



CLEAN POWER PLAN PROPOSED RULE States' Role and Responsibilities

In June 2014, EPA proposed the Clean Power Plan (CPP) to cut carbon emissions from **existing** power plants. The proposed rule requires each state to submit a State Implementation Plan (SIP) detailing how it will meet the emissions-reduction target set by EPA for that state. EPA expects to finalize the CPP in summer 2015. (EPA has also proposed carbon pollution standards for **new** power plants and is expected to finalize those standards, again by summer 2015.)

The CPP will cut pollution and provide significant climate and health benefits.

EPA estimates that the CPP will cut carbon pollution from the electric power sector by 30 percent from 2005 levels by 2030 and will cut pollution that leads to soot and smog by over 25 percent in 2030. It will also lead to significant public health and climate benefits worth an estimated \$55-\$93 billion per year in 2030, far outweighing the estimated annual costs of the plan, which are projected to be \$7.3-\$8.8 billion in 2030.

The CPP sets state-specific goals.

The proposed plan recognizes that each state has a unique mix of power sources and different emissions reduction opportunities -- with each state in the best position to understand these conditions. Therefore, the CPP sets different goals for each state for reducing carbon emissions from its power sector.

The state goals are based on a consistent national formula and are calculated using specific information about the state's, or its region's, individual power profile. Each state's goal reflects its potential to reduce carbon pollution from its own, unique starting point. Some states have invested in natural gas, renewables, and/or energy efficiency more than others, for example. Each state goal is expressed as an *emissions rate* -- the amount of carbon pollution emitted per megawatt-hour of electricity generated.

EPA is proposing a two-part goal structure: an "interim goal" that a state must meet on average over the 10-year period from 2020-2029 and a "final goal" that a state must meet in 2030 and thereafter.

Each state has the flexibility to choose strategies that best fit its circumstances.

Each state is free to meet its goal through whatever combination of measures reflects its particular circumstances and policy objectives. States may work alone to develop their own plans or may work with other states to develop multi-state plans.

EPA has identified four sets of measures -- or "building blocks" -- that are in use today by many states and utilities and that together make up the best system for reducing the carbon intensity of each state's power system. The building blocks are --

- Improve the efficiency of existing fossil fuel power plants
- Increase the usage of lower-emitting power sources (e.g., natural gas)
- Use more zero- and low-emitting power sources such as renewables and nuclear
- Reduce electricity demand by using electricity more efficiently

States are not required to use these building blocks. But their plans must include a set of enforceable measures that will ensure that the state will be able to meet its interim and final emissions goals, and they must also provide a process for reporting on plan implementation, progress toward achieving CO₂ intensity goals, and implementation of corrective action, if necessary.

The deadline for submitting initial or complete plans will be summer 2016.

States must submit initial or complete State Implementation Plans by June 30, 2016, with the option to use a two-step process for submitting final plans, if more time is needed. Individual state plans would be eligible for a one-year extension to June 30, 2017. Multi-state plans would be eligible for a two-year extension to June 30, 2018, and would need to submit a progress report in the interim by June 30, 2017.

Once a state submits a complete plan, EPA will review it and make a determination, within 12 months, to approve or disapprove the plan. States will have up to fifteen years after the Clean Power Plan is final for all emissions-reduction measures to be fully implemented in 2030. This implementation period recognizes that investments in infrastructure can take time to put in place and provides states with the time needed to achieve the emissions reductions outlined in the proposed plan.

States differ in their responses to the CPP

Many states have already begun the process of developing their compliance plans. They have been analyzing their state-specific goal and the challenges they face, identifying their strengths, convening and consulting with stakeholders, and establishing a process. Leaders from 14 states (CA, CT, DE, IL, MA, MD, ME, MN, NY, NH, OR, RI, VT, WA) expressed strong support for the CPP in a December 2014 letter to EPA.

Twelve other states (AL, IN, KS, KY, LA, NE, OH, OK, SD, SD, SC, WV, WY) filed a lawsuit in August 2014, challenging the proposed rule.

Still other states are considering refusing to submit a compliance plan. For states that don't develop a plan of their own, EPA will establish a model Federal Implementation Plan (FIP) for them. Since EPA lacks the statutory authority to force states to invest in renewable energy and efficiency, it is likely that the FIP will focus on preventing CO₂ emissions from coal-fired plants, a less flexible, more costly option.

Detailed information about the Clean Power Plan is available from EPA at: <http://www2.epa.gov/carbon-pollution-standards/clean-power-plan-proposed-rule>