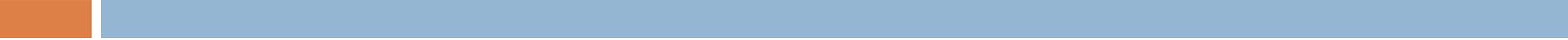


UPDATE ON NACAA CLEAN POWER PLAN ACTIVITIES

LARRY GREENE - EXECUTIVE DIRECTOR
SACRAMENTO METROPOLITAN AQMD;
CO-CHAIR NACAA GLOBAL WARMING
COMMITTEE

NACAA Clean Power Plan (CPP) Projects



1. Pre-proposal Principles (August 2013)
2. Public Testimony on the Proposal (July 2014)
3. NACAA CPP Comments (December 2014)
4. Work with 3-N (November 2013 – December 2014)
5. Developing Implementation Tools – the NACAA Menu of Options and Model State Rule (Ongoing)

Pre-proposal Principles

- In anticipation of the proposed 111(d) rule, NACAA worked with its membership on principles to guide EPA's development of the existing power plant emission guidelines.
- The principles were submitted to EPA on August 21, 2013.
- They called for the agency to, among other things, engage in close consultation with state and local air agencies, include RE and EE as compliance options, and take state differences into account.
- Since then, the principles have served as a guidepost to help NACAA respond to EPA's June 2014 Clean Power Plan proposal.

July 2014 Testimony

- On July 29, 2014, NACAA Executive Director Bill Becker testified at an EPA public hearing in Washington, DC about the CPP.
- His comments identified areas of agreement and disagreement between the CPP and the NACAA principles.
- NACAA expressed support for EPA's extensive outreach efforts, the CPP's recognition of different state circumstances, and opportunities for compliance flexibility within and beyond the four building blocks.
- NACAA expressed concern that the CPP's interim compliance period could limit flexibility, that early action was not adequately credited, and that some states would need additional time to complete their plans.

Clean Power Plan Comments

- NACAA's CPP comments were submitted on December 1, 2014 and largely followed the NACAA July testimony.
- They singled out the same issues for support or concern but addressed two new areas.
 - They noted that some of the issues included in EPA's October Notice of Data Availability overlapped with NACAA's areas of concern.
 - They attached a set of technical questions NACAA developed with ECOS and AAPCA during a series of CPP webinars held with EPA throughout the fall.

Work with 3-N

- NACAA has also partnered with two other stakeholder associations: the National Association of State Energy Officials (NASEO) and the National Association of Regulatory Utility Commissioners (NARUC).
- The group met in November 2013 for a broad discussion of 111(d)-related issues prior to the CPP proposal.
- Much like the NACAA principles, the group developed and submitted EE principles in May 2014 to help guide EPA's proposed rule.
- In December 2014, 3-N convened two days of meetings in the Washington, DC area to discuss CPP implementation issues.

NACAA Implementation Tools

- NACAA is developing two tools to assist states with Clean Power Plan Implementation:
 - A NACAA Menu of Options to be released in May.
 - A NACAA Model State Plan to be released sometime before EPA's "mid-summer" issuance of the final CPP and federal plan proposal.

Menu of Options

- The Menu of Options will be an encyclopedic summary of the best technologies and policies to reduce greenhouse gas (GHG) emissions from the power sector.
- The menu will address GHG mitigation strategies that are both within EPA's CPP building blocks and outside of the building blocks.
- The Menu is not prescriptive. It is intended survey all of the strongest available options and help states choose the ones that work best for them.
- For each option, the menu will provide a common core of information including a short description, implementation examples, cost information, GHG mitigation potential, and co-benefits.

Menu of Options (Continued)

- The Menu has been under development for more than one year and includes 26 chapters describing different GHG mitigation opportunities. Topics covered include:
 - Boosting appliance standards and building codes
 - Optimizing grid operations
 - Coal beneficiation
 - Fuel switching
 - Implementing combined heat and power
 - Increased renewables generation
- The text of all 26 chapters is complete and most have been laid out for publication. NACAA expects to make the document freely available to the public in early May.

Model State Plan

- The NACAA Model State Plan will help states prepare their implementation plans based on the mitigation and compliance options they choose.
- Like the Menu, the Model is not prescriptive. It will be a modular tool that accommodates rate-based, mass-based, single state, and multi-state compliance options to help states make their own implementation choices.
- The Model will provide a complete set of implementation guidance that states can use, including regulatory language.

Model State Plan (Continued)

- The Model will include an introductory section to provide guidance on the stakeholder process states may want to use to develop their implementation plans.
- Another section will be built around the GHG reduction strategies states might choose to pursue. It will include chapters on each of EPA's four CPP building blocks alongside chapters covering beyond the building block compliance options. Different implementation choices (e.g. rate-based or mass-based) will be discussed for each reduction strategy.
- The model will also address state plan elements that fall outside regulatory language or the choice of a particular GHG reduction measure. These correspond to many of the plan elements EPA proposed in the CPP. Examples of these include a narrative description of the state plan and the demonstration of the plan's projected performance.

Model State Plan (Continued)



- Though we do not know many details about EPA's federal plan, we expect that the NACAA model will offer a wider range of compliance pathways for states.
- NACAA expects to release a draft version of the Model State Plan before EPA issues its final CPP and proposed federal plan.