

United States Senate

WASHINGTON, DC 20510

August 16, 2018

Andrew Wheeler
Acting Administrator
US Environmental Protection Agency
1200 Pennsylvania Ave NW,
Washington, DC 20004

Dear Acting Administrator Wheeler:

We write to urge your serious consideration of accommodating an important recent development potentially impacting the reliability of our nation's electric utility grid as the Agency develops much-needed revisions to the "new source" rules issued under Section 111(b) of the Clean Air Act for carbon dioxide. In particular, the existing EPA regulations limit the operation of "new" (permitted after January 8, 2014) electric generation plants to less than 40% of their annual operating capacity. However, in the case of "new" natural gas-fired "quick start" Simple Cycle Combustion Turbines (CTs) this artificial limitation, which is not required by statute, not only interferes with market economics and the economic dispatch order of generation by system operators but also creates a perverse and undesirable outcome which interferes with the ability of power pool operators to effectively and economically maintain grid reliability. This problem is especially pronounced in the face of ever changing generation mix that requires the ability to deploy immediate responses by the nation's power pools to counter increased variability.

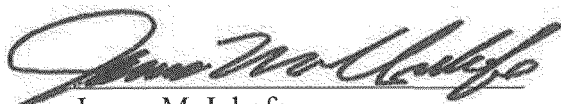
Unlike traditional coal-fired and gas-fired electric generation units that take hours to come on line from a cold start, new "quick start" CTs can achieve full operating capacity in as little as 10 minutes. Consequently, new "quick start" CT units are uniquely valuable to the nation's power pools to address reliability challenges that are occurring with a changing generation mix in the midcontinent. These new rapid response resources are understandably important near large population centers. One new "quick start" CT facility outside of a large city in the Southwest Power Pool (SPP) has already been called on over a thousand times this year to expeditiously and economically respond to market conditions. Indeed, the current forecast by the SPP projects the need for about another 6,000 MW or more of additional "quick start" CT generation in response to added variability in the generation mix. Markets like the SPP which are seeing significant growth of variable generation have to continuously adapt their response capabilities to such growth to maintain a reliable and economic supply of electricity. Existing Section 111(b)'s artificial constraint on new generation resources such as these "quick start" CTs is deeply concerning given the evolving outlook of the SPP.

When EPA promulgated the existing 111(b) rule, the agency did not contemplate the reliability and economic value to consumers of these new “quick start” CT units despite concerns to this effect being raised in industry rulemaking comments. For “new” units that run for reliability and economic value, the limitation imposed by the existing 111(b) regulation, in combination with SPP requirements, requires the rationing of the use of the CT units in order to stay within the EPA rule’s requirements and still be available to SPP to run at full daily output in the high-demand summer months. Such rationing is at odds with the evident value these “quick start” units provide to our grid’s reliability. Such artificially constrained operation is contrary to market economics and potentially results in both higher cost to customers and higher emissions as units that are less efficient are necessarily called on in place of the 111(b)-restricted CT units’ generation. Such artificial restriction on market operations also has the potential to restrict the flexibility generators and power pool operators need in responding to a variety of market conditions impacting reliability, including weather-related events or transmission or generation outage events on the grid. Rationing the operation of the “quick start” CT units is economically and operationally undesirable as a matter of public policy.

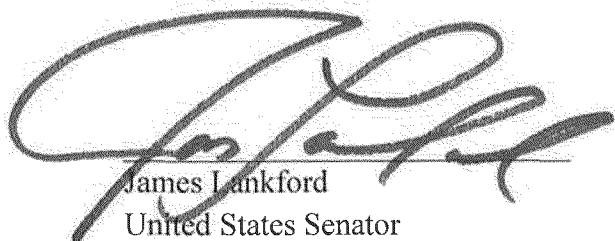
It would appear that any revision of the EPA 111(b) regulations should include a provision that does not counter-productively mitigate the ability of power pools to redress reliability challenges using new “quick start” CT units. We would urge you to draft a revision to the existing 111(b) rule that provides a proposal for such accommodation. In the alternative, at a minimum, we urge you to include in the proposed rulemaking a solicitation for comments from the public with regard to the advisability of such accommodation so that in any final rule EPA would have the ability to fashion a suitable provision that insures that environmental protection does not inappropriately inhibit ready implementation of new, efficient and environmentally-beneficial generation technology that can help meet the daily challenges to maintaining the reliability of our critically important electric grid.

We look forward to your reply.

Sincerely,



James M. Inhofe
United States Senator



James Lankford
United States Senator