



## Regional approach to CPP's carbon reduction targets may save \$10 billion

March 10, 2015

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 would establish new rules that require each state to develop a state-specific plan to achieve carbon reduction targets by 2030. Under the proposed plan, the EPA sets goals for each state, which they believe will make nationwide emission reduction possible.

For Ohio, the EPA proposes a 28 percent reduction in carbon dioxide air emissions from its 2012 levels.

In November 2014, the PJM Interconnection—the regional transmission organization of which Ohio is a part—determined that a regional compliance plan is likely the most cost-effective way to comply with the CPP. In fact, according to PJM, state-by-state compliance with the CPP would be almost 30 percent, or \$10 billion, more expensive than a regional approach. PJM estimates compliance costs would near \$45 billion by 2020 under the state approach, but could be reduced to \$35 billion if a regional compliance plan is adopted.

In a recent Utility Dive [article](#), PUCO Commissioner Asim Haque discussed the idea of a regional approach to carbon pricing during the National Association of Regulatory Commissioners' (NARUC) winter meeting. Commissioner Haque referenced the PJM findings, and noted the lower costs of a regional approach. As stated in Utility Dive, "[Commissioner] Haque first pushed the idea of a carbon price as a panelist in a discussion on state compliance strategies for the Clean Power Plan. But in a later session that he moderated, he asked executives from the nation's grid operators what they thought of a regional compliance plan. Mike Kormos, executive vice president at PJM, endorsed the idea, saying compliance would work best with a price on the pollutant. That model has served well for other regulations, like the Mercury and Air Toxics Standards (MATS), he said. Clair Moeller, COO of MISO, agreed, endorsing a regional compliance approach as well."

The Ohio Environmental Protection Agency's (OEPA) technical comments concerning the CPP can be accessed [here](#).

Additionally, February 5, 2015 testimony of Craig Butler, Director of OEPA, to the Energy Mandates Study Committee, can be accessed [here](#).

# Authors

---



**Dylan F. Borchers**

Partner

Columbus

614.227.4914

[dborchers@bricker.com](mailto:dborchers@bricker.com)