

# Help keep rates affordable

Illinois – and America – needs a common sense solution

On June 2, the U.S. Environmental Protection Agency (EPA) released an approximately 1600 page series of documents, including a new 645-page proposed rule, aimed at regulating carbon emissions at existing power plants. While Illinois' electric cooperatives care very much about a clean environment, we are respectfully very concerned about the dramatic effect the new rule, if adopted, could likely have on the bills of co-op member-owners.

The EPA's new proposed rule calls for cutting carbon emissions from existing power plants 30 percent from 2005 levels by 2030. In brief, each state has been given a 2030 "Carbon Intensity Target," meaning an average rate of carbon emissions/MWh. Those carbon intensity targets vary significantly from state to state and, unfortunately, our state seems to have gotten hit pretty hard. Fortunately, the state of Illinois will play a large role in coming up with its own implementation plan, and it will have significant flexibility to meet our state's prescribed targets. In this regard, EPA has provided the states "building blocks" to obtain compliance. Those building blocks include switching fuels from coal to natural gas; improving individual power plant efficiencies; increased utilization of renewable energy, like solar and wind; and end-use (consumer) energy efficiency.

Electric co-ops are dedicated to a cleaner environment as part of their commitment to the communities they serve, and have long promoted a variety of energy efficiency measures to benefit co-op member-owners. And, our member generation and transmission cooperatives already produce power from a wide variety of sources including solar, landfill

gas-to-energy, anaerobic digesters, hydro, wind and natural gas power projects. Having said that, the vast majority of our co-op power production remains coal-fired, traditionally the most cost-effective and reliable source.

The new June 2 proposed rule on existing power plants comes on the heel of an earlier EPA regulation (released in January of this year) that would regulate carbon emissions at new power plants. That "new power plant" rule would, as a practical matter, have eliminated the construction of any new coal-fired plant by requiring the plant to utilize carbon capture and storage technology (CCS) — a technology that is both unproven at a power plant scale, and also very expensive. In fact, a U.S. Department of Energy official testified before Congress that the first generation of CCS technology would likely increase wholesale electricity prices by "70 or 80 percent."

As you are likely aware, Illinois' not-for-profit electric cooperatives support an "all-of-the-above" energy strategy, one that incorporates natural gas, nuclear, renewable energy — AND coal — to generate power. As you may also know, this strategy was initially endorsed by President Obama in his January 2012 State of the Union Address, before the U.S. Environmental Protection Agency (EPA) was later directed to issue proposed rules for both new and existing power plants. The proposed rule for new plants that was subsequently issued in January will virtually eliminate coal from this equation for new power plants — resulting in an "all-but-one" policy. The new June 2 follow-up proposed

rule on existing power plants, if adopted, will likely result in substantially increased power costs to every Illinois co-op member whose power includes coal-fired generation — and that would be all of them.

In a cooperative there are no stockholders to share the burden of cost

increases. While we greatly respect EPA's objectives, any cost increases our not-for-profit co-ops incur must be passed on directly to the member-owners.

The EPA is required to take public comments on the new June 2 proposed rule, and I urge you to let the U.S. EPA know that you support a "common sense" energy policy to keep electricity affordable. Please visit [www.action.coop](http://www.action.coop) to share your comments and learn more about the U.S. EPA's new proposed rule. If you previously went to the site to send a comment on the "new power plant" rule we encourage you to please visit it again and register your comments on the new — and even more important — "existing plant" rule. This grassroots effort is critical to keeping electricity reliable and affordable in the future for all of us. And, it only takes one minute to make your voice heard and to make a difference.

*Thank you.* ■

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to share your comments."**

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