

# Briefing on the Council's Direction for the Methodology for Quantifying Environmental Costs and Benefits of Resources

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GRAC

# Quick Review

- Council released issue paper on Sept 10 on the environmental costs and benefits methodology for draft Seventh Power Plan
- Public comment period Sept 10 – Oct 31
  - Received 23 comments from stakeholders
- Council discussed summary of comments at November Council Meeting
- December Council Meeting – staff received guidance from the Council on the methodology to use in the resource analysis for the draft Seventh Plan

# Environmental Costs and Benefits Methodology for **New Resources**

1. Estimated costs of compliance with existing environmental regulations
2. Proposed environmental regulations and estimated costs of compliance as a risk
3. Approach on residual environmental effects/damage/social costs
4. Approach on quantifiable environmental benefits

# Treatment of **Existing Resources** in Terms of Environmental Costs

1. Estimating cost to existing system of compliance with existing environmental regulations, including new regulations adopted since Sixth Power Plan
2. How to analyze the risk of costs imposed to deal with emissions and other effects not yet subject to comprehensive environmental regulation, but the subject of proposed regulations or likely regulatory policy, in particular:
  - Carbon dioxide emissions
  - Coal fly ash proposed regulations

# Guidance from the Council – New Resources

- Capture estimated costs of compliance for existing regulations in new resource assumptions
  - Not planning on modeling new coal plant in RPM
- Capture estimated costs of proposed regulations, namely 111b, in new resource assumptions

# Guidance from the Council – Existing Resources

- Capture, to extent feasible, cost of compliance with existing regulations for existing resources
  - MATS, Regional Haze Rule, for example
- Assume system compliance with RPS requirements
- Run scenario analyses for proposed regulations, i.e. 111d
  - Council will discuss possible scenarios over the next several months

# How you can help!

- Staff is gathering the cost of compliance with existing and proposed regulations
  - Looking at EPA guidelines, state implementation plans, IRPs, etc.
  - Trying to determine capital cost and O&M costs for compliance for specific plants or generic technologies.
- If you have resources you can recommend, or information you can pass on, it would be greatly appreciated!