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President & CEO

May 8, 2014

Ms. Gina McCarthy
Administrator
U.S. Environmental Protection Agency
EPA Docket Center—Mail Code 2822T
1200 Pennsylvania Ave., NW
Washington, D.C. 20460
Attn: Docket ID No. EPA-HQ-OAR-2013-0495

**Re: Proposed Standards of Performance for Greenhouse Gas Emissions for New Stationary Sources: Electric Utility Generating Units—79 Fed. Reg. 1,4380 (Jan. 8, 2014).
Docket ID No. EPA-HQ-OAR-2013-0495**

Dear Ms. McCarthy:

The National Mining Association (NMA) submits the attached comments in response to the Environmental Protection Agency's (EPA) proposed new source performance standards (NSPS) for greenhouse gas emissions (GHG) from new electric utility generating units (EGUs). The proposed standard will leave the nation's electricity supply less diverse, less reliable and more expensive. It will also lead to more volatile energy costs for businesses and households. American businesses will be less competitive, high-wage jobs destroyed and families forced to pay more to heat and light their homes. These and other far reaching consequences arise from a rule that the agency concedes will have no quantified benefits and will produce negligible changes in carbon dioxide (CO₂) emissions. EPA proceeds with all of this without performing sufficient analysis of the proposal's effects on costs, business competitiveness and energy requirements.

The only *beneficial effects* from the proposal according to EPA are to provide regulatory certainty and to satisfy a Clean Air Act (CAA) prerequisite for the agency to move on to the regulation of existing power plants. The only regulatory certainty the proposal actually provides is the steady deterioration of the diversity, reliability and affordability of the nation's base load generation capacity. By effectively banning new higher efficiency coal power plants, EPA denies the nation the opportunity to maintain a diverse electric generation supply to meet future load growth and replace the aging base load power fleet. Any self-imposed imperative

to rush to regulate existing power plants does not trump the agency's obligation to adopt a lawful standard based upon adequately demonstrated technology taking into account the costs and energy requirements.

As we have suggested before, EPA can provide regulatory certainty by adopting a sound and balanced standard aligned with the emission performance of new, highly efficient supercritical (SCPC) and integrated gasification combined cycle (IGCC) technologies. These are the technologies that constitute the best system of emission reduction (BSER) and have the additional advantage over EPA's proposal of being proven and commercially offered. Moreover, these technologies will produce real and substantial emission reductions—20 percent lower than the average emission rates of subcritical plants that dominate the current base load fleet and more than 30 percent lower than the oldest plants they would likely replace.

To summarize what is more fully explained in our attached comments, the proposal is deeply flawed as a matter of law and policy for many reasons, including:

- **CCS Is Not the Best System of Emission Reduction (BSER):** No end-to-end CCS technologies have been demonstrated at scale for coal-fired base load electricity generation. One power plant under construction, two lingering on the drawing board and abandoned demonstrations in the United States—all examples cited by EPA—do not reflect adequately demonstrated technology. In fact, they demonstrate nothing in terms of performance or commercial viability.

This is not just NMA's opinion. The leading energy systems technology firms, engineers involved in the research and development of the technology, former Department of Energy officials and the power companies EPA expects will incorporate CCS into their generation systems all agree that EPA is entirely mistaken in its belief that CCS for coal-fired base load electricity generation is adequately demonstrated and commercially available.

- **The Costs of CCS Are Exorbitant and Therefore Unreasonable:** By any measure, the cost of deploying CCS is exorbitant and unreasonable. This factor alone disqualifies CCS as BSER for base load power plants. Separating, capturing and compressing CO₂ consumes a substantial fraction of a plant's electrical generation output. As a consequence, a plant with CCS will have to be substantially larger and use more fuel than one without CCS to account for this "parasitic load." The Deputy Assistant Secretary of Energy for Clean Coal recently informed the House Energy and Commerce Committee that CCS technology would increase the cost of producing electricity by 70 to 80 percent.
- **The Proposed Standard Is Not Achievable:** The proposed standard is based entirely upon speculation and conjecture. Because no operating, fully integrated end-to-end commercial scale coal base load power plant exists, the proposal lacks any credible support that it can be achieved at a single

plant let alone for the power sector as a whole under the full range of operating conditions.

The agency relies upon engineering estimates of hypothetical power plants with CCS, not actual operating experience. EPA's approach is unprecedented, unlawful and a stunning departure from over 40 years of regulatory history that relies upon actual emission data from representative plants operating with commercially demonstrated technology. This historic approach is used by EPA for setting the proposed standard for power plants using natural gas-combined cycle technology. In contrast, EPA sets a standard for coal base load plants the agency theorizes could be achieved using unproven technology.

- **The Standard is Unreasoned and Arbitrary:** EPA arbitrarily uses two entirely different approaches to establish emission limits for new fossil fuel base load electricity generation. The standard selected for natural gas combined cycle (NGCC) reflects the performance currently achievable by 90-95 percent of the existing plants, but the emission limit for new coal base load units reflects a standard no existing coal plant—even those using advanced SCPC or IGCC technologies—can achieve.
- **The Proposal Gambles with the Nation's Energy and Economic Future:** EPA's proposal effectively bars the construction of new coal base load power plants using high efficiency technologies—plants that are necessary to maintain a diverse, reliable and affordable electricity supply. The centrality of coal based electricity to the reliability and affordability of the nation's electricity supply is beyond dispute. Over the past ten years, coal based generation has supplied more than 45 percent of the nation's electricity. The Department of Energy's Energy Information Administration forecasts that 60,000 MW of coal base load power capacity will close over the next several years principally in response to EPA's 2012 Mercury and Air Toxics Standards (MATS). The entire base load generation fleet (coal, nuclear and natural gas) is aging with 25 percent of the existing capacity over 40 years old. In order to maintain a diverse, reliable and affordable electricity grid, new high efficiency coal-fired power plants will be needed to replace older base load generation plants.

Federal Energy Regulatory Commissioner (FERC) Philip Moeller recently informed Congress that "the power grid is now already at the limit" and the "nation's bulk power system is now in a more precarious situation than feared in years past." Michael Kormos of the PJM Interconnection advised FERC that "because less expensive coal generation is retiring and being replaced by other potential high energy cost resources, energy prices could become more volatile due to increasing reliance on natural gas for electricity generation." Nick Akins, CEO of American Electric Power, also informed Congress that EPA rules have impaired the reliability of the electric grid and "the next cannon ball we see coming at us may not be one we can dodge."

EPA's proposal is completely devoid of any examination of these real and present dangers. When EPA proposed the MATS rule for power plants, it predicted the rule would result in the closure of less than 10,000 MW of electricity generation capacity. Most energy experts disagreed and warned that EPA was far off the mark. As it turns out, EPA was terribly wrong. More than 60,000 MW of coal based electricity generation capacity will close due to the rule. The power plants closing over the next several years have the capacity to light and heat 30 million homes; most were essential for providing electricity this past winter. The nation cannot afford another policy blunder. Americans deserve better and the law demands it.

For these reasons and those contained in the attached comment package, EPA must withdraw the proposed standard. If you have any questions or require any clarification on NMA's comments, please contact Alex Bond, Director, Air Quality at abond@nma.org.

Sincerely,

A handwritten signature in black ink, appearing to read "Hal Quinn", written over the typed name.

Hal Quinn
President & CEO