



## **Electric Co-ops: EPA Must Withdraw its Proposed Power Plant GHG Rule *Complex Scheme Will Raise Electricity Costs and Threaten Reliability***

On June 2, the Environmental Protection Agency (EPA) proposed to regulate greenhouse gas emissions from existing power plants under section 111(d) of the Clean Air Act. NRECA, on behalf of not-for-profit electric cooperatives in 47 states serving 42 million Americans, submitted comments to the EPA on December 1 urging the agency to withdraw the proposed rule because the complex scheme will (1) raise electric rates, (2) threaten reliability, and (3) exceed EPA's authority under the Clean Air Act.

Affordable, reliable electricity is the lifeblood of every household, business and community in the country. Americans should understand this complex scheme by the EPA asks them to pay more for electricity and use less of it. The high cost of this proposal will affect rural America, high-cost areas, and low- and fixed-income consumers.

Americans are rightly concerned this rule will lead to more expensive and less reliable electricity, which is why electric cooperative members and supporters have submitted more than 1.1 million comments asking EPA to withdraw these rules affecting new and existing power plants.

Therefore, we urge EPA to withdraw the proposal and work with electric cooperatives and others in the industry to create a policy promoting an “all of the above approach” which is **environmentally and economically** responsible within the appropriate and lawful regulatory scheme.

### **The proposal raises rates and consumers' bills**

- NRECA estimates that the proposed regulation for existing power plants will raise the electric rates of co-op consumers across the country by double digits – more than 10 percent on average in 2020 and more than 17 percent in 2025. However, some consumers will see rate hikes as high as 33 percent in 2020, and a whopping 46 percent in 2025.
- Electric cooperatives serve a significant number of Americans living on fixed incomes and who have incomes below the national average. Household income in co-op areas is 12 percent below the national average.
- Further, electric cooperatives serve 93 percent of the Persistent Poverty Counties [<http://bit.ly/LTDR3y>] in the country - counties which have had a 20 percent or higher poverty rate for three decades or longer.
- This rule will exacerbate the growing economic gap between rural and urban areas.

### **The proposal threatens reliability**

- Analyses by many of the nation's reliability watchdogs (including the North American Electric Reliability Corporation) indicate there could be “serious reliability issues” as a result of the EPA's proposed regulations.
- 24/7 electric service is essential to the economic well-being of our citizens and our communities. If EPA won't withdraw the rule, it must include a dynamic reliability “safety valve” to prevent the lights from going out in the short- or the long-term.

### **The proposal goes far beyond the authority granted EPA under the Clean Air Act**

- The narrow section of the Clean Air Act on which the EPA relies provides significantly less authority than what the EPA attempts to use in the current rule. EPA is only allowed to regulate specific sources of emissions under the Clean Air Act. However, in this complex scheme EPA is calling for regulation of everything from the power plant to consumer appliances and homes – clearly outside what the law allows.
- EPA must write rules that comply with the legislation Congress has passed – not with the legislation the agency wishes Congress would pass.

### **The proposal is recklessly complex**

- The proposal requires unprecedented cooperation among regulators, legislators, generators, retail distributors, and others to accomplish the extremely ambitious emissions reductions. There is no guarantee, however, that the scheme designed by the EPA can actually work. NRECA developed a graphic [<http://bit.ly/1uxRBmn>] to depict the incredible complexity proposed by EPA. Gambling with the reliability of the grid is not a bet America wants the EPA to make; the rule must be withdrawn.

### **The proposal seeks unattainable emission reductions based on significantly faulty assumptions**

- EPA has made faulty assumptions in each of the four “building blocks” that result in unattainable emission reduction targets. EPA has over-estimated opportunities to improve power plant efficiency, overestimated the availability of existing natural gas units to displace coal plants, made significant mistakes in the treatment of new nuclear power plants and renewable energy resources, and grossly underestimated the costs of, and overestimated opportunities for, consumer energy efficiency improvements, especially in rural areas.

### **The proposal actually reduces flexibility for states**

- The EPA misleads when suggesting the proposed rule has “flexibility.” It has pre-determined specific outcomes for states, rather than leaving those decisions at the state level. States are supposed to make decisions on a plant-by-plant basis considering a variety of factors. But the extremely aggressive targets pre-determined by the EPA leave states with few options and practically no flexibility. Despite the EPA’s rhetoric, the agency is actually restricting flexibility, rather than extending it.

### **The Proposal will prematurely close plants and kill jobs**

- The EPA’s own analysis indicates some of the power plants we rely on today for our power will close and the jobs at those plants will be lost forever. In fact, EPA’s own analysis indicates that 21 percent of coal plants owned by electric cooperatives will be shuttered by 2025. Many of those power plants are not at the end of their useful life and many are not paid off. The impact of this rule is equivalent to the agency telling people they must move out of their homes, still make the mortgage payments and also pay to live somewhere else.

### **Conclusion: The proposal must be withdrawn**

- EPA can and should withdraw the rule. Electric cooperatives have a demonstrated record of providing reliable, affordable, and safe electric power and continuously improving the environmental performance of our power plants. Co-ops will continue to do just that, and stand ready to work with EPA on rules that keep power reliable and affordable and comply with the Clean Air Act.