

FINAL AFFORDABLE CLEAN ENERGY (ACE) RULE AND REPEAL OF THE CLEAN POWER PLAN (CPP)

Key Message & Supporting Talking Points

- **The Affordable Clean Energy (ACE) Rule replaces the prior administration's Clean Power Plan (CPP) – which never went into effect due to Supreme Court intervention – with a rule that restores the rule of law, empowers states, and supports energy diversity and affordability.**
 - The ACE rule establishes emission guidelines for states to use when developing plans to limit carbon dioxide (CO₂) at their coal-fired power plants.
 - ACE identifies heat rate improvements as the “best system of emission reduction” for CO₂.
 - These improvements can be made at individual facilities.
- **The CPP exceeded the authority Congress gave to EPA under the Clean Air Act.**
 - Twenty-seven states challenged the CPP, and the Supreme Court intervened to issue a historic stay of the rule in February 2016.
 - CPP departed from the EPA's traditional practice under section 111 because it set standards that cannot be achieved by measures applied to and at individual plants.
 - CPP would have required a shift in energy policy at the grid-wide level from coal to gas, and ultimately eliminated fossil fuels from our nation's diverse energy portfolio.
 - These policy choices are properly reserved for the states based on their unique priorities and circumstances.
 - Unlike the CPP, the ACE rule respects the rule of law and operates within the four corners of the Clean Air Act.
- **ACE restores appropriate roles for EPA and states, including flexibilities and adequate time for development of state plans.**
- **ACE will give states and the private sector the regulatory certainty they need to invest in new technologies and continue to provide affordable and reliable energy.**
- **ACE will reduce emissions of CO₂, mercury, fine particulate matter, and ozone precursors from coal-fired electric generating units.**
 - In 2030, the ACE rule is projected to:
 - Reduce CO₂ emissions by 11 million short tons
 - Reduce SO₂ emissions by 5,700 tons
 - Reduce NO_x emissions by 7,100 tons
 - Reduce PM_{2.5} emissions by 400 tons
 - Reduce mercury emissions by 59 pounds
- **EPA projects that ACE will result in annual net benefits of \$120 million to \$730 million, including costs, domestic climate benefits, and health co-benefits.**
- **By 2030, ACE will reduce CO₂ emissions equivalent to taking 2.1 million cars off the road, compared to expected emissions with no rule in place.**
- **With ACE, along with additional expected emissions reductions based on long-term industry trends, we expect to see CO₂ emissions from the electric sector fall by as much as 35 percent below 2005 levels in 2030.**

- **The ACE rule would be implemented in three steps, in keeping with the text of the CAA and Congressional intent:**
 - **STEP 1:** EPA determines what is the “best system of emission reduction” (BSER) that has been “adequately demonstrated” for GHG from existing coal-fired power plants.
 - BSER consists of a list of candidate technologies to improve heat rate /efficiency inside the fence-line of an individual power plant. To be clear, EPA is not setting a presumptive standard of performance.
 - This approach is unlike the Clean Power Plan, which mandated based BSER on building blocks like renewable energy requirements and fuel switching.
 - States will be given the flexibility to design a plan that best suits their citizens’ environmental and energy needs, as the text of section 111(d) clearly provides.
 - **STEP 2:** Each state will have three years to submit to EPA a plan that applies the “best system of emission reduction” to establish standards of performance for the existing sources in their state, with flexibility to reflect the particular circumstances of each power plant.
 - States have a better understanding of the sources within their borders and can consider the unique factors of each energy source.
 - This approach reflects our belief that those closest to the source are best equipped to handle these issues.
 - **STEP 3:** Once a state plan is submitted, EPA will have 12 months to approve it.
 - We will work closely with the states as they develop their plans.
 - In the event a state does not submit a plan or fails to submit a satisfactory plan, EPA will have two years to develop a federal plan.