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U. S. EPA Docket Center (EPA/DC)
U.S. Environmental Protection Agency
Mail Code: 28221T
1200 Pennsylvania Avenue, NW
Washington, DC 20460

Attn: DOCKET ID No. EPA-HQ-OAR-2017-0545

**Re: Advanced Notice of Proposed Rulemaking (ANPRM)
State Guidelines for Greenhouse Gas Emissions from Existing Electric Utility
Generating Units, 82 Fed. Reg. 61507 (December 28, 2017).**

Dear Administrator Pruitt and Staff:

In response to the above-referenced docket, American Municipal Power, Inc. (AMP) and the Ohio Municipal Electric Association (OMEA) hereby provide the following comments for the record. We are supportive of the promulgation of a reasoned replacement rule to regulate the emission of greenhouse gases (GHG) that does not concurrently attempt to restructure domestic energy policy. Any such replacement rulemaking should be consistent with existing statutory authority while providing certainty and predictability to the regulated community.

Background on AMP/OMEA

AMP is a non-profit wholesale power supplier and service provider for 135 members, including 134-member municipal electric systems in the states of Ohio, Pennsylvania, Michigan, Virginia, Kentucky, West Virginia, Indiana, and Maryland. It also represents the Delaware Municipal Electric Corporation, a joint action agency with nine members headquartered in Smyrna, Delaware. AMP's members collectively serve more than 650,000 residential, commercial, and industrial customers and have a system peak of more than 3,400

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WAYNESFIELD • WELLINGTON • WESTERVILLE • WHARTON • WOODSFIELD • WOODVILLE • YELLOW SPRINGS **PENNSYLVANIA** BERLIN • BLAKELY • CATAWISSA • DUNCANNON
EAST CONEMAUGH • ELLWOOD CITY • EPHRATA • GIRARD • GOLDSBORO • GROVE CITY • HATFIELD • HOOVERSVILLE • KUTZTOWN • LANSDALE • LEHIGHTON • LEWISBERRY • MIFFLINBURG
NEW WILMINGTON • PERKASIE • QUAKERTOWN • ROYALTON • SAINT CLAIR • SCHUYLKILL HAVEN • SMETHPORT • SUMMERHILL • WAMPUM • WATSONTOWN • WEATHERLY • ZELIENOPE
VIRGINIA BEDFORD • DANVILLE • FRONT ROYAL • MARTINSVILLE • RICHLANDS **WEST VIRGINIA** NEW MARTINSVILLE • PHILIPPI

megawatts (MW). AMP's core mission is to be public power's leader in wholesale energy supply and value-added member services. AMP offers its member municipal electric systems the benefits of scale and expertise in providing and managing energy services.

AMP's diverse energy portfolio makes the organization a progressive leader in the deployment and procurement of renewable and advanced power assets that include a variety of base load, intermediate and distributed peaking generation using hydropower, wind, landfill gas, solar and fossil fuels, as well as a robust energy efficiency program. AMP has actively worked over the past decade to diversify our power supply portfolio, to the point that our owned assets were approximately 21% renewable in 2017. Our fossil fuel assets currently include a 368 MW ownership share of the 1,600 MW coal-fired Prairie State Generating Co. located in Lively Grove, Illinois, as well as the 707 MW (fired) natural gas combined cycle AMP Fremont Energy Center in Fremont, Ohio. Most of AMP's members are in the PJM Interconnection, LLC regional transmission organization (RTO) footprint, while some members are located within the Midcontinent Independent System Operator, Inc. footprint. The OMEA represents the state and federal legislative interests of AMP and member Ohio municipal electric systems.

Because of AMP's structure as a non-profit wholesale power provider, we closely follow regulatory initiatives that have the potential to impact the costs and reliability of our members' energy and capacity supply. To that end, AMP's/OMEA's past public comments on §111(d) rulemakings reflected expected impacts of that standard on AMP and member units, as well as to other units in the region from which AMP/OMEA members might acquire varying portions of their power supply through wholesale market purchases. As we have expressed in past comments on the CPP and its various components, the multi-state nature of AMP's/OMEA's membership and power supply portfolio, along with the various types of electricity markets within which we operate, all point to the need for careful consideration of all options in addressing GHG emissions, and an acknowledgment that "one size does not fit all" when it comes to design of a regulatory framework.

Emission Guidelines and BSER based on heat rate improvements

Based on a review of documents referenced in the ANPRM, two trends become apparent.^{1 2} First, each source is unique in the factors affecting its operation and overall heat rate. While there are heat rate improvements that may apply across a population of similar sources, determination of what is achievable in practice and could be considered the Best System of Emission Reduction (BSER) appears to be highly case-specific. Second, BSER established with the goal of returning existing sources to their design heat rate or resulting in modest heat rate improvements over historical performance would potentially result in improved generating efficiency and reductions in GHG emissions. The magnitude of emissions

¹ "Increasing the Efficiency of Existing Coal-Fired Power Plants". Campbell, R.J. Congressional Research Service. December 20, 2013.

² "Coal-Fired Power Plant Heat Rate Reductions". Hasler, D. Sargent & Lundy. January 22, 2009

reductions varies widely, and the application of these heat rate improvements is dependent on the particular circumstances of the individual source.

AMP believes EPA's proposed Emission Guideline (EG) approach of considering heat rate improvements at the stationary source level an appropriate interpretation of BSER and would be an acceptable option for the development of a replacement §111(d) rule. As described in the ANPRM, this approach would entail source owners and operators engaging in an analysis of potential source-level heat rate improvements, with states subsequently evaluating the recommendations. States and source owners would be allotted the necessary flexibility to develop compliance schedules based on achievable heat rate improvements.

This approach would allow states and source owners an opportunity to craft individualized plans taking into account the unique circumstances of each facility, and provide for long term planning and capital allocation. This approach would also alleviate one of the significant drawbacks of the prior rule, namely treating coal-fired generation as a homogeneous population. Rather, treating each source on a case-by-case basis would allow establishment of suitable BSER based on site-specific factors.

Definition of "Affected EGU" and excluded sources

AMP endorses a continuation of excluding those units with federally enforceable permit limits that restrict generation to 219,000 MWh or less on an annual basis and those units with a nameplate generating capacity of 25 MW or less from the definition of "affected EGU". As owners and operators of gas- and diesel-fired assets for peaking generation, and on behalf of our members that own and operate similar assets, AMP fully supports the exclusion of these small generating units with low GHG emissions based on annual output as opposed to nameplate capacity. Due to the intermittent nature of peak load operations, these units have historically operated at less than 10% capacity factor with correspondingly low annual GHG emissions. Other portions of the original §111(d) rule excluded categories of generating assets such as non-fossil fired units, and some combined heat and power (CHP) units in a similar manner to the §111(b) rule. This was appropriate because they were not "affected EGUs" under the New Source Performance Standard.

Recognition of significant investment in renewable generation

AMP strongly encourages EPA to take recent efforts and investments by the electric generation industry into account when promulgating new Emission Guidelines, and provide some form of crediting or offsetting provisions to recognize these investments. AMP and our members own and operate a number of renewable generation assets including solar, wind, and hydropower. These assets account for over 21% of our power portfolio, and represent a significant investment of time and resources to permit, construct, operate, and maintain. We ask that if a future regulatory strategy includes any form of emissions averaging or trading system that such investments in renewable energy be provided emission reduction credits or similar vehicles in proportion to the level of GHG emissions they offset.

Potential interaction of GHG 111(d) requirements with existing regulatory programs

AMP recommends that EPA propose BSER that does not require a major stationary source to undergo a “major modification”, or an existing affected NSPS source to undertake a “modification” or “reconstruction” in order to comply with BSER. Historically, the NSPS program has not required affected sources to modify the affected source itself since these standards typically include work practices, installation of pollution controls, or a combination of the two. AMP recommends using the traditional NSPS program as the framework for any new regulatory structure.

EPA recognizes that some heat rate improvement measures, as presented in the ANPRM (see 82 FR 51514, Table 1), could potentially result in a “significant net emissions increase.” This in turn would trigger major New Source Review (NSR) preconstruction permitting requirements prior to implementation. AMP would like to note that economizer upgrades, upgrading steam turbine internals, and changes and improvements to condensers have been the subject of EPA NSR enforcement actions over the past two decades. Whether these enforcement actions were successful or unsuccessful, source owners and operators will be reluctant to engage in such improvements without clear assurances from state and federal regulators that they would not fall under the NSR umbrella.

One strategy that would address this issue is to clearly delineate improvement measures as routine maintenance, repair, or replacement (RMRR) activities, which places them outside of the definition of “modification” for NSR purposes. Improvements that result in returning a facility to design value for various processes and equipment operations can have a significant impact on the heat rate for a facility (see for example “Coal-Fired Power Plant Heat Rate Reductions” SL-009597, Sargent & Lundy, LLC, January 22, 2009) and could reasonably fall under such an exemption.

Implementation and enforcement considerations

EPA requested comments on appropriate considerations state agencies and EPA should account for when determining appropriate implementation and associated enforcement measures associated with a Clean Power Plan replacement.

AMP encourages EPA and state agencies to recognize and account for the practical challenges faced by generators, some of which will be unique to individual units. Implementation obligations, requirements and timelines expected of regulated entities should recognize and account for the economic impact of necessary upgrades and provide entities with an opportunity to schedule BSER related measures in a timely, orderly and cost-effective manner. Enforcement should follow the well-established cooperative federalism model outlined in §110 of the Act, allowing states to enforce their approved State Implementation Plans. The role of USEPA should be limited to providing guidance and oversight of state plan implementation.

While by no means exhaustive, the comments provided represent issues of concern to AMP/OMEA relative to the CPP replacement proposal. We thank USEPA for this opportunity to provide input to the agency on these important matters, please let us know if you need additional information.

Respectfully Submitted

A handwritten signature in black ink, appearing to read "Jolene M. Thompson". The signature is written in a cursive style with a large initial "J".

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