### EPA Proposes Rule to Cut Greenhouse Gas Emissions

### By

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On June 2, 2014, the U.S. Environmental Protection Agency (EPA) issued an ambitious and likely contentious rule to diminish significantly the United States' contribution to greenhouse gases (GHG). The rule is proposed under the authority of the Clean Air Act (CAA) and takes direct aim at the coal industry by requiring a 30 percent reduction in carbon dioxide ( $CO_2$ ) emissions from existing fossil fuel-fired power plants by 2030, using 2005 as the baseline year. This column summarizes key aspects of the rule and its implications for *Pollution Engineering* readers.

## Background

The *Clean Power Plan* proposal is a centerpiece of President Obama's <u>Climate</u> <u>Change Action Plan</u> and would, for the first time, impose regulatory limits on carbon pollution from existing power plants, the largest source of GHG emissions in the U.S. The proposal does not establish specific emission limits for existing utilities. Instead, the *Clean Power Plan* has two main parts: state-specific emission rate-based  $CO_2$  enforceable state goals to cut carbon pollution per megawatt hour of electricity generated, and guidelines to help states develop plans for meeting the goals. The goal is a target states must meet by 2030, while starting to make meaningful progress toward reductions by 2020. States would be required to develop plans to meet the goals, although EPA is not prescribing a specific set of measures for states to (00501.010/111/00162960.DOC) 1

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incorporate into their plans. EPA believes this approach will give states flexibility in what measures they put into the plans. Each state's goal is a rate -- a single number for the future carbon intensity of the state. Each state's goal also would reflect that  $CO_2$  emissions from fossil fuel-fired power plants are determined both by how efficiently and how much they operate. The proposed rule would give states ten to 15 years to achieve the reductions, and states will be able to choose how to meet the goal through whatever measures reflect their particular circumstances.

Importantly, states can, under CAA Section 111, develop their own plans or develop regional, multi-state approaches. The provision reflects Congress's awareness of the need for flexibility on the part of state governments to address unique and/or regional needs that Congress believes are best addressed by the states and not the federal government.

The proposed rule will be published in the *Federal Register* sometime soon. It is available <u>online</u>. EPA will accept public comment on the proposal for 120 days after its publication in the *Federal Register*.

### Discussion

That the climate is changing quickly and dramatically is clear. The proposed rule is intended to utilize existing legislative authority to identify and facilitate common sense solutions to reduce GHG emissions, the vast majority of which come from power plants. While some may look upon the proposal as an expression of government overreach, others will see it as

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an enormous opportunity for commercial opportunities, innovation, and jobs creation. A wide variety of industry sectors are incentivized and motivated by the proposal.

For example, green chemistry product manufacturers and manufacturers of technologies utilizing renewable products can be expected to benefit greatly from the proposed rule and any final rule derivative of it as these renewable products and technologies offer the promise of greatly reduced carbon emissions from their utilization. Indeed, any technology or renewable chemistry that offers diminished carbon emissions will be more desirable and thus more marketable as the pace of regulatory initiatives intended to curb carbon emissions escalates, as is expected.

*Pollution Engineering* readers are urged to read this massive proposal, as embedded in it are insights into the regulatory roadmap of the future. To the discerning eye, the opportunities for new product development are limitless.

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