

Insight



What Will Keep the Lights On? Inside the Clean Power Plan's “Safety Valve”

SAM BATKINS | AUGUST 18, 2015

With any EPA regulation that will shutdown a significant amount of generation capacity, there are concerns over electric reliability. Will the lights stay on? With the potential to retire roughly 33 gigawatts (GW) of coal capacity alone, those fears are magnified with EPA's “Clean Power Plan,” (CPP), which the American Action Forum (AAF) [reviewed here](#).

EPA has an incentive to ensure that the lights do remain on to avoid the catastrophic consequences of widespread blackouts or brownouts. To prevent any disruptions to electric reliability, EPA took several steps, mostly at the behest of states and critical commenters, to insert a “safety valve.” This will require several procedural hoops for states, but EPA believes it will eliminate the possibility of reliability disruptions.

THE “SAFETY VALVE”

The first step for EPA was listening to the outcry of commenters, including AAF, who cautioned against a 2020 initial compliance period. We wrote [in our comments](#), “States that opt for a regional compliance strategy and receive approval of their SIP in June 2019 face special concerns in rushing the decisions necessary to come into compliance in 2020.” EPA acknowledged this reality and gave states an additional two years of compliance, to 2022. They noted, “The record is compelling.”

The 2022 initial compliance period alone won't alleviate concerns that moving from natural gas and coal to intermittent renewables will eliminate reliability risk. A state plan must, “demonstrate in its final state plan submittal that it has considered reliability issues in developing its plan.” States can also propose amendments to their plans in the event of a reliability concern.

In addition, at the behest of commenters, EPA has pledged to work with the Department of Energy (DOE) and the Federal Energy Regulatory Commission (FERC) to ensure continued electric reliability. The three agencies have set [out a memorandum](#) that reflects their joint understanding of how they will work together to monitor implementation, share information, and resolve any difficulties. The three agencies plan to meet at least quarterly to address any reliability concerns.

If renewables are not dispatched quickly enough and reliability becomes a concern, EPA offers states a final “safety valve.” In the event of an “extraordinary and unanticipated event that presents substantial reliability concerns,” states must clear the following bureaucratic hurdles:

- If “an emergency situation arises,” states must contact their regional EPA office within 48 hours notifying EPA that an amendment is warranted.
- This notice must include a full description of the reliability concern and the specific power plant or plants

that must continue running to address reliability.

- In addition, states must establish how these plants will operate during the interim period.
- Then, within seven days of the initial notice, the state must provide a second notice detailing how it will coordinate reliability and work to resolve the problem. It must forecast how long the power plants will need to operate under a modified state plan.
- The “relevant reliability coordinator” must provide a written statement concurring with the state’s notification or why such an occurrence is impossible.
- If approved, states can receive a 90-day reprieve from their previous requirements under the CPP and comply with an alternate schedule.
- However, it appears anything over 90 days might still be counted toward a state’s emissions budget: “Any emissions in excess of the applicable state goals or performance rates occurring after the initial 90-day period must be accounted for and offset.”
- What happens after 90 days? At least seven days before the 90-day period expires, a state must provide another notification that it will be revising its plan to address the reliability issue. The state must demonstrate, “there is no other reasonable way of addressing the ongoing reliability emergency but for the EGU or EGUs to operate under an alternative emission standard than originally approved under the state plan.”

That’s a lot of regulatory minutiae to navigate for states to ensure that the lights remain on and that was just the “cliff notes” version. More concerning for EPA is not just the process for ensuring reliability, but the reality when that event occurs. EPA initially projected that 4.7 GW of coal would be retired because of the Mercury and Air Toxics Standard (MATS). However, [one company alone](#) retired nearly 6 GW of capacity in part due to EPA regulations. To put the CPP in perspective, it’s seven times more burdensome for coal generation than MATS.

EPA knows that its regulations will shutter power plants and force employees out of work. Just how many will be a matter for future record-keeping. Perhaps just as imperative as the labor picture is electric reliability. Will states cooperate and submit their plans on time? Will 2022 or 2023 prove to be crunch time for power plants and the electric grid? Will states need the “safety valve” and will EPA even approve these failsafe measures? Despite the thousands of pages spilled on the CPP, there are still serious questions about the future of electricity generation in the U.S.