



Ohio responds to EPA's proposal to reduce emissions by 28 percent

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On June 2, 2014, the U.S. Environmental Protection Agency (EPA), under the authority of the Clean Air Act, proposed the Clean Power Plan (CPP) to reduce carbon pollution from existing electricity-generating power plants. The CPP establishes new rules that require each state to develop a unique state-specific plan to achieve carbon reduction targets by 2030.

Under the proposed plan, the EPA is setting goals for each state, which they believe will make nationwide emission reduction possible. For example, in Ohio the EPA proposes a 28 percent reduction in carbon dioxide air emissions from its 2012 levels. To meet these reduction standards, the EPA has established four strategies, referred to as "building blocks."

1. Make coal-fired power plants operate more efficiently.
2. Maximize the use of natural gas plants instead of coal-fired power plants.
3. Increase renewable energy for electricity generation and preserve the operation of "at risk" nuclear capacity.
4. Expand energy efficiency projects to reduce the demand for electricity.

On November 26, 2014 the Public Utilities Commission of Ohio (PUCO) unanimously voted to approve comments prepared for Ohio's first official response to the EPA's proposed CPP.

In its comments, PUCO expressed concerns. It believes the CPP conflicts with specific reliability responsibilities vested with the Federal Energy Regulatory Commission (FERC), prevents the FERC from carrying out its responsibility under the Federal Power Act and violates principles of cooperative federalism by regulating the use of electric energy in interstate commerce.

PUCO also argues that the CPP's timing and implementation schedule is not viable. It states that the CPP would change the treatment of generation resources – there must be additional time for the Regional Transmission Organization, PJM Interconnection, to amend its tariffs and update its structure. Also, according to PUCO, the proposed schedule does not contemplate the intricacies of a forward capacity market or provide adequate time for the North American Electric Reliability Corporation (NERC) to perform necessary reliability analyses.

PUCO's comments also criticize the CPP's "building blocks," referenced above. According to PUCO, Building Block 1 is not feasible. PUCO's comments regarding Building Block 2 are largely focused on cost, noting that it could cost Ohioans an additional \$2.5 billion more per year in electric costs in 2025. Concerning the CPP's Building Blocks 3 and 4, PUCO argues that the CPP does not account for the various intricacies of Ohio's renewable and energy efficiency laws, including recent changes to Ohio law.

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