

December 16, 2013

Vincent J. Brisini
Deputy Secretary
Waste, Air, Radiation & Remediation
Pennsylvania Department of Environmental Protection
Rachel Carson State Office Building
PO Box 2063
Harrisburg, Pennsylvania 17105-2063

Dear Deputy Secretary Brisini,

On behalf of the members of the Electric Power Generation Association (“EPGA”), I am pleased to submit the following comments as a part of the Department’s listening session on the standards, regulations or guidelines that address carbon pollution from modified, reconstructed, and existing power plants under Section 111(d) of the federal Clean Air Act.

Let me begin by expressing our appreciation for the Department’s willingness to engage the regulated community as it prepares its input to the Environmental Protection Agency (“EPA”). As the second largest electric generating state in the nation and with 43% of our installed capacity being coal-fired generation, the regulation of carbon is extraordinarily important not just to EPGA members, but to the Commonwealth and its economy.

Many EPGA members have, in one form or another, supported different methods to regulate carbon. The most recent example was the American Clean Energy and Security Act of 2009 (“ACES”), an energy bill in the 111th United States Congress (H.R. 2454) that would have established a variant of an emissions trading plan. While the bill was approved by the House of Representatives on June 26, 2009 by a vote of 219-212, it was defeated in the Senate.

Since the President issued his Memorandum outlining his plan for addressing carbon emissions and directing EPA to engage in a rulemaking regarding the same, EPGA members have been considering the most appropriate methods to meet these requirements. Like all of the major environmental rules that have been adopted or are in the process of adoption at EPA, we have consistently requested the following:

- That the program contains achievable targets and deadlines.
- That the program recognizes the limitations of commercially available emissions control technology for the generation fleet.
- That the program recognizes the value of having an electric generation fleet that includes production of electrical power from a diverse set of fuel sources.
- That the program minimizes costs to the affected generation sources which would minimize price impacts to electric customers.

EPGA also recognizes the importance of allowing states to have flexibility in meeting whatever requirements are ultimately promulgated at EPA. As such, DEP may want to consider the following in preparing its formal response to EPA:

- Allowing full state control in implementation under federal guidance.
- Proposing that averaging among electric generation units be permitted in order to demonstrate compliance.
- Requesting that credit be given to the state for emissions reductions that have already occurred, for electric generation units that have retired or deactivated or are not operating for other reasons.
- That the guidelines developed by EPA allow a state to consider an electric generation unit's remaining useful life in the development of its implementation plan.
- That the Commonwealth receive credit for other state-sponsored energy efficiency programs and renewable power programs.

EPGA member companies and the electric power industry have been leaders in meeting environmental requirements. Pennsylvania electric generation units have considerably reduced criteria pollutants. From 2000 through 2012, power plants in the Commonwealth have reduced SO₂ by 74%, NO_x by 45% and Particulate Matter (measured as PM₁₀) by nearly 75%.

In fact, by 2017, projections indicate that reductions in CO₂ will have already occurred. EPGA urges the Department to advocate for the value that these reductions represent during the current rulemaking process.

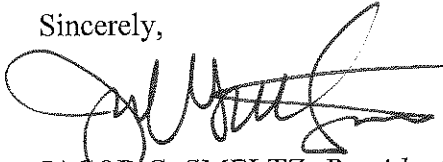
EPGA also encourages the Department to consider the fact that electric generation units that are located in the Commonwealth participate in PJM's competitive wholesale markets. As such, we suggest that the Department collaborate with PJM to best design an implementation plan that would reflect the necessity for a fair and competitive marketplace.

In closing, we appreciate the willingness of the Department to listen to those that are most acutely impacted by carbon regulation. While much of what the President has sought relative to carbon reductions have already been achieved through the forces of the competitive wholesale markets, it is clear that additional regulation of carbon is coming.

EPGA believes that if the regulation is properly done, severely negative economic results can be avoided, both to our member companies and the Commonwealth, which benefits greatly from the economic output that results from our electric generating stations. To that end, the Department's leadership on this issue before the EPA is very important.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Jacob G. Smeltz". The signature is fluid and cursive, with a large initial "J" and "S".

JACOB G. SMELTZ, *President*
Electric Power Generation Association