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!