

## Clean Power Plan Summary

On August 3, 2015, the U.S. Environmental Protection Agency (EPA) finalized its Clean Power Plan (CPP). The CPP is a regulation that requires states to reduce carbon dioxide (CO<sub>2</sub>) emissions from power plants by changing the makeup of its electrical generation assets, mostly through the reduced use of fossil fuels and the increased use of renewable generation. By 2030, the CPP is expected to reduce carbon dioxide emissions from electricity generation by 32 percent when compared to 2005 emissions. These are the first ever carbon dioxide emission standards for power plants or any other stationary source category.

For North Dakota, the impact will be significant. EPA will allow the state to develop a plan based on the rate of emissions (pounds of CO<sub>2</sub> per megawatt-hour of generation) or total mass emissions (tons of emissions per year). This will require North Dakota power plant operators to reduce CO<sub>2</sub> emissions by 45 percent on a rate basis or more than 37 percent on mass basis when compared to 2012 emissions (a 44 percent reduction when compared to 2005 on a mass basis). The reductions will be phased in starting in 2022 with final compliance by 2030. The final goals for North Dakota are 1,305 pounds of CO<sub>2</sub> per megawatt-hour of generation or 20,883,232 tons of CO<sub>2</sub> emissions per year.

In 2012, 21.5 percent of all generation in North Dakota came from renewable sources (wind and hydroelectric generation). The final rule, however, does not allow North Dakota sources to take credit for any renewable generation installed before January 1, 2013. In addition, new natural gas-fired power plants cannot be considered in determining compliance (as was allowed in the proposed rule but eliminated in the final rule). Therefore, affected power plants will have to rely on renewable energy constructed in 2013 and later. The net effect may be the closure of some coal-fired plants.

The EPA guidelines for the plan allows for a “state only” plan or a regional plan with other states. The guidelines allow a rate- or mass-based program and also allow trading of allowances (CO<sub>2</sub> emissions in tons) or emission rate credits (ERC - in megawatt-hours) between sources. This means that an affected source that cannot come into compliance on its own may purchase ERCs or allowances from a source that over complied to demonstrate compliance. The plan must include regulations imposed on the affected sources and regulations for any emissions trading program. The plan must demonstrate that the state has considered electrical grid reliability (stable supply of electricity) issues in developing the plan and may include a safety valve for reliability issues. The guidelines also require extensive outreach to the public, especially low income communities, minority communities, tribal communities and communities that will be economically impacted by the plan.

The North Dakota Department of Health is the agency charged with developing a plan to meet the requirements of the Clean Air Act including the goals of the CPP. The plan must be developed and submitted to EPA by September 6, 2016; however, a two year extension of that deadline is possible.