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Tom Kleckner, Southwest Power Pool Communications
501.688.8223
tkleckner@spp.org

SPP Clean Power Plan assessment shows regional compliance possible by 2030, but at a cost

April 8, 2015, LITTLE ROCK, ARKANSAS — Southwest Power Pool (SPP) has released a second analysis of the Environmental Protection Agency (EPA)’s proposed Clean Power Plan (CPP) that indicates a regional compliance approach would meet the plan’s 2030 deadline at an estimated cost of $2.9 billion per year in generation-resource capital investment and energy production costs. SPP’s analysis also indicates up to 13,900 megawatts of coal-fired generation beyond current transmission-planning assumptions could be at risk of retirement.

SPP’s latest analysis of the CPP’s impact on its footprint focused on regional compliance efforts. The regional transmission organization applied a carbon-cost adder (as a tax on each fossil unit’s CO2 emissions) and added it to existing resource plans. SPP’s assessment found an adder between $30-45 per ton would be the most cost-effective in a regional approach.

“Regional compliance with the CPP by 2030 is possible, and is likely to be less costly than state-by-state compliance,” said Lanny Nickell, vice president of Engineering for SPP. “Our evaluation of a regional approach showed applying a carbon-cost adder is effective, but would still require incremental changes to current resource plans. That will increase the amount of necessary capital investment and lead to higher energy production costs.

“This second analysis does not alter our earlier conclusion that additional infrastructure – and time – is needed to meet the CPP’s proposed CO2 emission goals,” Nickell said. “It takes time to develop a stable, secure, efficient and effective bulk electric power system necessary to support changes of the magnitude being proposed by the CPP.”

The regional compliance assessment was SPP’s second study of the CPP and its impacts on SPP’s region. The study evaluated the CPP’s impact on existing generation resources and publicly available resource plans. In the process, SPP developed a regional goal based on estimated share of the EPA’s proposed CO2 goals for states with generation in SPP’s region. A third study currently underway will analyze state-by-state compliance.

The assessment did not evaluate infrastructure needed to support regional compliance with the CPP. According to its latest report, SPP will require a much more intensive planning effort with its stakeholders to ensure regional compliance, along with new tools and metrics to fully identify the appropriate generation and transmission infrastructure.

SPP’s first CPP reliability impact assessment revealed the plan’s implementation timeline does not allow enough time to build appropriate generation and transmission infrastructure. Without needed infrastructure, SPP’s transmission system could face severe overloads, increasing the potential for cascading outages.
The CPP would cut existing power-plant carbon emissions from 2005 levels by 30 percent by 2030. Interim goals are to be applied and measured over a 10-year period that begins in 2020, with final goals effective by 2030. The rule would be implemented through state-developed plans that meet state-specific CO2 emission goals set by the EPA, although states will have the option to work together to develop multi-state plans.

**About Southwest Power Pool, Inc.**

Founded in 1941, SPP is a group of 84 members in Arkansas, Iowa, Kansas, Louisiana, Minnesota, Missouri, Montana, Nebraska, New Mexico, North Dakota, Oklahoma, South Dakota, Texas, and Wyoming 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, independent transmission companies, and a federal agency. SPP's footprint includes 48,537 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](https://www.swpp.org) or by following us on [Twitter](https://twitter.com/SWPPowerPool) and [Facebook](https://www.facebook.com/SPPoenergystory/).