FOR IMMEDIATE RELEASE
Tom Kleckner, Southwest Power Pool Communications
501.590.4077
tkleckner@spp.org

SPP assesses Clean Power Plan, says more time is needed to implement

October 9, 2014, LITTLE ROCK, ARKANSAS – Southwest Power Pool (SPP) has released a reliability impact assessment of the Environmental Protection Agency (EPA)’s proposed Clean Power Plan that indicates not enough time is allowed to compensate for projected generation-unit retirements, nor to build the transmission infrastructure necessary to maintain system reliability.

“The assessment’s findings make it very clear new generation and transmission expansion will be necessary from a reliability perspective,” said Lanny Nickell, SPP’s vice president of engineering. “SPP’s focus is first and foremost on reliability. The final rule adopted by the EPA should ensure that electric utilities will be able to continue to provide reliable service.”

The Clean Power Plan (CPP) would cut existing power-plant carbon emissions from 2005 levels by 30 percent by 2030. The interim goals are to be applied and measured over a 10-year period that begins in 2020, with the final goals effective by 2030.

The rule would be implemented through state-developed plans that meet state-specific carbon-reduction goals set by the EPA. When the plans are added together, the agency’s model assumes SPP would see about 9 gigawatts (GW) of existing coal- and gas-fired capacity retired to meet the plan’s goals – 6 GW more than SPP members had originally projected.

“The EPA offers flexibility in how a state develops its plans to meet the goal, but it’s important for the assigned goals to be achievable,” Nickell said. “The EPA’s interim goals are very close to its final goals, which means significant measures have to be taken very early in the compliance period.”

SPP staff incorporated the EPA’s assumptions into power-grid models that assessed how compliance with the proposed CPP would impact reliability within the SPP region. Nickell said the models could not solve without the missing generation.

“If the CPP compliance period begins before generation and adequate infrastructure can be added, the SPP region will face a significant loss of load and violations of regulatory reliability standards,” Nickell said. He also noted it can take up to 8 ½ years to plan, design, and build the transmission infrastructure necessary to meet changing generation resources.

According to the impact assessment, SPP’s transmission system could face severe overloads that will lead to cascading outages.

The SPP assessment also used generation-load forecasts supplied by members, planned unit retirements and new generation, and the EPA’s projected generator retirements to evaluate the CPP’s impact on SPP’s reserve margin (currently required at 13.6 percent above peak demand.) The impact assessment indicates SPP’s anticipated reserve margin would be 4.7 percent, a reserve-margin deficiency of about 4,600 megawatts by 2020.
In comments SPP has filed with the EPA, SPP recommends:

1. A series of technical conferences jointly sponsored by the EPA and the Federal Energy Regulatory Commission, focused on the CPP’s impacts on regional markets and power-system reliability.
2. A detailed, comprehensive, and independent study of the North American bulk power system conducted by the North American Electric Reliability Corporation before the EPA adopts its final rules.
3. Extending the CPP’s compliance schedule by at least five years.
4. Adoption of the ISO/RTO Council’s “reliability safety valve”.

Founded in 1941, SPP is a group of 78 members in Arkansas, Kansas, Louisiana, Mississippi, Missouri, Nebraska, New Mexico, Oklahoma, and Texas that serve more than 15 million customers. Membership is comprised of investor-owned utilities, municipal systems, generation and transmission cooperatives, state authorities, wholesale generators, power marketers, and independent transmission companies. SPP’s footprint includes 48,930 miles of transmission lines and 370,000 square miles of service territory. As a Regional Transmission Organization, SPP ensures reliable supplies of power, adequate transmission infrastructure, and competitive wholesale electricity prices. The SPP Regional Entity oversees compliance enforcement and reliability standards development. Learn more about SPP by visiting our Newsroom, or following us on Twitter and Facebook.