



STATE OF INDIANA

Eric J. Holcomb, Governor



February 16, 2018

EPA Docket Center
United States Environmental Protection Agency (U.S. EPA)
Mail Code: 2822T
Attention: Air Docket ID EPA–HQ–
OAR–2017–0545
1200 Pennsylvania Avenue, NW
Washington, DC 20460

Dear Administrator Pruitt:

The State of Indiana via the undersigned agencies appreciates the opportunity to comment on the United States Environmental Protection Agency's (U.S. EPA) advance notice of proposed rulemaking (ANPRM) entitled "State Guidelines for Greenhouse Gas Emissions from Existing Electric Utility Generating Units" (December 28, 2017, 82 Fed. Reg. 61507).

Indiana fully supports a repeal of the Clean Power Plan with no replacement. Indiana believes that U.S. EPA overstepped its authority in the promulgation of the Clean Power Plan and that, when legislating the Clean Air Act, Congress never intended for U.S. EPA to regulate greenhouse gases (GHGs). However, if U.S. EPA decides to move forward with a replacement rule for the Clean Power Plan, then Indiana is generally supportive of the options presented within the ANPRM, including keeping compliance measures within the fence line of affected sources. Indiana respectfully requests that U.S. EPA take into consideration the comments below when considering a proposed replacement rule.

Indiana supports the inclusion of either a model rule or sample state plan text as part of the development of potential emission guidelines. When promulgating rules in the past, U.S. EPA has traditionally supplied model rules for states to follow when crafting their state plans. Indiana believes that U.S. EPA should provide a model rule or sample state plan text that will provide enough flexibility for affected units to demonstrate compliance, while still providing necessary clarity to states as to what is considered approvable. Not only would a model rule provide assurance to the states as to what is



approvable, but it would also provide the certainty that sources need to adequately plan for compliance. If U.S. EPA were to choose not to provide presumptively approvable emission limits or a model rule, Indiana advises U.S. EPA to design the potential emission guidelines in a manner that is feasible for sources to follow and also provides enough guidance so states are aware of what constitutes an approvable state plan.

In order to provide maximum flexibility, U.S. EPA should give states the ability to choose between unit-by-unit emission limits or more broad statewide emission limits. However, Indiana strongly encourages U.S. EPA to provide the technical resources to states in order for the states to make informed decisions about which types of emission limits would be most feasible. Indiana also supports a more updated analysis of current heat rate improvements given the changes that have taken place in the power sector in the years since the Clean Power Plan was finalized. An updated heat rate analysis would also help states determine the most feasible path for affected sources. However, since many states don't have the resources, staff, or time to dedicate to such an endeavor, it is imperative that U.S. EPA provide states with these technical resources.

Further, Indiana believes that U.S. EPA should conduct a thorough cost-benefit analysis for any approach that could constitute the best system of emission reduction (BSER), and U.S. EPA should apply a cost-effectiveness threshold similar to those applied to regulate criteria pollutants (i.e., interstate transport of ozone). Of the list provided in the ANPRM, many of the technologies would require significant capital investment to implement, especially for larger units. For instance, in 2011 a source in Indiana upgraded the steam turbine internals on two of their small units, with a cost to the source of approximately \$32 million. The cost to larger units could be much higher and that cost typically gets passed on to consumers through rate recovery. Also, many technologies provided by U.S. EPA as ways to improve heat rates at units have been shown to yield few benefits. Indiana urges U.S. EPA to consider technologies that are cost-effective when determining the BSER.

While Indiana is supportive of an approach that provides the most flexibility for affected sources to demonstrate compliance while still providing states with clarity as to what is considered approvable, it may not be necessary to include a mass-based approach or a trading option in a potential new rulemaking. Based on the information provided in the ANPRM and U.S. EPA's proposed interpretation of what constitutes BSER, it appears unnecessary to implement a national trading program. Indiana urges U.S. EPA to evaluate the cost burden that implementing a mass-based approach and trading option could place on potentially affected sources and states, while providing little benefit.



Indiana appreciates the opportunity to provide feedback to U.S. EPA concerning the advance notice of proposed rulemaking. Indiana strongly urges U.S. EPA to repeal the Clean Power Plan with no replacement, but if U.S. EPA deems it necessary to move forward with a replacement rule, Indiana appreciates U.S. EPA taking these comments into consideration. If you have any questions or need additional information, please contact Bruno Pigott, Commissioner for the Indiana Department of Environmental Management, at (317) 232-8611, or bpigott@idem.in.gov.

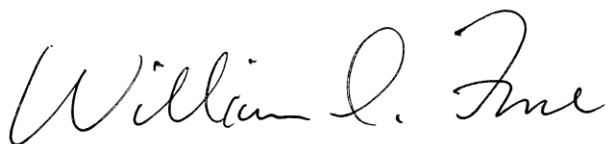
Respectfully,



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