

NRECA Statement at May 24 NSPS Public Hearing

Good morning. My name is Carol Whitman. On behalf of the National Rural Electric Cooperative Association, NRECA, I appreciate the opportunity to address aspects of EPA's proposed Clean Air Act Section 111 New Source Performance Standards that immediately impose carbon dioxide standards on new natural gas combined cycle and fossil fuel steam electric generating units. We will be submitting written comments to the docket detailing all our legal and policy concerns at a later date. My comments today will address this proposal's two major assumptions; that natural gas will be available and affordable when and where future baseload electric generation is needed anywhere throughout the country, and those efforts to develop carbon mitigation technology, referred to as carbon capture and storage, CCS, will be enhanced by this proposal.

NRECA is the national service organization for more than 900 not-for-profit rural electric utilities that provide electric service to approximately 42 million consumers in 47 states. All or portions of 2,500 of the nation's 3,141 counties are served by rural electric cooperatives. Collectively, cooperative service areas cover 75 percent of the U.S. landmass. Overall, the cooperatively owned generation provides 41 percent of all electric cooperative consumer needs. Eighty percent of this generation or 26,000 megawatts (MWs) is coal-fired. Although our membership is relying more on natural gas in recent years to generate electricity, we believe national policy should not effectively foreclose coal as an option for new generation, as this proposal does.

EPA has identified no benefit associated with this proposal. Its rationale for it apparently stems from two major EPA suppositions. First, that natural gas is both affordable and available throughout the continental United States for use to power a significant increase in the nation's base load electric generation into the foreseeable future. And second, that implementing a presently unachievable carbon dioxide NSPS for coal will in theory significantly spur the commercial development of a presently developing CCS technology to enable new coal fired generation to meet the NSPS in the future. Both of these suppositions are false.

Regarding natural gas availability, EPA correctly excludes Hawaii and U.S. non-continental territories from the proposed NSPS because of natural gas pipeline unavailability, but the agency fails to address the question of whether natural gas is available throughout the continental U.S. New electric generating units must be situated to ensure electric grid stability and reliability. This means locating new baseload generation at sites where adequate electric transmission exists and, due to this NSPS proposal, where natural gas capacity is contemporaneously available as well. In many geographic areas of the county significant new natural gas baseload generation cannot be built because of natural gas or electric transmission inadequacies. This proposal completely ignores these siting impediments and instead focuses only on computer model-generated projections of future wholesale natural gas prices.

Historically the U.S. Government has consistently failed to accurately predict future natural gas prices. The fact of the matter is that energy prices are notoriously difficult to predict. With significant exportations of U.S. natural gas anticipated in just several years, world natural gas markets and associated pricing will likely have national gas pricing implications. Electricity affordability from natural gas generation is significantly driven by this fuel's price. No one, least not EPA, any other branch of the federal government or any private entity knows how much natural gas will be available in certain regions and certainly not what the future delivered price may be. This proposal, however, would force the electric utility industry to use natural gas and only natural gas in vast regions of the country for new generation where new nuclear power generation has no promise.

For years NRECA has recognized that national policies may well lead to the necessity to develop and commercialize technology that reliably and cost effectively capture and sequester carbon from fossil fuel electric generation. For years we have participated in several national coalitions and directed significant individual organizational efforts to support scientific research and demonstration projects, as well as to support government and private entity policy initiatives that hopefully will lead to commercialization of CCS technologies applicable to fossil fuel electric generation. We would like to continue with

these endeavors because we believe the nation must retain the coal option to generate electric power. In fact presently one of our members, South Mississippi Electric Cooperative has partnered with investor owned utility Mississippi Power in the Kemper project that is designed to generate electricity from coal and provide carbon dioxide for enhanced oil recovery (EOR). Another cooperative member – Basin Electric – has been operating the Dakota Great Plains Gasification plant that separates carbon dioxide for EOR use for years. The ability to sequester carbon for EOR is geographically limited however. So called deep well geologic sequestration or GS well technology is in the developmental stages and must be perfected for CCS to be viable throughout the U.S.

EPA's presumption that this proposal will spur and encourage the commercialization of GS technology is quite frankly misguided. The proposal maintains that GS CSS technology is feasible, indeed practically commercialized based on operations at several existing facilities within the U.S. However as this administration's Interagency Task Force on Carbon Capture noted, only when financial, economic, technological, legal and institutional barriers are addressed will CCS be a viable mitigation option. None of the commercial integrated CCS facilities cited in EPA's proposal sequester carbon dioxide for GS well storage. None have undergone the permitting process, the acquisition of pore space, and fully assessed and assumed the cost and liabilities associated with deployment of GS well technology within the U.S. Only when facilities have undergone permitting required for GS carbon sequestration, operated for a period of years and cleared all the hurdles indentified by the Administration's Task Force can this CCS feasibility and viability be determined.

The proposed NSPS as applied to coal requires up front commitment to meet sequestration standards years in advance of knowing the full costs and viability of GS well technology. Few if any electric utilities can afford to take that kind of a financial risk. Thus, this rulemaking will destroy any reasonable opportunity to develop CCS technology in this country for domestic application or for exportation. For these reasons it should be withdrawn.

