider regional availability rather than state availability of natural gas combined cycle ("NGCC") generators, and, if so, what regional structure is appropriate.

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<sup>1</sup> Approximately eighteen months are required to evaluate transmission needs for the SPP region due to the modeling time required, the diverse set of stakeholders that work with SPP staff to establish assumptions and scenarios for the region, and consideration of the impacts on a multi-state, interdependent electric grid.

Adopting a floor as suggested by some stakeholders will increase pressure to add new generation in states that currently have no NGCCs. If the EPA were to adopt a floor that would increase pressure to add new generation in certain states, SPP suggests that assumption not be initiated until necessary infrastructure to interconnect and deliver new generation resources is in place. Additionally, if the EPA decides to consider regional availability in the establishment of block two targets, the definition of region should be based on the boundaries of organized markets since this best matches how generation is dispatched and how enabling transmission infrastructure is planned.

The EPA also seeks comment on building block three. Specifically, the EPA asks if regional targets should be developed first and then shares of the regional targets assigned to each state in the region. If the EPA adopts the change being considered for building block three, such action will place increased pressure on states with high capacity factor wind generation to build more wind than they currently need for their own usage. To date, SPP has not approved construction of transmission infrastructure to meet public policy needs beyond those existing within SPP's region. The approach the EPA has requested comment on would likely require planning and construction of additional transmission infrastructure in SPP for wind that will not be delivered within SPP. A key issue to be determined is how entities or regions outside the SPP region would pay for such additional transmission service and infrastructure. This key issue needs to be addressed by the EPA and the FERC and time given to plan and construct additional transmission infrastructure in order to accommodate this suggested modification. Further, SPP believes that any definition of "region" used by the EPA in the establishment of block three targets should be based on the boundaries of organized market for the same reasons described above.

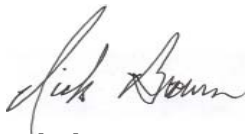
In the NODA, the EPA seeks comment on alternatives for addressing what has been pointed out by some stakeholders as an inconsistency in the application of block two compared to blocks three and four. The EPA notes that these alternatives would have the effect of further tightening state goals. SPP has concerns with incorporation of these suggestions in that any increase in goals will only enhance the need for additional infrastructure and will likely increase time to develop and construct requisite infrastructure.

As stated in our initial comments, the current electric power grid has evolved incrementally over the last 40-plus years to provide a reliable

supply of power in support of the current mix of generation assets. The changes being proposed by the EPA in the proposed timeframe will dramatically change use of the current system and will need to be thoroughly evaluated, modified as necessary, and implemented in a timely and responsible manner to avoid imposition of unnecessarily high costs and reliability risks to customers. Other parties have documented that the costs to consumers due to the Clean Power Plan proposal will increase significantly. SPP has not initiated such an analysis but does not assume that such results would be different and believes that consumers in our region will experience significant cost increases resulting from implementation of the CPP. SPP has instead focused its efforts on the issue that is its primary responsibility – to assure that reliability is maintained within the SPP region. To this end, SPP continues to advocate that the EPA work closely with the regions, the states and all interested parties to ensure that any final CO<sub>2</sub> rule maintains bulk electric system reliability compatible with a reliable, efficient market dispatch of available generation.

I appreciate your prompt attention to these concerns. Please contact me if you have any questions or would like to discuss this matter further.

Respectfully submitted,



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cc: SPP Board of Directors  
SPP Regional State Committee  
SPP Strategic Planning Committee  
SPP Regional Entity Trustees