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Coal-heavy states explore carbon-cutting options with support from National Governors Association

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Utah's political leaders are unequivocal about their position on U.S. EPA's Clean Power Plan — they're not fans.

The draft rule embodies federal overreach, is riddled with procedural and legal weaknesses, and gives Utah "deep anxieties" about the impact the regulation could have on the coal-dependent state's economy, according to Jeffrey Barrett, deputy director for Republican Gov. Gary Herbert's Office of Energy Development. Utah wants to see the proposal retracted or significantly revised. "However, knowing that we will likely find ourselves having to comply with some form of carbon regulation in the near term, we are determined not to be caught flat-footed," Barrett said. That's why Utah and three other states with mixed feelings about the rule — Michigan, Missouri and Pennsylvania — all applied for and will receive assistance from the National Governors Association to explore various carbon-reducing options and model how they might affect their electricity systems. "Being *proactive* and strategically positioned to comply with impending federal regulations is preferred to being *reactive*," Utah explained in its application for NGA's Policy Academy. "We see the writing on the wall in terms of greenhouse gas regulations, and we want to be prepared," Barrett said. "We're being pragmatic."

Utah isn't alone in that sentiment, although the state is far more transparent about its efforts to explore potential compliance options than many others. In the Southeast, for example, at least one state held private meetings this month with government officials and top-level environmental and business leaders — some of whom would back out of the efforts if they became public, according to organizers.

Barrett said some of the conversations in Utah have been "tricky," in part because the state clearly believes the rule is not legally defensible but is proceeding as if at least a version of it will overcome legal challenges and move forward. But with state plans for cutting emissions due as soon as 2016, he said Utah has an obligation to constituents to start to prepare.

The flip side of 'just say no'

The National Governors Association would not provide more details on the program, including where the idea or the funding for the Policy Academy originated. NGA's Center for Best Practices routinely offers help to states that want to explore policies on economic development, education, the environment, health and public safety. But diving into the controversial rule and encouraging officials to start looking at options signals that there is at least some agreement within the bipartisan organization that states should be planning ahead.

Senate Majority Leader Mitch McConnell (R-Ky.), on the other hand, told the National Governors Association in a letter last week that states should refuse to write proposals to comply. EPA will release a draft federal implementation plan this summer to show states what they might have to do to reduce carbon emissions if they don't write their own plans.

Utah, however, doesn't want to risk letting the federal government decide

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how it should proceed. State officials and legislators told EPA in separate comments that the rule would violate state sovereignty to determine how to use natural resources and run electric markets. The state has seen others opt for federal plans in the past and regret it, Barrett said.

Utah wants to find the most “cost-effective and sustainable state-led approaches for reducing carbon emissions,” according to the state’s application to NGA.

“Assuming that we are going to have to comply with either 111(d) as proposed or something that looks like 111(d) or even something that’s significantly modified ... there’s not a lot of time for preparing state plans,” Barrett said. “We’re going to do everything we can to understand 111(d) and how we can work with it ... regardless of our fundamental position.”

With that in mind, Utah has tried to maintain a “workable relationship” with EPA, too, despite sending public comments disagreeing with the core tenets of the regulation, Barrett said.

A year to study the options

NGA will offer tailored system modeling to participating states, which several sources said would be done by the research group Resources for the Future.

Utah’s biggest coal plant and renewable facility both export their power to other states. Utah wants to use the modeling to better understand crediting for renewable energy that is produced in one state and consumed in another. The state wants to examine the implications of getting credit for building up that zero-carbon power or for shutting down coal plants. Many states are waiting for EPA to clarify how credit for those actions will be divided among states.

Utah says it can leverage its existing efforts to better use NGA’s tools. The state has had dozens of meetings so far with stakeholders about the Clean Power Plan. Utah says NGA’s program could help it “take advantage of innovative and market-based tools” to cut power-sector carbon emissions 20 percent by 2020. EPA expects Utah’s power plant fleet to reduce its carbon emissions rate 27.1 percent by 2030.

Barrett said Utah is expecting many states to submit compliance plans individually, rather than as groups. But state plans are likely to encourage collaborations, he said. States may want to trade energy efficiency credits, for example.

Utah is awaiting research from the Western Interstate Energy Board on a “modular approach” to multi-state compliance with the draft rule. A final report is supposed to look into how states could swap resources and credits for individual carbon-reducing measures, including bulking up renewable energy and energy efficiency and re-dispatching from coal to natural gas.

The Western Interstate Energy Board consists of Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington and Wyoming.

“There’s certainly a lot of focus in the West on partnering to understand impacts and options,” Barrett said, noting Utah has also been sitting in on related meetings with the Center for the New Energy Economy at Colorado State University.

In North Carolina, the Nicholas Institute for Environmental Policy Solutions at Duke University has also suggested states lay the groundwork for trading carbon credits, even if they aren’t going to submit plans to EPA together or participate in a formal regional cap-and-trade program. And other think tanks around the country have been looking at those less rigid ways for states to collaborate ([ClimateWire](#), March 17).

“This is an opportunity for us to build relationships across agencies that maybe have not coordinated before, and in states across the regio



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