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EPA Docket Center (EPA/DC)
U.S. Environmental Protection Agency
Mail Code: 28221T
1200 Pennsylvania Avenue, NW
Washington, DC 20460

Attn: DOCKET ID No. EPA-HQ-OAR-2015-0500

Re: Comments on the Cross-State Air Pollution Rule Update for the 2008 Ozone NAAQS: Proposed Rules, 80 Fed. Reg. 75706 (December 3, 2015).

Dear Administrator McCarthy and Staff:

In response to the above-referenced docket, American Municipal Power, Inc. (AMP) and the Ohio Municipal Electric Association (OMEA) hereby offer the following comments for the record.

Background on AMP/OMEA

American Municipal Power, Inc. (AMP) is the nonprofit wholesale power supplier and service provider for 132 members, including 131 member municipal electric systems in the states of Ohio, Pennsylvania, Michigan, Virginia, Kentucky, West Virginia, Indiana and Maryland; as well as the Delaware Municipal Electric Corporation, a joint action agency with nine members headquartered in Smyrna, Delaware. Combined these members utilities serve approximately 640,000 customers. AMP's core mission is to be public power's leader in wholesale energy supply and value-added member services.

AMP offers its member municipal electric systems the benefits of scale and expertise in providing and managing energy services. AMP's primary purpose is to assist our member communities in meeting their electric and energy needs in a reliable and economic fashion. This purpose is served in a number of ways, including through the ownership of electric generating facilities, scheduling and dispatch of member-owned generation, and through power supply and transmission arrangements that AMP makes with third parties at the request of and on behalf of members. AMP has load and generation resources in both the MidContinent ISO (MISO) and the PJM Interconnection, L.L.C. (PJM) and must operate within and across MISO and PJM to effectively serve our members and optimize our resources.

AMP's diverse energy portfolio makes our organization a progressive leader in the deployment of renewable and advanced power assets, which include a variety of baseload, intermediate and distributed peaking generation using hydropower, wind, landfill gas, solar and fossil fuels, as well as a robust energy efficiency (EE) program.

In recent years, AMP has undertaken a strategic generation asset development effort with new resources in four states. On average, these projects will reduce our members' energy market exposure to about 36 percent of their portfolio and will result in a portfolio that is more than 20 percent renewable in the next year. Our fossil fuel assets today consist of a 368 MW ownership share of the 1,600 MW coal-fired Prairie State Generating Co. (PSGC) located in Lively Grove, Illinois, as well as the 707 MW (fired) natural gas combined cycle (NGCC) AMP Fremont Energy Center (AFEC) in Fremont, Ohio. Our renewable resources include more than 400 MW of hydropower between old and new assets, as well as wind, solar and landfill gas. AMP also has partnered with the Vermont Energy Investment Corporation to run Efficiency Smart, a robust energy efficiency program available to our members.

The OMEA was formed in 1962 and represents the state and federal legislative interests of AMP and 80 Ohio municipal electric systems. The OMEA is closely aligned with AMP.

Because of AMP's structure as a non-profit wholesale power provider, we closely follow regulatory initiatives that have the potential to impact the costs and reliability of our members' energy and capacity supply. Ultimately, the policies that impact our members impact their residential, commercial and industrial customers. To that end, these comments on the proposed rule reflect expected impacts of a Federal Implementation Plan (FIP), as well as the model trading rules on AMP and member units, as well as to other units in the region from which our members expect to acquire varying proportions of their power supply through wholesale market purchases. We also incorporate by reference the comments filed by the Prairie State Generating Company.

First and foremost, AMP appreciates USEPA's December 21, 2015 extension of the comment period. USEPA had provided a limited 45-day comment period falling within a holiday season for a rule that is expected to have substantial impacts on the electric generating industry. The proposed rule will require an approximately 56% reduction in Ohio ozone season NOX budgets beginning in 2017. Under the current rule, Ohio's NOX budget is 37,792 tons which would be decreased under the proposal to 16,660. This is a substantial reduction from electricity generating sources that are facing multiple compliance obligations under other federal regulations.

On December 3, when the rule first appeared in the Federal Register, there were some 145 different supporting documents in the docket regarding modeling alone. These and other documents present complex technical, legal and regulatory policy issues that warrant adequate time to review. This is particularly critical in light of the fact that states and affected entities like AMP are already struggling to direct adequate resources at Clean Power Plan implementation, the review and comment on the Federal Implementation Plan and model rules, and the revised ozone standard. These and other recent actions are all inter-related in some degree, and cannot be viewed in isolation.

Second, while the proposal attests to simply update CSAPR to address interstate emissions transport with respect to the 2008 ozone NAAQS, AMP opposes any further adjustments to the actual structure of the program. For instance, establishing short-term limits for peak days goes beyond the current program.

The December 3 proposal notes that several states suggested that Electricity Generating Units (EGU) emissions transported from upwind states may disproportionally affect downwind ozone concentrations on peak ozone days in the eastern U.S. These states have asked that the USEPA consider additional "peak day'' limits on EGU NOX emissions. These same states have also asked USEPA to consider whether existing emission controls are being turned off for short periods (e.g., multiple days) within the ozone season, for example during hot weeks. These states assert that emissions from short-term idling of controls may contribute to downwind ozone NAAQS exceedances and suggest that sub-seasonal limits on EGU NOX emissions would reduce ozone formation that might be attributable to such short-term idling of NOX controls.

As a result, USEPA has asked for comment on whether or not short-term (e.g., peak-day) EGU NOX emissions disproportionately impact downwind ozone concentrations, and if they do, then what EGU emission limits (e.g., daily or monthly emission rates or differential allowance surrender ratios on high ozone days) would be reasonable complements to the proposed seasonal CSAPR requirement to mitigate this impact.

AMP strongly opposes the establishment of "peak day" or sub-seasonal controls. On the few peak days per year, an EGU's primary objective is to get as much capacity to the grid as possible to support grid reliability. Adding more operating restrictions during these times is simply establishing another barrier to that objective. While it may sound simple to certain states on its face, adding these short-term limits also adds recordkeeping and reporting obligations. We see very little benefit to adding another level of regulatory complexity for just a few days per year. To the extent USEPA took this step, it should be subject to notice and rulemaking, and not simply incorporated into the final action on updating CSAPR.

Finally, it is important that as the allowance pool becomes tighter, that USEPA not implement measures that will in any way restrict trading between states. Existing flexibility in trading must be maintained.

While by no means exhaustive, the comments provided represent issues of concern to AMP/OMEA relative to the proposed update to CSAPR. We thank USEPA for this opportunity to provide input to the agency on these important matters, please let us know if you need additional information.

Respectfully Submitted

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