

Obama Administration Unveils Clean Power Plan

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President Obama unveiled the final **Clean Power Plan** (CPP) this past weekend – the first ever national standard to address CO2 pollution from power plants. The CPP sets strong standards to reduce carbon dioxide emissions by 32 percent from 2005 levels by 2030 while maintaining energy reliability and affordability. For the plan highlights and analysis, read on!

To achieve the CPP's emissions goal, the EPA identified three building blocks essential for reducing the carbon emissions of electricity generation:

- Building Block 1: improving the heat rate of existing coal-fired power plants.
- Building Block 2: increasing electricity generation from lower-emitting existing natural gas plants and reducing generation from higher-emitting coal-fired power plants.
- Building Block 3: increasing generation from renewable energy sources like wind and solar

States are expected to develop and implement their own emissions reduction plans, incorporating these building blocks in a variety of ways. In an effort to make this planning process more flexible, the CPP allows states to choose between two plan types to meet the interim and final CO2 emissions limits outlined in the rule.

- Emission standards plan: the state places requirements directly on all its electricity generating units to ensure performance of each contributes to meeting emissions targets.
- State measures plan: the state implements a mixture of measures, such as renewable energy standards and programs to improve residential energy efficiency that are not included as federally enforceable components of the plan.

Significantly, the EPA rule gives states the option to work with other states on multi-state approaches, including emissions trading to address CO2 emissions – a next step in the agency's long-running contention that perhaps the most cost-effective way that states can meet their goals is via emissions trading.

States will be required to submit a final plan or an initial state plan with an extension request by September 6, 2016. Final complete state plans must be submitted no later than September 6, 2018. The final rule provides 15 years for full implementation of all emission reduction measures, with incremental steps for planning and demonstration that will ensure progress is being made in achieving CO2 emission reductions. Each state plan must include provisions that will allow the state to demonstrate that the plan is making progress toward meeting the 2030 goal.

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