

# FLEXIBLE APPROACH TO CUTTING CARBON POLLUTION

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On June 2, 2014, the U.S. Environmental Protection Agency, under President Obama’s Climate Action Plan, proposed a commonsense plan to cut carbon pollution from power plants. States, cities and businesses across the country are already taking action to address the risks of climate change. EPA’s proposal builds on those actions and is flexible—reflecting that different states have a different mix of sources and opportunities, and reflecting the important role of states as full partners with the federal government in cutting pollution. This proposal will maintain an affordable, reliable energy system, while cutting pollution and protecting our health and environment now and for future generations.

**Consistent national framework** —The Clean Power Plan will put in place a consistent national framework that builds on work states are already doing to reduce carbon pollution – especially through programs that encourage renewable energy or energy efficiency. It will reduce carbon pollution from existing power plants while ensuring a reliable and affordable supply of power.

**Maximizing flexibilities** —EPA’s proposal ensures that states have the flexibility to choose the best set of cost-effective reductions for them. By setting a state-specific goal and allowing states to work individually or in regional groups, EPA is making sure states have the flexibility they need to drive investment in innovation, while ensuring reliability and affordability.

## CONSISTENT NATIONAL PLAN BASED ON PUBLIC INPUT

- Before issuing this proposal, EPA heard from more than 300 stakeholder groups including states, utilities, labor unions, nongovernmental organizations, consumer groups, industry and others to learn more about what programs are already working to reduce carbon pollution. We learned that states are leading the way—especially through programs that expand energy efficiency and renewable energy.
- Existing programs also recognize the interconnected nature of the power sector – looking from “plant to plug” to find cost-effective and proven solutions. For example, 47 states have utilities that run demand-side energy efficiency programs, 38 states have renewable portfolio standards or goals, and 10 states have market-based greenhouse gas emissions reduction programs.
- The Clean Air Act provides the tools to build on these state actions in ways that will achieve meaningful reductions and recognizes that the way we generate power in this country is diverse, complex and interconnected.
- The Clean Power Plan has two main parts: state-specific goals to lower carbon pollution from power plants and guidelines to help the states develop their plans for meeting the goals.
  - The goal is a target states have to meet by 2030, while starting to make meaningful progress toward reductions by 2020.

- States develop plans to meet their goals, but EPA is not prescribing a specific set of measures for states to put in their plans.
- This gives states flexibility. States will choose what goes into their plans, which will lay out how they will achieve the needed reductions.
- Each state's goal is a rate – a single number for the future carbon intensity of that state. Each state's goal reflects the fact that CO<sub>2</sub> emissions from fossil fuel-fired power plants are determined both by how efficiently they operate and by how much they operate.
- The state goals also recognize the tremendous opportunity for reductions through energy efficiency improvements – one of the key strategies states and utilities have used to reduce carbon pollution.

## MAXIMIZING FLEXIBILITY

- Today's action offers states broad flexibility to design plans that use innovative, cost-effective regulatory strategies; that tap into the investments already being made to upgrade aging infrastructure; that achieve meaningful reductions in carbon pollution, and that help Americans save money and energy in the long run.
- States will have a 10- to 15-year window after the Clean Power Plan is final in which to plan for and achieve reductions in carbon pollution.
- States will choose how to meet the goal through whatever measures reflect their particular circumstances and policy objectives. They can:
  - Look broadly across the power sector for strategies that get reductions
  - Invest in existing energy efficiency programs – or create new ones
  - Consider market trends toward improved energy efficiency and a greater reliance on lower-emitting power sources
  - Expand renewable energy generation capacity
  - Tap into investments already being made to upgrade aging infrastructure
  - Integrate their plans into existing power sector planning processes
  - Design plans that use innovative, cost-effective regulatory strategies
  - Develop a state-only plan or collaborate with each other to develop plans on a multi-state basis
- All states must submit initial or complete plans by June 30, 2016, with the option to use a two-step process for submitting final plans if more time is needed.
- For example, some states may reasonably need additional time to submit complete plans, because of factors such as the timing of legislative approval processes and complexities associated with regional approaches. EPA is proposing to provide states with additional time to submit complete plans if justified and if states provide specific information.
  - Individual state plans would be eligible for a one-year extension to June 30, 2017

- Multi-state plans would be eligible for a two-year extension to June 30, 2018 and would need to submit a progress report in the interim by June 30, 2017
- If a state needs more time to submit a complete plan, a state needs to make an initial submittal by June 30, 2016, in lieu of a complete plan.
- Once a state submits a complete plan, EPA will review the plan and make a determination, within 12 months, to approve or disapprove the plan through a notice-and-comment rulemaking process.
- Under the proposal states would also have a flexible timeline—up to fifteen years after the Clean Power Plan is final—for all emission reduction measures to be fully implemented in 2030.
  - This implementation period recognizes that investments in infrastructure can take time to put in place and provides states with the time needed to achieve the emission reductions outlined in the proposal.
- The proposal also provides guideposts for states and an array of tools they can use to formulate approvable plans.

## **FOR MORE INFORMATION**

EPA will accept comment on the proposal for 120 days after publication in the Federal Register and will hold four public hearings on the proposed Clean Power Plan during the week of July 28 in the following cities: Denver, Atlanta, Washington, DC and Pittsburgh. The proposed rule, information about how to comment and supporting technical information are available online at: <http://www.epa.gov/cleanpowerplan>