

**Statement of Michelle Bloodworth
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**In Support of the Proposed Affordable Clean Energy Rule
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Good afternoon. My name is Michelle Bloodworth. I am the President and CEO of *America's Power*, also known as the American Coalition for Clean Coal Electricity (ACCCE). The mission of ACCCE is to advocate on behalf of the nation's fleet of coal-fueled power plants. Our members include electricity generators, coal producers, railroads, barge lines, and equipment manufacturers.

While this hearing is about CO₂ emissions, I would like to note at the outset that the coal fleet has invested \$122 billion in emission controls to reduce criteria pollutants and hazardous air pollutants. Because of this multi-billion-dollar investment, emissions of sulfur dioxide, nitrogen oxides and particulate matter have been reduced by more than 90% per kilowatt-hour of electricity generated.

ACCCE is pleased to speak today in support of EPA's proposed Affordable Clean Energy (ACE) rule, which will replace the Clean Power Plan. The Clean Power Plan is the poster child for regulatory overreach. It exceeds EPA's authority under the Clean Air Act; usurps the role of states and grid operators in determining the right mix of electric generating resources; would cost consumers and businesses billions of dollars; and, despite its cost, would have a meaningless effect on climate change. By the year 2050, the CPP would have reduced atmospheric CO₂ concentrations by 0.2%, reduced global average temperature increase by 0.006 degree C, and reduced sea level rise by 0.2 millimeter, the thickness of two sheets of paper.

By contrast, the proposed ACE rule would establish a lawful and cost-effective framework for the regulation of carbon dioxide (CO₂) emissions from existing coal-fired power plants. The following are a

few of the major policy and legal reasons why we support the proposed ACE rule.

To begin with, the proposed ACE rule will avoid the retirement of more coal-fired electric generating units. Over 119,000 megawatts of coal-fired generating capacity have already retired or announced plans to retire. This represents 40% of the U.S. coal fleet. Two-thirds of these coal retirements have been attributed to past EPA policies. Coal retirements are becoming a threat to the resilience of the electricity grid because the coal fleet provides fuel security, which is necessary for resilience. Resilience means the ability to anticipate, operate through and recover quickly from disturbances that might be infrequent but can have serious, if not catastrophic, consequences. The ACE proposal avoids more premature coal retirements by establishing a reasonable process for setting achievable and cost-effective CO₂ performance standards that take into account the design, operating conditions and other factors for each power plant. Compared to the Clean Power Plan, the proposed rule will make the electricity grid more resilient against serious manmade or natural disturbances, as compared to the CPP.

Second, the proposed ACE rule respects state primacy by limiting EPA's role under section 111(d) to developing procedural and technical information to guide states in carrying out their role of developing performance standards that are included in state plans. The proposed rule does not attempt to dictate performance standards or tell states how to regulate existing affected power plants.

Third, the proposal requires states to set performance standards based on inside-the-fence emission reduction measures that can be applied to or at coal-fired power plants. EPA does not have authority to establish CO₂ performance standards under section 111(d) based on the beyond-the-fence measures that are the foundation for the Clean Power Plan. That approach resulted in overly stringent CO₂ emission standards that would have required shifting away from coal to natural gas and renewable energy resources. Neither renewables nor natural gas are fuel-secure electricity sources. EPA has corrected this problem in the proposed ACE rule by requiring the consideration of

heat rate (or efficiency) improvements that can be applied at or to individual coal-fired generating units.

Fourth, the proposed rule allows states to set unit-specific standards based on the design and operating conditions of each affected generating unit. There is no commercially available retrofit control equipment to reduce CO₂ emissions from existing coal-fired power plants. Therefore, the CO₂ emission reduction measures are limited to changes that enable power plants to operate more efficiently and emit less CO₂ per megawatt-hour. A variety of factors influence the types of efficiency improvements available at individual power plants, including geographic location, temperature of the cooling water source, the type of cooling system, ambient temperatures, coal type and moisture content, capacity factor, and the amount of cycling each individual unit undergoes. The proposed rule sensibly allows states to account for these differences in establishing standards of performance for individual units.

And last but not least, the proposal makes long overdue changes to the New Source Review (NSR) permitting program, which has been a barrier to efficiency improvement projects for almost three decades. Changing NSR to facilitate efficiency improvements is a no-brainer since the proposed ACE rule is based on efficiency improvements. EPA's proposal to adopt NSR reforms by rulemaking is preferable to the issuance of agency guidance because rule changes will provide greater certainty to undertake efficiency improvements.

Thank you for the opportunity to speak today in support of EPA's proposed ACE rule.