



IMPACTS OF RECENTLY PROPOSED NEW SOURCE PERFORMANCE STANDARDS

presented to:

State of Kansas

House Energy & Utilities Committee Meeting

9:00 – 11:00 a.m. Friday, April 27, 2012

Docking Room 785

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On March 27, 2012, the USEPA announced that they would propose regulations regarding New Source Performance Standards (NSPS) for Greenhouse Gas Emissions from fossil fuel power generating plants.

On April 13, 2012, the USEPA published the proposed regulations in the Federal Register.

Briefly, the proposed regulations would regulate greenhouse gas emissions, specifically carbon dioxide (CO₂), from new power plants that use coal, oil, or natural gas. The standards apply to *new* fossil-fuel-fired electric generating units (EGUs), including boilers, integrated gasification combined cycle (IGCC) and combined cycle combustion turbines that can generate more than 25 Megawatts of electricity. The proposed standard also sets an emission limit at 1,000 Pounds CO₂/MWhr (gross) for these new units.

As currently proposed, existing units and simple cycle combustions turbines and biomass units are excluded from the rule making. Additionally, modifications to existing units would not trigger the greenhouse gas NSPS provisions.

Although the Kansas City Board of Public Utilities is still unraveling the newly proposed standards, the new rules could have several impacts on BPU.

At first glance there seem to be no immediate effects on our current fleet of power generating units. However, the proposed NSPS rules are just that – proposed. BPU is watching this new rulemaking process very carefully. The current provisions that will allow the future construction of simple cycle and combined-cycle combustion turbines are crucial to our utility's plans to build new generators in response to this and other recent environmental regulations such as the Cross State Air Pollution Rule (CSAPR) and the Mercury and Air Toxics Standards (MATS).

The proposed greenhouse gas NSPS rule, and others from USEPA, are clearly driving the power industry to convert to natural gas as its primary fuel source. Historically, the price for natural gas has always been very volatile. The demand and price for natural gas will undoubtedly go up as more and more units begin using it. Also, as environmental questions over gas well "fracking" techniques continue to unfold, there are very real risks of having the United State's power industry exclusively dependent on natural gas as its fuel of choice.

Finally, the proposed Greenhouse Gas NSPS represents yet another environmental compliance death knell for the construction of new coal-fired power generators in the United States. USEPA is requiring carbon sequestration technologies that don't even exist on the research & development level, yet alone as practical, cost effective applications at operating power plants. The geological, engineering, financial, and legal impacts of carbon sequestration at power plants have all yet to be vetted.