



# Proposed Federal Plan/State Rules

## AECC Comments



**Arkansas Electric  
Cooperative Corporation**

*We Are Arkansas*

# Topics

- Reliability
- Mass-Based Approach Comments
- Rate-Based Approach Comments



**Arkansas Electric  
Cooperative Corporation**

*We Are Arkansas*

# Reliability

- EPA did not provide a reliability safety valve (RSV) provision in the proposed federal plan/model state rules
  - EPA believes that an emission trading program provides the flexibility needed to ensure reliability
- AECC believes that a trading program is not sufficient enough and an RSV provision should be provided – just as it is in the final CPP



# Mass-Based Approach

- Retired/Inactive/Modified Units
- Leakage
- Banking and Borrowing Allowances



**Arkansas Electric  
Cooperative Corporation**

*We Are Arkansas*

# Retired/Inactive/Modified Units

- EPA proposes to discontinue allocation of allowances to affected EGUs that retire or do not operate for two consecutive calendar years
  - An affected EGU would receive allowances for a limited period after that unit ceases operation, and then its allowances would be allocated to the RE set aside
- AECC believes that a retired/inactive/modified/reconstructed unit should continue to receive its allowance allocation indefinitely



# Leakage

- EPA proposes to establish an output-based set-aside and a RE set-aside to address “leakage”
- AECC believes that no set-aside for leakage should be implemented until leakage is proven to exist



# Banking and Borrowing

- AECC believes that allowance/ERC banking and borrowing should be permitted
  - Including borrowing across compliance periods
- AECC believes this would provide maximum flexibility for compliance



# Rate-Based Comments

- Expand the range of zero-emitting activities to be eligible for ERCs to existing projects and programs
- Allow unlimited banking and borrowing of ERCs

