

ADEQ and APSC Joint Stakeholder Meeting
January 5, 2016

Clean Power Plan Federal Plan and Model Trading Rules Call Series

Key Takeaways

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Background

- ▶ 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.

ADEQ Call Series

- ▶ 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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