

Energy-Producing States Summit North Dakota 111(d) Concerns

- 1) **Deference to the States:** The states are in the best position to evaluate effective reduction methods for carbon (CO₂) at their affected sources. States are familiar with the affected sources and have the capability to determine acceptable methods of reducing CO₂ without adversely affecting the ratepayer and the public interest. EPA must recognize the state's expertise and avoid imposing their personal preferences on the states as was done in the Regional Haze program. One size does not fit all. EPA needs to recognize the differences between states and the unique situations that affect the type of CO₂ reduction methods and amount of CO₂ reductions that can be achieved in each state.
- 2) **CO₂ reduction methods must be adequately demonstrated:** Carbon Capture and Sequestration (CCS) has not been adequately demonstrated and should not be considered for inclusion in the 111(d) Guidelines. Any methods of CO₂ reduction that are chosen for implementation under 111(d) must be shown to be cost effective, and can be operated safely and reliably on a full scale basis. Pilot projects that are less than full scale are not sufficient to prove that a reduction method is adequately demonstrated.
- 3) **CO₂ reduction methods must be cost effective and not adversely affect grid reliability:** CO₂ reduction methods that impose excessively high electricity rates can have negative public health implications. When people have to choose between paying their electric bill and buying food or medicine, any public health benefits of CO₂ reduction may be negated. In North Dakota temperatures can reach -40 °F with wind chills down to -80 °F. A major failure of the electric grid could have catastrophic consequences. The State public utilities commissions, in conjunction with other state agencies, are better suited to access the impacts from higher electric rates and reliability issues than EPA.
- 4) **CO₂ reduction projects should not trigger PSD review:** EPA should revise the PSD rules to ensure that any project that is undertaken at an affected facility solely for the purpose of complying with 111(d) requirements will not trigger PSD requirements. The PSD requirements can be quite onerous, time consuming and expensive. If PSD is triggered by these projects, the additional cost and delays must be considered in evaluating CO₂ reduction methods and developing the 111(d) plan. EPA must recognize the effect other EPA rules have on the affected sources when evaluating the 111(d) plans.
- 5) **111(d) must provide certainty for utilities:** The fear of future additional requirements under 111(d) will hinder planning for utility companies which affects rates and reliability. EPA has demonstrated in the past that requirements for existing sources, such as medical waste incinerators and commercial/industrial waste incinerators, will be made more stringent

and affect more sources. EPA needs to clearly state that the affected sources will not be subject to additional CO₂ reduction requirements for at least 20 years.

- 6) **States need flexibility:** In developing their 111(d) plans states need flexibility in: 1) evaluating sources either on a rate basis (lb/MWe) or a mass basis (tons/yr), 2) establishing individual compliance schedules, 3) using different reduction methods for different sources, 4) establishing cost effective thresholds; 5) the methods used to demonstrate compliance; and 6) the performance level to be achieved. For those states that have never controlled CO₂ emissions from existing sources, additional time should be given for developing a 111(d) plan versus those that have active CO₂ control programs.