

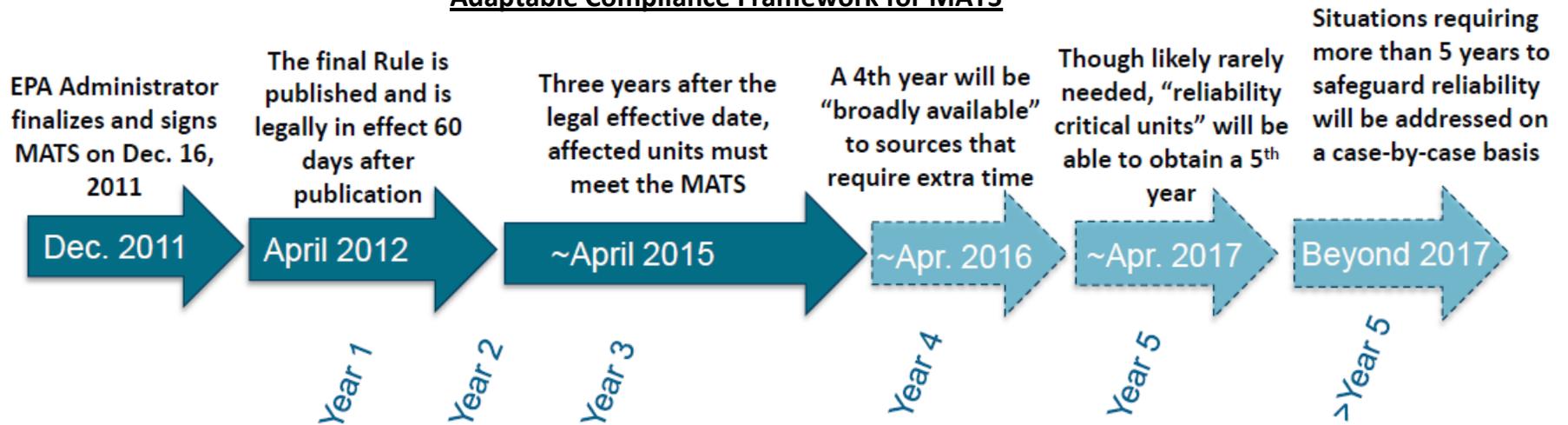
New Mercury and Air Toxics Standards Will Save Lives

Rule Provides an Adaptable Compliance Framework to Address Reliability Concerns

EPA’s emission standards for mercury and toxic air pollutants emitted by power plants **provide an orderly, adaptable compliance pathway to ensure that grid reliability is protected** while pollution controls are installed and modern, cleaner replacement generation is constructed. EPA’s framework will ensure that the life-saving benefits of the rule will accrue as soon as possible while addressing any plant-specific reliability issues that could potentially arise.

The Mercury and Air Toxics Standards (MATS) will finally stop outdated, dirty power plants from shirking emission controls at the expense of our children’s health. Once in effect, this rule will annually prevent 130,000 childhood asthma attacks, 5,700 hospital visits, and up to 11,000 premature deaths. Although many utilities—knowing that these rules were long overdue—have already responsibly invested in emission controls, EPA’s new standards will ensure that all power plants have modern pollution controls in place to reduce emissions of mercury and toxic air pollutants. The air toxics rule will protect the health and well-being of Americans while ensuring a fair economic playing field for all utilities.

Adaptable Compliance Framework for MATS



(More detailed description of adaptable compliance framework below)

EPA's Adaptable Compliance Framework

EPA's compliance framework establishes a clear and orderly process for securing an extended compliance pathway where needed and will allow utilities to make a smooth transition to cleaner generation.

- ⇒ **3 Year Statutory Compliance:** As specified under the Clean Air Act, all power plants will have three years to comply.
- ⇒ **4th Year Extension: A fourth year compliance extension will be "broadly available" to sources that require extra time to install controls and to address any local reliability issues.** The rule states that under § 112(i)(3)(B) state "permitting authorities have the discretion to use this extension authority to address a range of situations," including "staggering installations for reliability reasons," to address "source-specific construction, permitting, or labor, procurement or resource challenges," and to allow "the installation of replacement power at the site." The rule also notes that the development of off-site replacement generation, transmission upgrades, and continued operation of a retiring plant while other plants install controls "may provide reasonable justification" for a fourth year extension where necessary to address a local reliability concern.
- ⇒ **5th Year Extension: In the rare situation where four years are insufficient, "reliability critical units" will be able to obtain "expeditious" administrative orders providing a 5th year to come into compliance.** Under the compliance planning pathway developed by EPA's Office of Enforcement and Compliance Assurance, utilities will develop compliance plans; engage the relevant grid operator, FERC, and the public utility commission or service commission; analyze any reliability risk with the relevant grid authority; and apply for expeditious extensions under § 113(a) where necessary.
- ⇒ **Beyond 5 Years: Sources needing a compliance pathway beyond 5 years to ensure reliability will be addressed on a case-by-case basis.**

Each of these compliance pathways is familiar and has been successfully utilized in the past.

- ⇒ The underlying statutory framework was carefully tailored by Congress to ensure prompt toxic pollutant reductions while accommodating the atypical sources that truly need an extended timeline to come into compliance.

Independent analyses confirm that industry can comply with MATS while maintaining the reliability of the electric system.

- ⇒ EPA's analysis found adequate reserve margins for generation will be maintained and regional grid reliability will not be compromised.
- ⇒ EPA's analysis has been confirmed by independent assessments of the North American Electric Reliability Corporation, the Department of Energy, and the Congressional Research Service.
- ⇒ An Associated Press survey found that power companies expect to retire about 8% of generation to comply with the air toxics and the cross-state air pollution rules. The average age of the affected plants is 51 years.
- ⇒ **The adaptable compliance framework** outlined above **provides a conservative, protective backstop** to ensure that any local reliability concerns or specific compliance challenges can be addressed.

The benefits provided by MATS dwarf the costs.

- ⇒ MATS will *annually* prevent 130,000 childhood asthma attacks, 5,700 hospital visits, and up to 11,000 premature deaths.
- ⇒ An Economic Policy Institute analysis indicates that the Air Toxics rule will have a **net positive impact on overall employment**, creating 28,000 to 158,000 jobs between now and 2015.
- ⇒ Total economic benefits of the rule outweigh the costs by up to 9 to 1.