# A Dynamic Reliability Safety Valve is a Critically Needed Addition to EPA’s Clean Power Plan

EPA’s Clean Power Plan, a proposal to regulate greenhouse gas emissions from existing power plants under Section 111(d) of the Clean Air Act, threatens the reliability of the nation’s electric system. NRECA continues to urge EPA to withdraw the proposal because it exceeds the agency’s legal authority under the Clean Air Act and is an imprudent policy that negatively impacts the affordability and reliability of our nation’s electricity. If EPA won’t withdraw the proposed rule, it must include a dynamic reliability “safety valve” that provides states the flexibility they need to keep the lights on and to keep power affordable even as conditions change on the grid. As currently written, EPA’s proposal could force states to choose between compliance with the proposal, unacceptably high power costs, and reliable electricity. EPA should instead allow states to amend their State Implementation Plans (SIP) and their compliance goals dynamically as the system changes.

EPA’s proposed Section 111(d) rule requires sweeping changes to the nation’s electric generating resources with an unprecedented scope and degree of complexity. States’ ability to reach the targets set by EPA are dependent on the accuracy of EPA’s evaluation of resource availability in each state in 2012, and the continuing validity of those assumptions going forward. EPA’s assumptions did not and could not take into account a number of common industry risks. Some examples:

* A gas, nuclear generator, or other low-emitting resource on which a SIP relies could suffer a severe breakdown that requires months or years to fix, forcing the state to rely more heavily on higher-emission resources in the meantime. This is what happened when the San Onofre Nuclear Generating Station suffered a major breakdown, and subsequently never reopened.
* A gas generator on which a SIP relies could lose access to the gas needed to operate due to a major breakdown in the pipeline that serves it that could take months to fix, forcing the state to rely more heavily on higher-emission resources.
* Increases in fuel prices, increases in fuel transportation costs, loss of a major customer, decreases in competing higher emitting fuel prices, or a range of other changes in wholesale market design and market outcomes could cause non-state regulated owners of gas, nuclear, or other low-emitting generators to shut down the generator. The state would be forced to rely more heavily on higher-emission resources until a new lower-emitting resource could be built. However, if the market fundamentals are not there to support the lower-emitting generator that shut down, they may not be there for a new resource.

Most industry experts have called for a reliability safety valve. Consideration or adoption of a reliability safety valve is supported by FERC and the ISO/RTOs. All of the FERC Commissioners who have spoken publicly concerning the Proposed Rule have supported consideration or adoption of a reliability safety valve.

NRECA wants to point out that adding a safety valve does nothing to alter the fundamentally flawed approach taken in the proposal, or the flawed assumptions underlying the proposal.  It only serves as a safety net to help deal with changes in the grid that no one sees 5, 10, or 15 years down the road.