

Overview of Clean Power Plan for Senate Utilities Committee

Thomas Gross
Bureau of Air
January 13, 2016



Our Mission: To protect and improve the health and environment of all Kansans.

The Clean Power Plan

- August 3, 2015 – Three actions by EPA
 - Final CPP regulations for existing EGUs
 - Final CO₂ standards for new, modified and reconstructed EGUs
 - Proposed Federal Plan and model trading rules for existing EGUs
- Existing EGU rule issued pursuant to Section 111(d) of the Clean Air Act
 - Uses 3 “Building Blocks” to establish Best System of Emission Reduction (BSER)
 - BSER includes rates for coal units & gas units
 - Substantially more stringent for Kansas
- Provides for extension for submitting final plan

CPP Structure

- EPA develops a statewide goal for each state to meet
- State develops a plan for submittal to EPA
 - List of affected units
 - Method of complying with the CO₂ goal set for the State
 - Means of ensuring that utilities comply with the goal
- Plans are subject to EPA approval
- Federal Plan (FIP) imposed only if state fails to submit plan or plan does not meet federal requirements
- EPA proposed model trading rules to streamline process for states that choose to trade

Key Clean Power Plan Dates

Date	Action
August 3, 2015	Final Clean Power Plan rule issued
September 6, 2016	States submit final plan or initial submittal with extension request
September 6, 2017	Progress update to EPA for states with extensions
September 6, 2018	State final plans due to EPA
January 1, 2022	First of three interim compliance periods begins
January 1, 2030	Final compliance date

Our Mission: To protect and improve the health and environment of all Kansans.

House Bill 2233

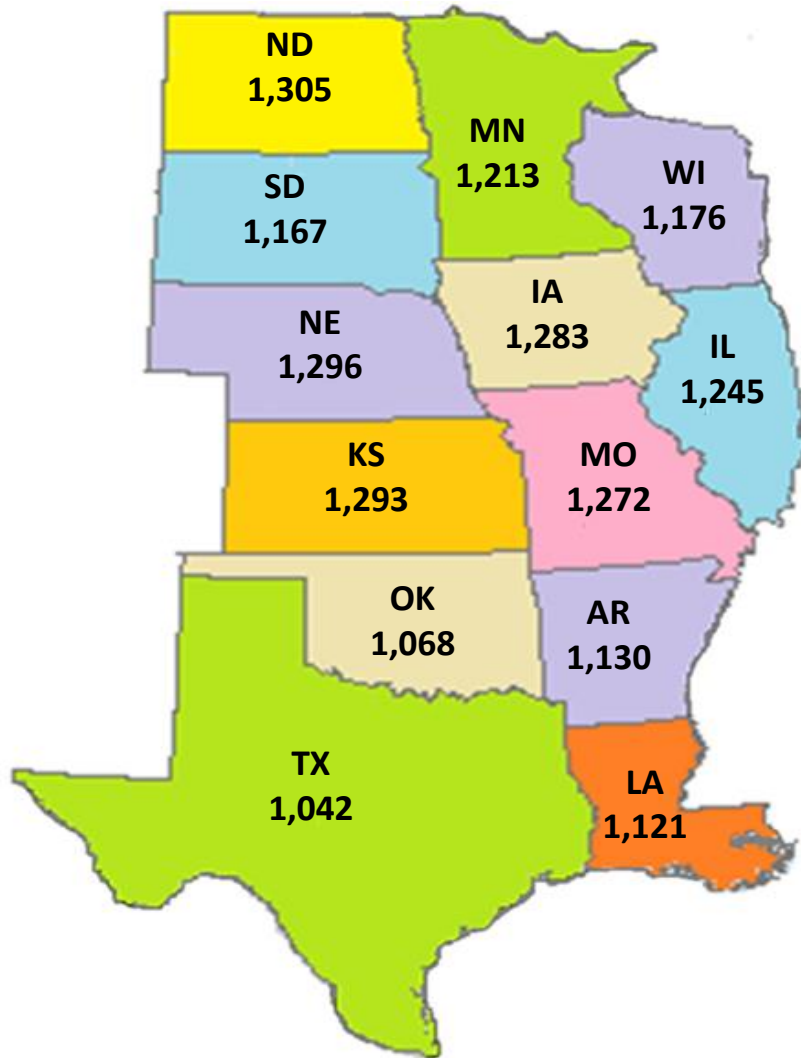
- Created the Clean Power Plan (CPP) Implementation Study Committee
- Established KDHE requirements:
 - Enter into a MOU (July 2015) with KCC
 - Secretary will submit to Study Committee:
 - Plan to investigate, review, and develop a Plan (Nov. 2015)
 - Draft report on final CPP rule by Feb. 1, 2016
 - Prior to submitting Plan to EPA, Secretary will:
 - Submit Plan to Study Committee for review
 - Request review by AG
 - Not submit plan if it will adversely impact State's legal position

Kansas Interim and Final Goals

	CO ₂ Rate (lbs/Net MWh)	CO ₂ Emissions (Short tons)	
2012 Historic	2,319	34,353,105	
2020 Projections (without CPP)	1,870	41,894,916	
	Rate-Based Goal	Mass-Based Goal (annual average CO ₂ emissions in short tons)	Mass-Based Goal (Existing) + New Source Complement
Interim Period (2022 – 2029)	1,519	24,859,333	25,120,015
Interim Period (2022 – 2024)	1,654	26,763,719	26,870,692
Interim Period (2025 – 2027)	1,485	24,295,773	24,656,647
Interim Period (2028 – 2029)	1,366	22,848,095	23,189,053
Final Goal (2030) and beyond	1,293	21,990,826	22,220,822

Our Mission: To protect and improve the health and environment of all Kansans.

Nearby States' Final Goals



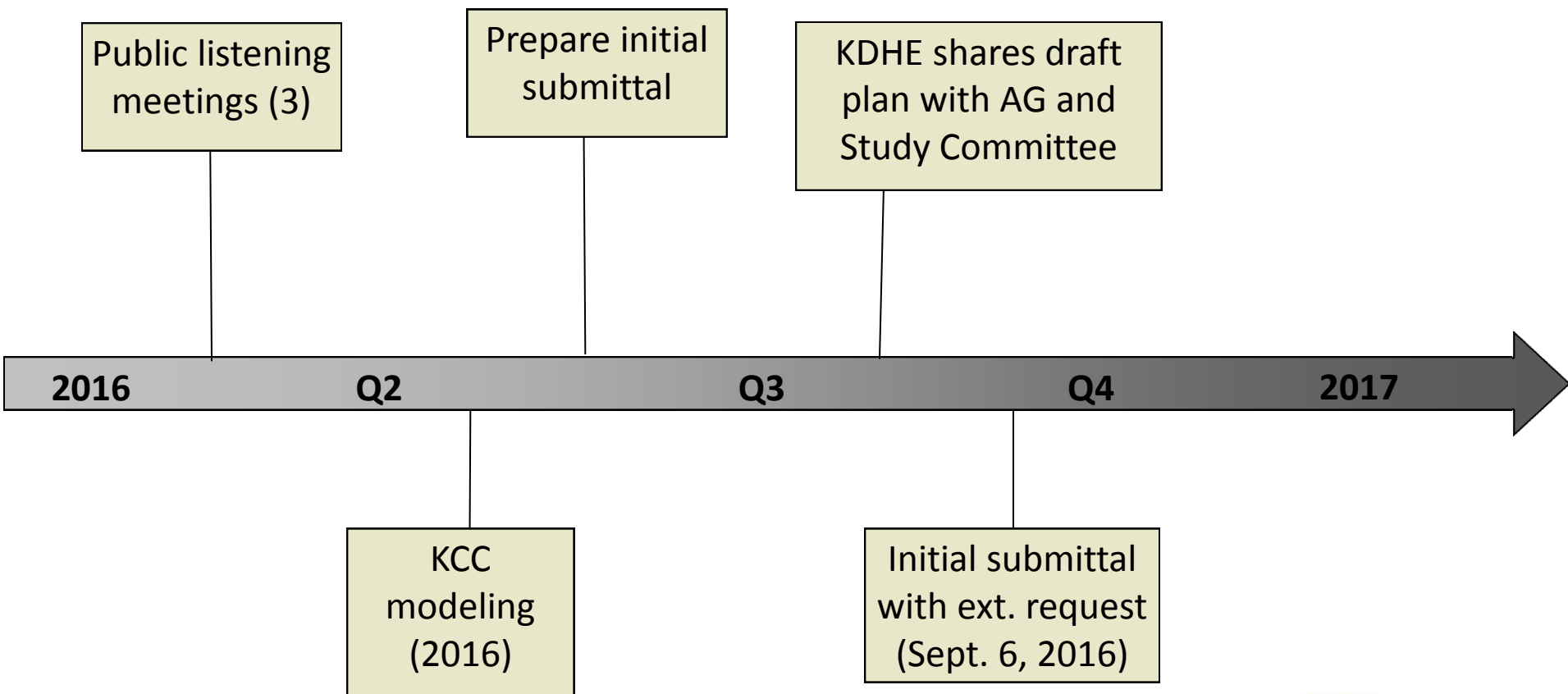
Final Rule Range: (1,042 – 1,305)

Note: All goals are listed in units of lbs CO₂/MWh

State Compliance Options

- **“Emissions Standards” Plan – Rate or Mass**
 - Each EGU achieves the nationwide emission standards (1,305 or 771 lbs/MWh, depending on fuel type), **or**
 - State as a whole achieves statewide emission rate (1,293 lbs/MWh) goal, **or**
 - State as a whole achieves statewide mass goal (tons)
- **“State Measures” Plan – Mass only**
 - Mix of state-enforceable measures to achieve statewide mass (tons) goal
 - Federally enforceable backstop measures in case state measures fail to achieve the goal

Short-Term Timeline



Our Mission: To protect and improve the health and environment of all Kansans.

Initial Submittal Document

- Extension request due to EPA on Sept. 6, 2016
 - Identifies final plan approaches under consideration
 - Describes progress on final plan components
 - Why State requires extension to submit final plan
 - Demonstrates engagement process with stakeholders and vulnerable communities
- EPA has 90 days to respond to extension request, otherwise it is considered approved
- Number of affected units in KS:
 - Coal – 11 units
 - Natural gas – 14 units
 - Closed or cold stand-by units – 9 units

Public Involvement Activities

- Implement outreach efforts including stakeholders, utilities and vulnerable communities
 - Created webpage and e-mail address to take comments
 - Coordinate with KCC to discuss joint public interactions
 - Meetings with owners of affected units and other stakeholders
- KDHE will hold 3 listening sessions to expand interactions and address public concerns
 - Kansas City, KS
 - Wichita, KS
 - Garden City, KS

Key Issues

- Cost
- Grid reliability
- Stranded electrical generating assets
- Rate versus mass approach to plan
- Distribution of allowances and set-asides if mass is chosen
- Uncertainty regarding EPA's model rules and federal plan proposal

KDHE Efforts to Date

- MOU with KCC
- Review of voluminous EPA materials
- Petition for reconsideration and request for stay (Dec. 17, 2015)
- Surveying nearby states' efforts and plans
- Webpage and e-mail established
- Stakeholder meetings
- Preliminary evaluation of compliance options

On the Horizon

- Submit comment letter to EPA on the proposed Federal Plan and Model Rules
- Coordinate with KCC on their modeling effort to determine cost effective and reliable approaches to comply with CPP
- Public listening sessions (Feb-March 2016)
- Gathering information and preparing the initial submittal request for an extension of time to complete the final plan
- Continue stakeholder meetings with affected unit owners

Questions



Our Mission: To protect and improve the health and environment of all Kansans.