



FACT SHEET

Proposed Affordable Clean Energy Rule – Overview

- On August 21, 2018, the U.S. Environmental Protection Agency (EPA) proposed the Affordable Clean Energy (ACE) rule which would establish emission guidelines for states to develop plans to address greenhouse gas (GHG) emissions from existing coal-fired power plants.
- The ACE rule would replace the 2015 Clean Power Plan (CPP), which EPA has proposed to repeal because it exceeded EPA's authority. The CPP was stayed by the U.S. Supreme Court and has never gone into effect.
- The proposed ACE rule is informed by the more than 270,000 public comments that EPA received on its December 2017 Advance Notice of Proposed Rulemaking.
- The proposed ACE rule has several components:
 - Defines the “best system of emission reduction” for GHG emissions from existing power plants as on-site, heat-rate efficiency improvements;
 - Provides states with a list of “candidate technologies” that can be used to establish standards of performance and incorporated into their state plans;
 - Updates EPA's New Source Review Permitting program to incentivize efficiency improvements at existing power plants; and
 - Aligns Clean Air act section 111(d) general implementing regulations to give states adequate time and flexibility to develop their state plans.
- EPA has evaluated the “best system of emission reduction” (BSER) for reducing emissions of carbon dioxide (CO₂) from coal-fired power plants. The ACE rule sets “emission guidelines” for states to develop and submit to EPA plans to establish standards of performance for existing plants based on this BSER.
- EPA's analysis finds that coal-fired power plants can reduce CO₂ emissions by making on-site efficiency upgrades, or “heat rate improvements.” Efficiency upgrades reduce the amount of CO₂ that is released per unit of electricity generated.
- After evaluating a number of possible efficiency improvements, EPA is proposing a list of “candidate technologies” that states would need to consider in establishing standards of performance for individual existing plants. States will determine which of these technologies are appropriate for each plant, and establish a standard of performance that reflects the degree of emission reduction from their application.
- EPA is also proposing a new preliminary applicability test for determining whether a physical or operational change made to an EGU may be a “major modification” triggering New Source Review. EPA is proposing revisions to the NSR permitting program to give states the option to adopt an hourly emissions increase test for such projects. Under this approach, only projects that increase a plant's hourly rate of pollutant emissions would

need to undergo a full NSR analysis. This proposal would ensure that coal-fired power plants can appropriately and efficiently reduce their CO₂ emissions without undue burden or disruption.

- The proposal also revises the general regulations implementing Clean Air Act section 111(d) that govern how the agency issues emission guidelines and how and when states develop and submit their plans. These revisions bring the program in line with the statute and provide the states with needed time and flexibility to accomplish their role.
- Some of the proposed changes include:
 - **Definitions:** Changes to specific definitions to provide certainty and clarity of intent
 - For example, EPA is proposing to use the term “standard of performance” in place of emissions standards. EPA is also proposing to use the term “emission guideline” in place of “guideline document.”
 - **Timing:** Updates to timing requirements regarding state plan development and submission schedules and EPA action on state plans
 - *State submissions:* EPA is proposing to provide states three years to develop state plans. The existing implementing regulations provided nine months.
 - *EPA action:* Under the proposal, EPA would have 12 months to act on a complete state plan submittal. The existing implementing regulations provided four months.
 - *Federal plan:* Under the proposal, EPA would have two years after a finding of failure to submit a complete plan, or disapproval of state plan, to issue a federal plan. The existing implementing regulations provided six months.
 - **Criteria for plans:** Inclusion of completeness criteria for state plans
 - This includes administrative materials and technical support. EPA would have six months to determine completeness and would make that determination simply by comparing the state’s submission against these completeness criteria.
 - **Variance provisions:** Adjustments to the existing variance provisions to provide greater flexibility to states
- EPA’s regulatory impact analysis (RIA) for this proposal includes a variety of scenarios. These scenarios are illustrative because the statute gives states in establishing standards of performance the flexibility to consider unit-specific factors including the unit’s remaining useful life. This state-driven, flexible approach is in line with the statute and good policy, but may mean that the RIA overestimates the costs of the proposed rule.
- The RIA calculates the benefits and costs of three replacement scenarios and one repeal scenario. All four scenarios show future CO₂ emissions would be below current levels.

- EPA projects that, compared to a no CPP scenario, the ACE rule will reduce CO₂ emissions in 2025 by between 13 and 30 million short tons, resulting in \$1.6 billion in monetized domestic climate benefits.
- EPA estimates that the ACE rule could reduce 2030 CO₂ emissions to an amount equivalent to the annual emissions of up to 5 million cars.
- The rule could also reduce co-pollutant emissions by up to 2%.
- EPA projects that replacing the CPP with the ACE rule could result in \$3.4 billion in net benefits, including \$400 million annually. Under some scenarios, avoided compliance costs total \$6.4 billion compared to the CPP.
- Approximately 600 coal-fired electric generating units at 300 facilities could be covered by this proposed rule.
- EPA will accept comment on this proposal for 60 days after publication in the *Federal Register* and plans to hold a public hearing. Details on the public hearing will be announced in a future *Federal Register* notice.

HOW TO COMMENT

- Comments on the proposal should be identified by Docket ID No. EPA-HQ-OAR-2017-0355, and may be submitted by one of the following methods:
 - **Online:** Go to <https://www.regulations.gov> and follow the online instructions for submitting comments to Docket ID No. EPA-HQ-OAR-2017-0355.
 - **Email:** Comments may be sent to a-and-r-Docket@epa.gov. Include Docket ID No. EPA-HQ-OAR-2017-0355 in the subject line of the message.
 - **Fax:** Fax your comments to: (202) 566-9744. Attention Docket ID No. EPA-HQ-OAR-2017-0355.
 - **Mail:** Environmental Protection Agency, EPA Docket Center (EPA/DC), Mail Code 28221T, Attention Docket ID No. EPA-HQ-OAR-2017-0355, 1200 Pennsylvania Avenue, NW, Washington, DC 20460.
 - **Hand/Courier Delivery:** EPA Docket Center, Room 3334, EPA WJC West Building, 1301 Constitution Avenue, NW, Washington, DC 20004, Attention Docket ID No. EPA-HQ-OAR-2017-0355. Such deliveries are only accepted during the Docket's normal hours of operation, and special arrangements should be made for deliveries of boxed information.
- For additional information, including the full EPA public comment policy, please visit <https://www.epa.gov/dockets/commenting-epa-dockets>.

FOR MORE INFORMATION

- Additional fact sheets along with copies of the proposed rule and accompanying Regulatory Impact Analysis are available on EPA's website at <https://www.epa.gov/stationary-sources-air-pollution/proposal-affordable-clean-energy-ace-rule>