



Electric
Reliability
Coordinating
Council

2001 M Street, NW
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Oral comments delivered at:

Ralph Metcalfe Federal Building
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RE: Emission Guidelines for Greenhouse Gas Emissions From Existing Electric Utility Generating Units; Revisions to Emission Guideline Implementing Regulations; Revisions to New Source Review Program

The Electric Reliability Coordinating Council (ERCC) is a group of power-generating companies that serve millions of businesses and households across the United States. ERCC and its members are dedicated to a balanced energy portfolio that ensures reliable and affordable electric power—an essential prerequisite for the protection of the environment, public health, and the economy. ERCC members work with businesses, household consumers, and government to improve energy efficiency and otherwise manage energy use.

ERCC believes that, in the absence of legislation from the U.S. Congress to address climate change, market principles are generally the most sound basis upon which to proceed. Even so, we recognize that, in light of *Massachusetts v. EPA*, EPA has a legal obligation to regulate CO₂ emissions from the power sector under section 111 of the CAA. As proposed, EPA's Affordable Clean Energy (ACE) Rule is favorable on legal and policy grounds. It adheres closely to the statute and Congressional intent. This proposal acknowledges that, under section 111, Congress intended to provide individual states a great deal of discretion to determine what performance standards would be most effective and efficient for facilities in their state.

States are in the best position to judge the inventory of measures available to reduce carbon emissions within their power sectors. That's consistent with decades of integrated resource planning that takes place at the state level, the shared responsibilities under the Clean Air Act, and the traditional federalism that governs utility regulation in most states.

The ACE proposed rule also will help prevent the New Source Review program from being a barrier to the implementation of efficiency projects at EGUs. Currently, EGUs lack certainty of when NSR applies, which creates substantial burdens and obstacles. In some situations,

operators undertaking a project intended to reduce emissions may need to expend significant resources to conduct analyses to evaluate applicability of NSR. In other situations, sources may be discouraged from undertaking projects necessary for preventative maintenance or for improved energy efficiency out of concern for triggering NSR. What EPA has proposed in ACE clarifies that if a facility does not make a modification that increases its capacity to pollute, then NSR is not triggered. In general, EPA's proposal will harmonize the program, make it consistent with Congressional intent, and ensure that it does not prevent individual facilities from making efficiency improvements.

It is clear that this Administration and its EPA are addressing carbon emissions within the defensible framework of the Clean Air Act and are working to give states a significant role in managing the reliability and environmental performance of their power sectors. ERCC supports EPA's proposed rule as it would provide regulatory certainty, diminish frivolous litigation, and aid the planning efforts of power companies and state utility commissions.