

FOR IMMEDIATE RELEASE – May 20, 2024

Media Contacts

Derek Wingfield (501-614-3394, dwingfield@spp.org)

Meghan Sever (501-482-2393, msever@spp.org)



EPA Rule Could Severely Impact Nation’s Efforts Toward Energy Production, Reliability

LITTLE ROCK, ARK. — Southwest Power Pool (SPP) sent its member utilities a statement on May 20, detailing the impact a final rule issued by the U.S. Environmental Protection Agency (EPA) could have on future energy availability throughout their region and the country. Given SPP’s and its stakeholders’ commitment to ensuring electric reliability, the grid operator asserts the EPA rule could negatively impact the nation’s ability to provide consumers reliable electric service in the interest of a swift transition from fossil fuels to renewable energy, particularly during a time when additional generating capacity is already needed to ensure the reliable supply of energy.

Rule 2023-0072, finalized by the EPA on April 25, is meant to curb greenhouse gas emissions at power plants through new performance standards. SPP prides itself on being a leader in the reliable integration of renewable energy and is supportive of the long-term goals of the rule. However, though wind is the number one source of energy in its 14-state region, the grid operator underscored in its statement to stakeholders that controllable or “dispatchable” energy sources like coal and natural gas remain necessary to meet the ever-growing demand for electricity.

SPP appreciates efforts by federal officials to address concerns that it communicated to the EPA last year in response to the agency’s initial notice of proposed rulemaking. The final rule takes into account the RTOs’ concerns regarding natural gas availability, state-specific flexibility and timeline extensions for retiring generators, among other things. Despite these concessions, concerns about future production capacity remain among those in the power-providing sector, including SPP.

SPP’s statement questions the feasibility of implementing the carbon capture and sequestration process by the rule’s deadline and the reasonableness of optional requirements for volumes of natural gas, which may not be available to individual producers. SPP also noted that the need to ensure the reliable delivery of power is becoming both more critical and complex given the increasing frequency of extreme weather events and increasing demand for electricity, among other factors.

“Our mission, and our charge from the Federal Energy Regulatory Commission, is to strive to continuously keep the lights on today and tomorrow throughout our region,” said Lanny Nickell, chief operating officer at SPP. “We take our duty to the 18 million people in our footprint very seriously, and we fear that the EPA rule will induce or impose actions that conflict with that duty. At the minimum, it presents serious complications for SPP and our members that may be insurmountable.”

The statement (see attachment) enumerates specific issues with the rule. SPP joins some of its peer grid operators in publishing statements on the potentially harmful impacts of the rule.

About SPP: Southwest Power Pool, Inc. is a regional transmission organization: a not-for-profit corporation mandated by the Federal Energy Regulatory Commission to ensure reliable supplies of power, adequate transmission infrastructure and competitive wholesale electricity prices on behalf of its

members in 14 states. SPP ensures electric reliability across a region spanning parts of the central and western U.S., provides energy services on a contract basis to customers in both the Eastern and Western Interconnections, and is expanding its RTO and developing a day-ahead energy market in the west. The company's headquarters are in Little Rock, Arkansas. Learn more at [SPP.org](https://www.spp.org).

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