

Monday, August 10, 2015 4:54 PM ET  **Exclusive**

EPA touts new emissions goals as 'reasonable' as states decry change in targets

By [Annalee Grant](#)

The U.S. EPA completely overhauled its calculation of state emissions goals in the final Clean Power Plan, leaving some states reeling and others cheering a smooth path to compliance.

Many experts, and the EPA itself, have cautioned against an "apples-to-apples" comparison of the [new data](#) with the proposed carbon emissions rates for each state because the new goals differ radically from the proposal.

The EPA said in an email that the new goals shift from the state to the source, meaning the goals are now based on each specific electric generating unit within a state. For example, coal-heavy states like Montana, Wyoming, North Dakota and Wisconsin, according to an SNL Energy [analysis](#), will have a tougher road to compliance than, for example, Washington state, whose goal was significantly eased as the state plans to retire its final coal plant soon.

The final Clean Power Plan, released Aug. 3, will cut carbon emissions to 32% below 2005 levels by 2030 and is administered under Section 111(d) of the Clean Air Act. The rule was released by President Barack Obama to much [fanfare](#) at the White House and is a pillar in the president's fight against climate change. The new rule [regulates](#) emissions of carbon dioxide from existing power plants in the country, the first regulation to do so.

Bruce Buckheit, a former Air Enforcement Division director for the EPA who has written reports for the Sierra Club, said the new data approaches compliance on a more regional level. "Electricity in this country doesn't respect state lines. It flows within the market, and EPA's approach of looking at it on a market basis provides a much more fair allocation between plants located in different states," he said during a media call the environmental group hosted Aug. 10.

EPA Administrator Gina McCarthy, in [announcing](#) the pending release of the plan Aug. 2, touted this methodology, saying "a plant in Ohio is now treated the same as a plant in New Mexico."

The EPA applied an emissions performance rate for specific types of generation: 1,305 lbs/MWh for existing coal-fired power plants or oil units, and 771 lbs/MWh for existing natural gas combined-cycle units. The EPA then applied the rates to each state to develop its goal, resulting in a system that better captures each state's generation mix.

The EPA said determining an emissions performance rate is consistent with how reduction programs have previously been set up under Section 111(d) of the Clean Air Act, under which the Clean Power Plan is administered. "This approach levels the playing field for sources and states. In general, it means that some states have goals that are lower (meaning more stringent) and other states have goals that are higher (less stringent), relative to the proposal," the EPA explained.

The new regional approach mimics the way the grid already operates, factoring in data from the three interconnects: the Western Interconnection, the Eastern Interconnection and the [Electric Reliability Council of Texas Inc.](#) interconnection. The agency applied the three remaining building blocks in the final rule to all the coal plants and gas plants in each region to produce regional emission performance rates for each category, and then chose the most readily achievable rate for each category to apply to power plants across the country. This is called the best system of emission reduction, or BSER.

EPA's required CO2 emissions rate reductions

Proposed Clean Power Plan vs. Final Clean Power Plan

State	Proposed Clean Power Plan			Final Clean Power Plan			Change Proposed vs Final Rule
	Historical emissions rate (2012)	Final emissions rate goal (2030+)	Required change (2012-2030)	Revised historical emissions rate (2012)	Final emissions rate goal (2030+)	Required change (2012-2030)	
Alabama	1,444	1,059	27%	1,518	1,018	33%	6%
Alaska	1,351	1,003	26%				NA
Arizona	1,453	702	52%	1,552	1,031	34%	-18%
Arkansas	1,640	910	45%	1,779	1,130	36%	-8%
California	698	537	23%	963	828	14%	-9%
Colorado	1,714	1,108	35%	1,973	1,174	40%	5%
Connecticut	765	540	29%	846	786	7%	-22%
Delaware	1,234	841	32%	1,254	916	27%	-5%
Florida	1,200	740	38%	1,247	919	26%	-12%
Georgia	1,500	834	44%	1,600	1,049	34%	-10%
Hawaii	1,540	1,306	15%				NA
Idaho	339	228	33%	858	771	10%	-22%
Illinois	1,895	1,271	33%	2,208	1,245	44%	11%
Indiana	1,923	1,531	20%	2,021	1,242	39%	18%
Iowa	1,552	1,301	16%	2,195	1,283	42%	25%
Kansas	1,940	1,499	23%	2,319	1,293	44%	22%
Kentucky	2,158	1,763	18%	2,166	1,286	41%	22%
Louisiana	1,466	883	40%	1,618	1,121	31%	-9%
Maine	437	378	14%	873	779	11%	-3%
Maryland	1,870	1,187	37%	2,031	1,287	37%	0%
Massachusetts	925	576	38%	1,003	824	18%	-20%
Michigan	1,696	1,161	32%	1,928	1,169	39%	8%
Minnesota	1,470	873	41%	2,033	1,213	40%	0%
Mississippi	1,130	692	39%	1,185	945	20%	-19%
Missouri	1,963	1,544	21%	2,008	1,272	37%	15%
Montana	2,245	1,771	21%	2,481	1,305	47%	26%
Nebraska	2,009	1,479	26%	2,161	1,296	40%	14%
Nevada	988	647	34%	1,102	855	22%	-12%
New Hampshire	905	486	46%	1,119	858	23%	-23%
New Jersey	932	531	43%	1,091	812	26%	-17%
New Mexico	1,586	1,048	34%	1,798	1,146	36%	2%
New York	983	549	44%	1,140	918	19%	-25%
North Carolina	1,646	992	40%	1,780	1,136	36%	-4%
North Dakota	1,994	1,783	11%	2,368	1,305	45%	34%
Ohio	1,850	1,338	28%	1,900	1,190	37%	10%
Oklahoma	1,397	895	36%	1,565	1,068	32%	-4%
Oregon	717	372	48%	1,089	871	20%	-28%
Pennsylvania	1,540	1,052	32%	1,682	1,095	35%	3%
Rhode Island	907	782	14%	918	771	16%	2%
South Carolina	1,597	772	52%	1,791	1,156	35%	-16%
South Dakota	1,135	741	35%	2,229	1,167	48%	13%
Tennessee	1,903	1,163	39%	2,015	1,211	40%	1%
Texas	1,298	791	39%	1,566	1,042	33%	-6%
Utah	1,813	1,322	27%	1,874	1,179	37%	10%
Virginia	1,297	810	38%	1,477	934	37%	-1%
Washington	763	215	72%	1,566	983	37%	-35%
West Virginia	2,019	1,620	20%	2,064	1,305	37%	17%
Wisconsin	1,827	1,203	34%	1,996	1,176	41%	7%
Wyoming	2,115	1,714	19%	2,331	1,299	44%	25%

NA = not applicable
 Emissions rate figures expressed in lbs/MWh and represent a statewide average.
 Sources: U.S. EPA, SNL Energy



"With strong but reasonable and achievable standards for power plants, the Clean Power Plan provides national consistency, accountability and fair goals for emissions reductions," the EPA said.

Janet McCabe, acting assistant administrator for the EPA's Office of Air and Radiation, said in a blog post dated Aug. 4 that the new emissions performance goals are achievable. "The rates are achievable because no power plant has to meet the rates on its own. It can use the fact that it operates on an interconnected grid to access a range of low- or zero-emitting energy resources to come into compliance," McCabe wrote.

Sierra Club Associate Attorney Andres Restrepo said with the changes, "You can't do a complete apples-to-apples comparison between" the proposal and the final rule.

North Dakota considers legal action

Buckheit called the new system fairer than the proposal, but for some states, the targets have significantly changed. In response, states have begun hardening their legal teams in preparation for litigation the moment the rule is published in the Federal Register.

The Sierra Club does not believe the new goals will change the way states approach compliance. In fact, Buckheit said, "We haven't seen any state that really, really has a problem," although he admitted the environmental group is still analyzing the Clean Power Plan.

John Lyons, assistant secretary for climate policy with Kentucky's Energy and Environment Cabinet, called the initial goals moot now that the final plan is released. But Lyons said the strengthening of the goals was unexpected and compliance for his state will be difficult. Under the proposal, Kentucky's historical statewide average emissions rate for 2012 was 2,158 lbs/MWh, while the new data set put that historical rate at 2,166 lbs/MWh. Kentucky's goal has now changed from an emissions rate

of 1,763 lbs/MWh in 2030, to 1,286 lbs/MWh. This means Kentucky's goal changed from an emissions reduction of 18% in 2030 under the proposal to 41% in 2030 in the final rule.

Regardless of whether the data is based on different metrics, Lyons said the new goal is a concern. "We communicated [to the EPA] our dismay at the very disturbing and disastrous plan the agency has attempted to put into place," Lyons said, adding that the state believes the modeling used for the new goals was not correct.

North Dakota, which will require an emissions rate reduction of 45% in 2030, whereas its original goal was a reduction of 11%, has come out swinging against the EPA after the new targets were revealed. The *Grand Forks* (N.D.) *Herald* reported that the state's attorney general, Wayne Stenehjem, is considering a stand-alone lawsuit against the EPA for what is perceived as harsh treatment for the state and its lignite coal industry.

"So far our analysis shows that the rule is far worse for North Dakota than we initially feared, and it appears we may have been treated more harshly than any other state in the country between the initial rule and the final one," Stenehjem said, as reported by the *Herald*.

Another state hammered by the Clean Power Plan's final edition is Montana, led by Democratic Gov. Steve Bullock. The governor agrees that climate change must be addressed but urged the Obama administration to dedicate more funding to low-carbon coal research. "At first glance, it looks as though the Obama administration has moved the goal post on us. I am extremely disappointed by this. I understand that we need to address climate change, but how we do so has to work for Montana," Bullock said in a statement. Montana's goal changed from an original emissions cut of 21% to a required reduction of 47% under the new metrics.

Washington state saw the reverse after its goal was revised from a 72% reduction in carbon emissions to a 37% required decrease. Moreover, an SNL Energy analysis shows the state will more than meet its goal thanks to initiatives already underway.

The EPA agreed that some states will have an easier ride than others. "Utilities are rapidly moving toward a cleaner future, so the amount of work states have left to do is less than before, with the Clean Power Plan securing the progress already being made and adding to it in the years to come," the agency said.

The EPA did not deliberately set out to change the goals either way, but the result was an attempt to correct what the agency verified as sensible criticism of the proposed rule. The EPA received more than 4 million comments from a wide range of stakeholders, including FERC and the Department of Energy, utility industry experts, industry groups, health experts, environmental groups and more.

"The combined effect of being responsive to all these comments has resulted in a final rule that differs in significant ways from the proposal, while at the same time achieving the overarching goal of significantly reducing carbon pollution," the EPA said. "The final rule relies simply on the basic actions that states and utilities have already been taking to reduce CO2 emissions as we learned from our outreach process — and now this final rule responds to the critical changes that stakeholders and states asked us to make."

“The rule is far worse for North Dakota than we initially feared, and it appears we may have been treated more harshly than any other state in the country between the initial rule and the final one.”

— Wayne Stenehjem, attorney general, North Dakota
