

INTERIM JOINT COMMITTEE ON NATURAL RESOURCES AND ENERGY

Minutes of the 6th Meeting of the 2018 Interim

November 1, 2018

Call to Order and Roll Call

The 6th meeting of the Interim Joint Committee on Natural Resources and Energy was held on Thursday, November 1, 2018, at 1:00 PM, in Room 149 of the Capitol Annex. Senator Jared Carpenter, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Jared Carpenter, Co-Chair; Representative Jim Gooch Jr., Co-Chair; Senators C.B. Embry Jr., Ernie Harris, Paul Hornback, John Schickel, Brandon Smith, and Whitney Westerfield; Representatives John Blanton, Larry Brown, McKenzie Cantrell, Tim Couch, Myron Dossett, Jim DuPlessis, Daniel Elliott, Chris Fugate, Angie Hatton, Dennis Keene, Reginald Meeks, Jim Stewart III, Jim Wayne, and Jill York.

Guests: Peter Goodman, Director, Division of Water, Energy and Environment Cabinet (EEC); Sara Anderson, Manager, Surface Water Permits Branch, Division of Water, EEC; Sean Alteri, Deputy Commissioner, Department for Environmental Protection, EEC; Charles Snavelly, Secretary, EEC; and Bruce Scott, Deputy Secretary, EEC.

LRC Staff: Stefan Kasacavage, Janine Coy-Geeslin, Tanya Monsanto, Shelby Bevins-Sullivan, and Rachel Hartley.

Agency Amendment

Peter Goodman explained the Agency Amendment for 401 KAR 005:006 Wastewater Planning Requirements for Regional Planning Agencies. The Agency Amendment was approved by a unanimous voice vote.

United States Environmental Protection Agency's Proposed Affordable Clean Energy Rule

Bruce Scott, Deputy Secretary, EEC, stated that on August 21, 2018 the United States Environmental Protection Agency (EPA) proposed the Affordable Clean Energy (ACE) Rule to replace the Clean Power Plan (CPP) of 2015 that never went into effect. ACE established emission guidelines for states to develop plans to address greenhouse gas emissions from existing coal-fired power plants.

Sean Alteri, Deputy Commissioner, Department for Environmental Protection, explained that Kentucky will develop a plan under ACE that will affect seven electric utilities, forty-one electric generating units, and all ratepayers. A state implementation plan is required to comply with National Ambient Air Quality Standards (NAAQS) under the Clean Air Act. However, because carbon dioxide is not a criteria pollutant to which NAAQS would apply, only a state plan is required. The Energy and Environment Cabinet commends the EPA's effort to re-establish the proper role of states to develop a state plan.

The CPP mandated carbon dioxide emissions standards that would have effectively shuttered coal-fired plants, but ACE allows states to set their own standards to meet federal emissions guidelines. Under ACE, on-site heat-rate efficiency improvements are defined as the best system of greenhouse gas emissions reduction from existing coal-fired power plants, with a list of candidate technologies that can be used to achieve those increases in performance. ACE also updates EPA's New Source Review Permitting program to incentivize efficiency improvements at existing coal-fired power plants.

In response to a question from Representative Wayne, Mr. Scott stated that utilities and consumers determine the energy sources that are available in the marketplace. The ACE rule is predicting a three to four percent reduction in carbon dioxide emissions upon the implementation of projects, and utilities will make decisions to close certain plants that will likely accelerate the reduction. Secretary Snively stated the closing of coal-fired plants combined with a four percent reduction in carbon dioxide emissions will cause emissions to be even lower than the goal for the CPP.

In response to a question from Representative Gooch, Mr. Scott stated the ACE rule only applies to coal-fired plants. The CPP was a regional plan, but the ACE rule only applies on a unit to unit basis. Mr. Alteri stated that it would be helpful if the New Source Review amendments were adopted concurrently with the implementation of the ACE rule, so that certain efficiency improvements precipitated by the rule would not trigger New Source Review.

In response to a question from Representative DuPlessis, Mr. Alteri stated an efficiency change in an electric generating unit that triggers New Source Review can cause a lawsuit if the utility circumvents the permitting process.

The next meeting of the committee will be held on December 14, 2018. Documents distributed during the meeting are available in the LRC Library and at www.lrc.ky.gov.

There being no further business, the meeting was adjourned.