

**BEFORE THE
UNITED STATES ENVIRONMENTAL PROTECTION AGENCY**

Repeal of Carbon Pollution Emission)
Guidelines for Existing Stationary Sources:) EPA-HQ-OAR-2017-0355-14998
Electric Utility Generating Units)

**COMMENTS OF ANDREW G. PLACE, VICE CHAIRMAN
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Filed April 20, 2018
(717) 783-1197
aplace@pa.gov

Respectfully, I submit the following comments regarding the proposed Repeal of Carbon Pollution Emission Guidelines for Existing Stationary Sources: Electricity Utility Generating Units. These comments do not necessarily reflect the views of the Pennsylvania Public Utility Commission as a whole, but are my comments offered as Vice Chairman of the Commission, and a Pennsylvania resident and businessman.

While the Pennsylvania Public Utility Commission does not regulate generation, we have a responsibility to Pennsylvania ratepayers, businesses and consumers alike, to maintain just and reasonable rates and are keenly aware of impacts that wholesale generation market changes have on Pennsylvania's consumers. As a Commissioner, I have the responsibility and authority to represent Pennsylvania's consumers before the courts, and in proceedings at the state and federal governments. The U.S. Environmental Protection Agency has a responsibility to move forward with regulation of GHGs from existing sources and has an appropriate structure under the Clean Power Plan (CPP). The requirements and organization of the Clean Power Plan are clear, flexible, understood and should not be abandoned. While I am a proponent of maintaining the Clean Power Plan structure, given the time that has elapsed and resulting evolutions in technology and energy market economics since the plans introduction, reevaluation of appropriate state targets and timeframes is warranted.

Under the 2009 endangerment finding, EPA has a responsibility to regulate GHGs from existing sources. EPA does not require a second endangerment finding and already has the necessary authority at this juncture to move ahead with a rulemaking regarding existing sources. Continuing forward with the Clean Power Plan's framework, amended by comments received, would capture the benefits already accrued in understanding, coordination, research and preparation undertaken by states in anticipation of compliance. For the following reasons, I support the

provisions of and continuance with the Clean Power Plan as a means to regulate carbon pollution from Electric Utility Generating Units.

Although EPA provided a CPP Model Plan to provide clarity, it does not interfere with a state's ability to develop a plan that suits the local economy, energy sector and energy markets (regulated or restructured). Additionally, the requirements allow maximum flexibility in terms of compliance options; Pennsylvania can identify the combination of options that achieves compliance in the most efficient and cost-effective way. This point is key to maximizing environmental benefits while balancing costs and associated ratepayer impacts. We ask that to continue this flexibility, states be provided the tools and ample time to conduct additional stakeholder listening sessions, modeling and other analyses before submitting a plan to EPA.

Under the Clean Power Plan, in certain circumstances, energy efficiency and renewable energy programs resulting in measurable GHG reductions were eligible for compliance purposes, though inclusion of them in a state plan resulted in state programs being federally enforceable. I respectfully request the EPA to acknowledge the important role of these programs in the suite of compliance options available to states and provide for their inclusion while not requiring states to relinquish control and oversight of key state programs.

Renewables are increasingly of value in Pennsylvania. It is significantly important that the Commonwealth be able to effectively harness the growth in renewable deployment and energy efficiency measures for compliance purposes. While energy efficiency and renewable energy should be a means of compliance, such "outside the fence" measures should not be used to establish state requirements for reduction in GHG emissions related to wholesale power markets.

Trading and pricing mechanisms, whether a national model, as considered under the Clean Power Plan, or regional models, such as the formalized Regional Greenhouse Gas Initiative

(RGGI), or more informal trading among states, or even within state boundaries provides for compliance flexibility. Allowance of carbon or credit trading allows for credits to be generated and reductions to be made where it is most cost effective to do so. Compliance options that do not allow for trading are not able to fully realize the efficiencies and unique opportunities not only among generators of carbon, but also among other types of entities such as renewable generation, demand response or other energy efficiency opportunities. Under the modeling conducted by Pennsylvania, in preparation for compliance with the Clean Power Plan, of all the scenarios modelled, those that included trading allowed for more cost-effective compliance which lessened impacts on Pennsylvania businesses and ratepayers.

Carbon capture and sequestration (CCS) has the potential to be a valuable tool for cost efficient carbon reductions while maintaining Pennsylvania's coal and natural gas generation assets. Act 129, signed into law by Pennsylvania Governor Rendell in 2009, in addition to establishing Pennsylvania's energy efficiency and conservation program, mandated the Department of Conservation and Natural Resources (DCNR) to explore the potential for CCS within the Commonwealth. The 2009 DCNR report, entitled *Geologic Carbon Sequestration Opportunities in Pennsylvania*, indicated that geologically, Pennsylvania has the capacity to store significant quantities of carbon, (88.5 billion metric tons of CO₂), equating to several hundred years' worth of PA's CO₂ emissions.¹ While discussions and research continue regarding the opportunities for implementation as a climate change strategy, I support its inclusion as a potential compliance strategy.

I appreciate the opportunity to file comments at this docket and will continue to follow this and the associated Greenhouse Gas docket with great interest. Pennsylvania has a strong energy

¹ Geologic Carbon Sequestration Opportunities in Pennsylvania. DCNR, 2004.
http://www.docs.dcnr.pa.gov/cs/groups/public/documents/document/dcnr_20033315.pdf

economy and our position as a net energy exporter is fundamentally important to Pennsylvania's economic future. Flexibility, including beyond the fence compliance options and carbon capture and sequestration are key to ensuring least-cost compliance. Continuing forward with the Clean Power Plan's framework, amended by comments received, would capture the benefits already accrued in understanding, coordination, research and preparation undertaken by states in anticipation of compliance.

Respectfully submitted,

/s/ Andrew G. Place

Andrew G. Place

Vice Chairman, Pennsylvania Public Utility Commission