

August 3, 2015

## **EPA-DOE-FERC Coordination on Implementation of the Clean Power Plan**

This document describes how the U.S. Environmental Protection Agency (EPA), the U.S. Department of Energy (DOE), and the Federal Energy Regulatory Commission (FERC) will coordinate efforts to help ensure continued reliable electricity generation and transmission during the implementation of the Clean Power Plan (CPP). It describes one of several mechanisms that the three agencies, working independently or jointly, can rely on to support the industry's ongoing actions to ensure electricity reliability during the implementation of the CPP. The CPP was developed and promulgated by EPA under Clean Air Act §111(d) to limit carbon dioxide emissions from fossil fuel-fired electric power plants. Working together, the three agencies will make reasonable efforts to: (1) monitor the progress of states as they develop single-state or multi-state plans to meet the requirements of the CPP; (2) monitor the implementation of state plans or, where applicable, a federal plan, to maintain awareness of any potential electric reliability effects; and (3) ensure coordination, as appropriate, to address any issues concerning reliability that may arise.

This document highlights only those activities the agencies may undertake jointly or in coordination with respect to reliability impacts related to the CPP. It creates no restrictions on other actions that the three agencies may take individually or in concert. This is a living document, subject to change as determined by the agencies. It reflects the thinking of the staff of the three agencies as of this date, August 3, 2015. The agencies expect to revisit and revise this document as appropriate during the compliance period for the CPP. This effort is based on the successful working relationship that the three agencies established through their joint effort to work together to monitor reliability during the implementation of the Mercury and Air Toxics Standards.

## **Background**

On June 2, 2014, EPA issued the proposed Clean Power Plan (CPP), consisting of emission guidelines for states to follow in developing plans to address greenhouse gas emissions from existing fossil fuel-fired electric generating units. Following careful consideration of public comments as well as extensive outreach with stakeholders and other federal and state agencies, the EPA Administrator signed the final CPP on August 3, 2015. In the final guidelines, EPA provided state-specific goals for carbon dioxide emissions from affected electric generating units, as well as guidelines for states to follow in developing plans to achieve the state-specific goals. Further, under the final CPP, each state must meet an interim emissions goal from 2022 to 2029 and a final goal starting in 2030.

In early 2015, FERC held a series of technical conferences to discuss implications of compliance approaches to the CPP proposed rule. Specifically, the Commission held a National Overview technical conference and three regional technical conferences. The technical conferences provided a forum for stakeholders to discuss how to address any FERC-related issues that may arise in the context of potential state and regional compliance approaches to EPA's CPP.

Under the final CPP, each state is required to submit a plan that establishes source requirements and other measures that will achieve the state's goal. EPA's CPP was designed to allow each state to tailor its plan to meet the needs and attributes of the power sector in the state and to take advantage of the opportunities that each state has to reduce emissions. State and regional organizations and utilities responsible for ensuring reliability have various tools that they have been using, and can and will continue to use, in carrying out their collective mission. In states that do not have an approved state plan, the federal plan will be implemented.

## Monitoring Strategy

During the development of the CPP, EPA consulted with DOE and FERC staff. The three agencies will continue to coordinate while the state plans are developed and implemented in order to help ensure that state plans can be implemented in a manner that is fully compatible with the power sector's ability to maintain electric reliability.

The key to this monitoring effort will be frequent communications and coordination among the three agencies. EPA, DOE, and FERC will continue to meet and will share relevant new information on the development and implementation of state plans. Further, the agencies will continue to discuss ongoing coordination, monitoring, and outreach activities. Each agency has designated an internal team or working group that focuses on these issues and has identified key staffers that can be contacted should issues arise between interagency meetings.

EPA, DOE, and FERC each have contacts and outreach underway that will help to identify any areas of concern for electricity reliability that may arise. Each of the agencies will continue to engage with stakeholders including:

- Utility trade associations and generation owners with fleets affected by EPA regulations;
- Organizations of state agencies relevant to the CPP including but not limited to NACAA, AAPCA, ECOS, NARUC and regional groups of regulators, NASEO and others;
- Regional Transmission Organizations (RTOs), Independent System Operators (ISOs), planning authorities and other utilities affected by EPA regulations;
- The North American Electric Reliability Corporation (NERC) and affiliated regional reliability entities in regions affected by EPA regulations; and
- Additional entities that participate in reliability planning and execution.

EPA will engage with states as they develop their plans. EPA Headquarters and Regional Office staff will work with each state to respond to questions and issues as states assess options to meet the guidelines. These issues will be tracked by an EPA implementation team, which will then share any information related to reliability with FERC and DOE. Throughout the development of the state plans, EPA will encourage the state environmental offices, which have

primary authority to develop state plans, to coordinate closely with the state economic regulatory agencies (e.g. public utility commissions), state energy offices, and the grid planners and operators. EPA will maintain contact with these entities as well. After state plans are submitted, approved and put into effect, the implementation team will maintain contact with states, in case the need arises for plan revisions.

DOE will provide technical and other assistance to states, their representative organizations, regions, and tribes to inform their compliance plan development, generally based upon their request for assistance.<sup>1</sup> DOE will continue to support stakeholder-convened discussions and workshops regarding the CPP to provide opportunities for discussion between state agencies and others. Further, DOE will continue to develop technical assistance resources that can inform state and multi-state plan development. DOE will also provide its technical expertise to EPA, as requested, to inform any questions or decisions EPA has regarding the reliability implications of compliance plans.

FERC will continue to focus on issues related to the CPP involving the reliability of the power grid, the efficient operation of wholesale electricity markets and the potential need for additional energy infrastructure, especially new electric transmission and natural gas interstate pipelines. FERC will also stay informed about the development of state plans so that it will be able to respond to Bulk-Power System reliability issues that might arise. FERC will continue to engage with EPA on these issues, including providing assistance on reliability and other matters as requested.

The three agencies will meet frequently, no less than quarterly, to discuss what they are learning about the developing state plans and any potential reliability concerns. Where potential reliability issues of concern are identified with elements of a developing plan from a state or group of states, EPA, DOE, and FERC will meet to determine an approach to resolving the issues, which may include meeting with the state or states that are developing the plan

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<sup>1</sup> Technical assistance will be provided based on the resources available. For some DOE programs, technical assistance is provided upon request from eligible entities. For more information, see <http://energy.gov/technicalassistance>.

along with the relevant planning authorities and/or reliability coordinators. EPA Regional Offices can help to organize and manage these meetings.

Once state (or multi-state) plans are approved or a federal plan is imposed the three agencies anticipate continuing their coordinated effort to monitor implementation of the CPP and to address any issues related to electric reliability. A more precise description of that coordinated effort will be developed as a timely revision to this document. At a minimum EPA anticipates that that the expertise of both DOE and FERC will be key to addressing any reliability concerns.