## Congressional Staff Briefing on EPA's Proposed Utility Air Toxics Rule



## The "Champ": Many tools we can use

Seek surgical delay (from EPA, President) in applying a rule to a particular plant

Build a new power plant to replace a retiring one's capacity Regulators: require owners of potentially exposed plants to state intentions, file plans

Regulators and utilities: update avoided cost analyses to account for new incremental generation costs

Regulators: ask TOs, RTOs, LDCs, to plan for using smart grid, pricing tools

Refresh & use competitive procurement atools (including long-term capacity auctions) to determine retrofit v. new build v 3<sup>rd</sup> party resource mix

Retrofit a power plant with pollution control equipment

Regulators, RTOs: use RMR contracts where necessary

Regulators: gear up for effective siting/ permitting processes

Regulators: clarify policies for long-term capacity, energy and gas contracts

Regulators in traditional and restructured states:
Understand a system's exposure

- -Ask air regulators to identify potentially affected plants (based on emissions)
- identify plants with potential to retire (e.g., age, capacity factor, heat rate, control equipment)

S. Tierney: The 21st Century Toolkit

State federal regulators: Ask TOs/RTOs to perform "what if" transmission studies based on lists of plants

Regulators:
Sponsor stakeholder dialogue
about "what does
prudency look
like" given
uncertainty

Regulators and utilities: examine cost-effective demand-side options in light of new avoided costs

Policy makers: set new, tailored targets for energy efficiency, DR

Initiate new rounds of IRPs targeted to situations with potential retrofits / retirement s

Identify specific ways in which invocation of DOE authorities can be applied as backstop

Regulators: examine ratemaking tools for smoothing potential rate impacts

Ask RTO/TOs to identify and cost out transmission reconfigurations, targeted upgrades to address local reliability issues

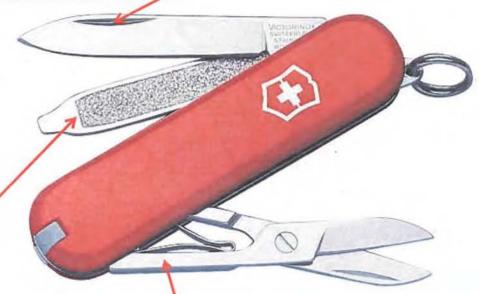


## The "Classic":

The tool that some industry participants think are the only ones available ....

Build a new power plant to replace a retiring one's capacity

Retrofit a power plant with pollution control equipment



## Seek a delay:

- -The entire rule, or
- -The rule's application to a particular plant,
- A temporary delay (e.g., RMR)