

## Press Release

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### NERC Releases Assessment on Resource Adequacy Impacts of EPA Regulations

**WASHINGTON, DC** – The North American Electric Reliability Corporation (NERC) examined the possible impacts of four potential U.S. Environmental Protection Agency (EPA) regulations in a special assessment – *Potential Resource Adequacy Impacts of U.S. Environmental Regulations*. – released today.

Several regulations currently being proposed by the EPA directly affect the electric utility industry. The assessment scenario was designed to evaluate the potential impacts of the four potential EPA regulations on Planning Reserve Margins to identify the need for additional resources to maintain bulk power system reliability. To accommodate the studied scenarios, industry may need more resources, beyond those identified in existing plans, in order to maintain bulk power system reliability.

“The results of this assessment show a significant potential impact to reliability should the four EPA rules be implemented as proposed,” said Gerry Cauley, president and CEO of NERC. “To ensure bulk power system reliability, the proposed rules should provide sufficient time to acquire replacement resources, offsetting the reductions in capacity from unit retirements and deratings from environmental control retrofits.”

NERC’s assessment reviews four EPA proposed rulemaking proceedings that could result in unit retirements or forced retrofits between 2015 and 2018. Specifically, the rules under development include:

- Clean Water Act – Section 316(b), Cooling Water Intake Structures.
- Title I of the Clean Air Act – National Emission Standards for Hazardous Air Pollutants (NESHAP) for the electric power industry (referred to as Maximum Achievable Control Technology (MACT) Standard).
- Clean Air Transport Rule (CATR).
- Coal Combustion Residuals (CCR) Disposal Regulations.

The assessment evaluates the potential impacts on Planning Reserve Margins, assuming that there would be no industry actions in the near term to address compliance issues or market response, and identifies the need for additional resources that may arise in light of industry responses to each of these environmental regulations individually and in the aggregate.

“The combination of the proposed rules shows Planning Reserve Margins may be significantly impacted with deteriorating resource adequacy in a majority of the NERC regions/subregions,” said Mark Lauby, director of Reliability Assessment and Performance Analysis at NERC. “Additionally, considerable operational challenges to manage, coordinate and schedule the resulting industry-wide environmental control retrofit effort will occur if all these rules are enacted as currently proposed.”

Some findings:

- EPA’s proposed regulations may have significant impacts on Planning Reserve Margins.
- Capacity impacts will vary by region.
- Section 316 (b) cooling water intake structures rule has the greatest potential for impact on Planning Reserve Margins.
- The MACT, CATR and CCR rules also contribute to reductions in generating capacity.
- If implemented as proposed, the EPA regulations create a need for prompt industry response and action.

Download the *2010 Special Reliability Scenarios Assessment: Potential Resource Adequacy Impacts of U.S. Environmental Regulations* [here](#).

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*The North American Electric Reliability Corporation’s mission is to ensure the reliability of the North American bulk power system. NERC is the electric reliability organization (ERO) certified by the Federal Energy Regulatory Commission to establish and enforce reliability standards for the bulk-power system. NERC develops and enforces reliability standards; assesses adequacy annually via a 10-year forecast, and summer and winter forecasts; monitors the bulk power system; and educates, trains and certifies industry personnel. Learn more at [www.nerc.com](http://www.nerc.com).*