

June 5, 2023

Representative Bill Johnson  
Chairman, Environment, Manufacturing & Critical Materials Subcommittee  
U.S. House of Representatives  
Washington DC 20515

Representative Paul Tonko  
Ranking Member, Environment, Manufacturing & Critical Materials Subcommittee  
U.S. House of Representatives  
Washington DC 20515

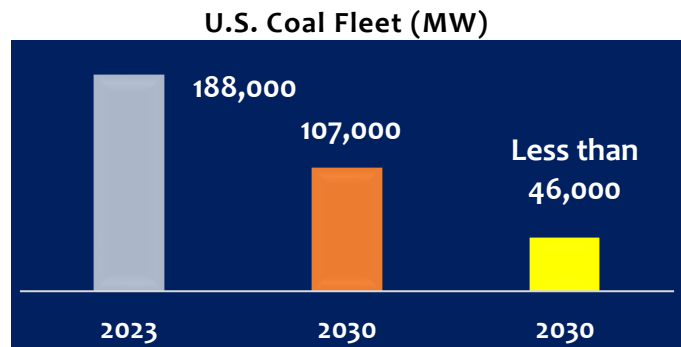
Dear Chairman Johnson and Ranking Member Tonko:

In light of tomorrow's subcommittee hearing "Clean Power Plan 2.0: EPA's Latest Attack On America's Electric Reliability," I am writing to provide our brief perspective on U.S EPA's proposed CPP 2.0.

America's Power advocates for coal electricity and its supply chain. Coal plants provide affordable baseload electricity, secure fuel supplies, essential reliability services, other reliability attributes, and they contribute to energy diversity. However, EPA is implementing, has finalized, or has proposed five rules that will force more coal retirements and increase the risk of electricity shortages and other grid reliability problems.

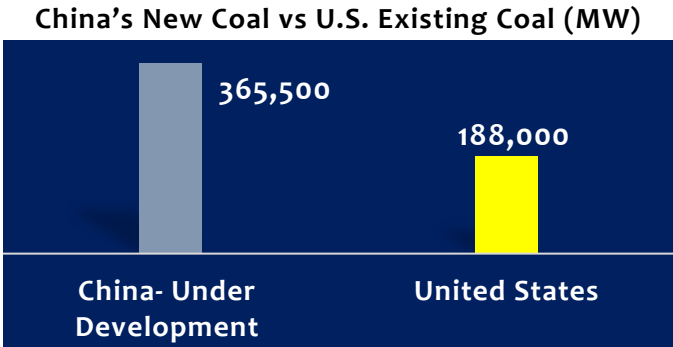
EPA has been slowly implementing its revised Coal Combustion Residuals (CCR) Rule; finalized its Good Neighbor Rule (GNR); and proposed revised Effluent Limitations Guidelines (ELG), revised Mercury and Air Toxics Standards (MATS), and CPP 2.0. We estimate that these EPA rules collectively will cause coal retirements to rise sharply during 2026-2030 and exacerbate the risk of grid reliability problems. For example, EPA estimates that the GNR will cause the retirement of 14,000 MW of coal by 2030, and the CCR and ELG rules include explicit incentives for coal plants to retire by 2028.

The coal fleet totals 188,000 megawatts (MW), a sharp decline of 127,000 MW since 2010. By 2030, the coal fleet would total 107,000 MW if only coal retirements announced so far are taken into account (orange bar below). However, EPA projects that the coal fleet will total only 46,000 MW by 2030 (yellow bar) because of the Inflation Reduction Act and four EPA rules, including CPP 2.0. The 46,000 MW projected by EPA do not account for impacts from the agency's recently proposed MATS rule or the Regional Haze Rule that EPA has been slow to implement. EPA's projections, which we believe still understate future coal retirements, show that the nation's coal fleet will be dangerously small by 2030, possibly earlier.



CCP 2.0 is arguably the worst of these EPA rules and is intended to replace the original Clean Power Plan which was rejected by the U.S. Supreme Court as an overreach. CPP 2.0 is also an overreach. The proposal would have an unprecedented impact on the coal fleet, which must comply with the proposal by January 1, 2030. This means the owners of the coal fleet would have less than three years to comply because states have two years (until mid-2026) to submit plans to EPA after the rule is finalized, and the agency has one year (until mid-2027) to approve (or disapprove) state plans. Compliance could entail co-firing with 40% natural gas or installation of carbon capture and storage (CCS). CCS takes nine years or more to install and can cost \$1 billion for an average coal plant. The ridiculous compliance deadline and the enormous cost of compliance simply mean more premature coal retirements and greater odds of electricity shortages. Because of the proposed carbon rule, we estimate that more than 100,000 MW of coal nationwide are at risk of even earlier retirement than is reflected in retirement projections by EPA.

CPP 2.0 is intended to help decarbonize the U.S electric grid and presumably reduce the effects of climate change. However, the proposal would reduce global greenhouse gas emissions by one-tenth of a percent. Moreover, China continues to aggressively expand its own coal fleet while EPA and the administration are attempting to eliminate the U.S. coal fleet. Currently, China’s coal fleet is roughly the same size (more than 1 million MW) as the entire U.S. electricity supply (more than 1 million MW). Moreover, China has announced or has under development almost 366,000 MW of coal-fired generating capacity. This means that the entire U.S. coal fleet (188,000 MW), which the administration is attempting to eliminate, is only half the size of the new coal-fired generating capacity that China is adding to its already enormous coal fleet.



As PJM's President and CEO testified recently, "Currently, the nation is developing environmental and reliability policy in separate silos with limited and not very transparent coordination between the environmental and reliability regulators. Increased coordination and synchronization of the nation's environmental and reliability needs may require discrete changes to the statutes governing each agency's mission to embrace this effort." Congress can play a critical role through both oversight and new legislation to remedy this lack of coordination.

Sincerely,

A handwritten signature in black ink, reading "Michelle A. Bloodworth". The signature is fluid and cursive, with the first name being the most prominent.

Michelle Bloodworth  
President and CEO

Copy to:

Representative Cathy McMorris Rogers  
Chair, Energy and Commerce Committee

Representative Frank Pallone  
Ranking Member, Energy and Commerce Committee