

## EPA'S GOAL: By 2030, the U.S. power sector will emit 30% less CO<sub>2</sub> than it did in 2005.

### THE ISSUE

The EPA announced on June 2 new proposed rules that require states to develop plans to reduce carbon dioxide (CO<sub>2</sub>) from existing fossil fuel fired power plants. States have until June 2016 to submit implementation plans, although EPA may extend the deadline – to June 2017 if legislative approval is necessary, and to June 2018 for states undertaking a multi-state approach for achieving compliance. EPA has the authority to finalize and implement a federal implementation plan in states that do not develop their own state plans.



### CHALLENGES FOR ARIZONA

**Nationwide Goal:** The nationwide CO<sub>2</sub> emissions reduction goal is 30% below 2005 emission levels, but Arizona has the **second highest goal** in the country at 52% reduction. Our goal also excludes the Navajo Generating Station. EPA calculated individual state goals by looking at the state's mix of existing power sources and its ability to reduce CO<sub>2</sub> levels using a combination of measures – “building blocks.” The proposed rules would require Arizona to reduce its carbon intensity to 702 lbs/MWh by 2030.

#### ARIZONA GOAL:

**702**  
CO<sub>2</sub> emissions (lbs)  
state electricity  
generation (MWh)

2012 Actual:  
1453 lbs/MWh

#### BUILDING BLOCKS

0%	Increase efficiency of existing fossil fuel power plants through equipment upgrades and process improvements.
77%	Expand use of low-emitting power sources, such as natural gas.
10%	Use more zero- and low-emitting power sources, such as solar, wind and nuclear power.
13%	Increase energy efficiency and reduce energy demand.

#### Rising energy demand amid a growing population:

As one of the fastest growing states in the nation, Arizona must be realistic about meeting future energy demands. Lack of reliable, affordable and stable electricity production, transmission and availability for cooling needs is an immediate risk to the health and safety of Arizona's citizens.

### Clean Energy Plan Priority Concerns:

- Timing – EPA's proposed emissions national goals would require Arizona to achieve at least 77% of the 2030 goal by 2020.
- Achievability – The assumption used to develop EPA's emission rate goals would require a substantial shift from coal fired to natural gas fired generation to meet interim and final goals.
- Tribal Assets – EPA has not yet finalized a plan for power plants on the tribal lands. Arizona would be interested in working with affected tribes.

## WHAT ARE WE DOING RIGHT?

**Reduced Emissions:** Since 2005, power plants in the western interconnect have collectively reduced emissions of nitrogen oxides by more than 50% and sulfur dioxide by more than 35%. Carbon dioxide emissions are also slightly lower despite the increase of population in the South and West of the US.

**Solar Energy:** Arizona already has some of the largest solar energy of any state and continues to be among the leading states in installing new solar facilities.

**Renewable Energy Sources:** Arizona energy utilities are required to generate 15% of their overall power from renewable energy sources by 2025.

**Energy Efficiency Goals:** Arizona energy utilities with revenues greater than \$5 million must achieve energy efficiency goals of 22% by 2020.

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## THE ADEQ APPROACH

### Partnerships:

Prior to finalizing the rule, ADEQ will convene a stakeholder group to evaluate the impact of the goal and the rule in order to submit comments to EPA by October 16, 2014.

After finalizing the rule, this stakeholder group will help steer important decisions and ask framing questions to guide the development of a plan.

### Possible Legal Challenge:

After the final rule, ADEQ also plans to explore the possibility of a lawsuit to challenge the authority of EPA to set carbon dioxide emission reduction goals for the states. The Clean Air Act gave EPA the authority to only set procedures for the states, not the standards.

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## QUESTIONS

### What kind of plan should Arizona pursue?

- Multi-state or State & Tribal
- State-only
- Utility portfolio
- Facility only
- Power consumers

### What kind of complexity does Arizona want?

- Carbon dioxide cap
- Carbon emission intensity rate (lb/MW-hr)
- Multi-sector rules that consider and credit production, energy efficiency standards
- Other

**What legislative support is needed?:** The Legislature enacted HB 2442 in 2010 to require “express legislative authorization” to allow Arizona’s participation a state or multi-state program designed to limit GHG emissions.



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