



GOVERNOR'S OFFICE OF
ENERGY DEVELOPMENT

Advancing Utah's Energy Future

Utah's Response to EPA's Proposed 111.d Rule

**Dr. Laura Nelson, Executive Director
Governor's Office of Energy Development
Public Utilities & Technology Interim Committee Meeting
May 20, 2015**

OED's Objectives: Advancing Utah's Energy Economy



- Advocate for all-of-the-above resource development
- Promoting policies for reliable, affordable, sustainable energy
- Facilitate the creation of energy development and high-paying energy jobs
- Promote healthy rural communities through economic opportunity





EPA Proposed 111(d) Rule

Proposed Regulation	CAA Section	Status
New power plants	111(b)	Comments submitted May 8, 2014
Modified power plants	111(b)	Comments submitted Oct. 16, 2014
Existing power plants	111(d)	Comments submitted Dec. 1, 2014

- 111(d) regulations proposed: June 2, 2014
- Comments submitted: December 1, 2014
- Final rule expected: Summer 2015

Rule Overview

- Relies on rarely-used Clean Air Act provision
 - Section 111(d)
 - Based on “Best System of Emission Reductions” (BSER)
- Each state has a different rate-based (lb CO₂/MWh) target
 - Interim requirement from 2020-2029 plus final requirement for 2030
 - Utah 2012 rate is 1,813 lb CO₂/MWh
 - Utah 2030 rate is 1,322 lb CO₂/MWh
 - Possible mass-based alternative
- Target based on four “building blocks”
 - Block 1: Heat rate improvements at coal units (6 percent improvement)
 - Block 2: Natural gas dispatch in place of coal (up to 70 percent of capacity)
 - Block 3: Increased renewables and nuclear (up to 7 percent of total)
 - Block 4: End-use efficiency improvements (1.5 percent annual savings)



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Comment Overview

- State leadership and congressional action, not administrative rule, is needed to deal with the complex, wide-ranging issue of GHG reduction
- EPA's approach threatens grid affordability, reliability, security
- The legality of the proposed rule is tenuous
- The EPA has not sufficiently engaged states or Congress in developing the proposed rule
- EPA greatly underestimates cost and time required for needed infrastructure
- Utah's coal plants already very efficient - 3rd best in the country (EPA)



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Affected Power Plants

- Coal Steam
 - IPP (1,800 MW)
 - Hunter (1,472 MW)
 - Huntington (996 MW)
 - Carbon (189 MW)
 - 2015 retirement, included in Utah Baseline
 - Sunnyside (58 MW)
 - Not Bonanza (500 MW)
- NGCC
 - Lake Side 1&2 (1,203 MW)
 - Currant Creek (567 MW)
 - Nebo Power (140 MW)
- Gas Steam
 - Gadsby (433 MW)





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OED Priorities

- Advance affordable, reliable and abundant power that supports Utah's economy & quality of life
- Maintain Utah's position as an energy exporting state with a diverse energy generation portfolio
- Preserve Utah's efficient coal-fired power plants
 - The majority of Utah's power is produced from efficient coal generation, which supports low cost electricity

Current Actions

- OED formed and meets regularly with a 111(d) stakeholder working group, including utilities, relevant state agencies, and other technical and legal experts
 - Utilities: PacifiCorp, UAMPS, UMPA, IPA & Deseret
 - State agencies: DEQ, DPU, PSC
- OED working with Energy Strategies to develop state 111(d) modeling to assess 111(d) cost and reliability impacts to Utah's power system
 - Participating in NGA Policy Academy to help Utah examine 111(d) impact
- Consultation with other states
 - Center for the New Energy Economy (thirteen western states)
- Coordinating with Attorney General's Office on legal options

Timelines & Next Steps

- ***EPA Expects to Release its final rule in late Summer 2015***
 - *EPA now plans to release its final rules for new, modified & existing power plants simultaneously*
 - *OED's efforts to respond effectively to EPA's proposed 111(d) rule will provide decision makers with information and tools to effectively evaluate options, including legal*
- ***Summer 2016:*** State Plans Due (can apply for 1-year extension)
- ***Summer 2017:*** Multi-state Plans Due (can apply for 1-year extension)
- ***OED will continue to convene 111(d) Stakeholder Working Group, develop 111(d) impact modeling, and leverage WGA, NGA & other influential groups, to advance the interests of the State of Utah***



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Questions?

www.energy.utah.gov



Challenges

- Utah must address energy system changes that it didn't cause or initiate but are brought about by activities in other states
- Potential unequal distribution of burden among utilities operating in the state
- Lack of recognition of full array of energy efficiency programs
- Multitude of regulations driving decisions and lack of understanding in how they interact or may conflict with each other
- Infrastructure requirements that may require significant lead time
- Stranded energy assets

Opportunities

- State already has been successful at reducing carbon intensity without mandates or regulations, such as energy efficiency and distributed solar
- Potential recognition of Utah's highly efficient power plants and efforts to take advantage of latest technology and market tools
 - For example, UAMPS is exploring small modular nuclear technology
- Utah will be well prepared to evaluate its options and determine the best solutions for Utah under a variety of 111(d) scenarios
 - Data and information, including modeling, developed will be available for advancing Utah's energy goals regardless of 111(d) outcome



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