

## MISO is working with its stakeholders to analyze the potential impacts of EPA's proposed rule to reduce carbon dioxide (CO<sub>2</sub>) emissions from existing power plants.

MISO is policy-neutral on the U.S. Environmental Protection Agency's (EPA's) proposed rule to reduce CO<sub>2</sub> emissions from existing power plants that burn coal and other fossil fuels. However, because EPA's "Clean Power Plan" could affect generation, grid reliability and the delivery of least-cost energy across MISO's footprint, MISO is working with its stakeholders to analyze the potential impacts of EPA's proposed rule.

### Study Design

MISO's initial analysis consisted of two phases. In **Phase 1**, MISO modeled the compliance costs of CO<sub>2</sub> emission reductions achieved through the application of the "building blocks" outlined in the EPA proposal. The building blocks include making efficiency upgrades at coal units and increasing the utilization of combined cycle gas units, among other things. In **Phase 2**, MISO modeled the compliance costs of taking other actions beyond the scope of EPA's building blocks, such as retiring coal units and building new gas-fired generation resources. In all, MISO modeled nearly 1,300 different combinations of policy and economic conditions under this phase of the analysis. The study was designed to provide information to stakeholders as they prepare to file public comments on EPA's proposed rule.

### Study Findings

- Findings indicate that compliance costs in the MISO footprint could be reduced by approximately \$3 billion annually by taking a "regional" (MISO-wide) approach to curbing CO<sub>2</sub> emissions compared to making similar emissions cuts on a sub-regional basis. This is consistent with earlier MISO findings on regional cost savings.
- While compliance may be achieved by applying the EPA's "building blocks," taking other actions beyond that framework—such as building new gas generation—can reduce compliance costs.
- In some instances, the most cost-effective means of complying with EPA's rule may be to retire more coal generation than is already projected to retire due to EPA's Mercury and Air Toxics Standards (MATS) regulation. Specifically, MISO found that EPA's proposal could put an additional 14GW of coal capacity at risk of retirement.

### Next Steps

Based on stakeholder feedback, MISO will develop a scope of work for additional analyses as EPA's proposal moves through the regulatory process towards a final rule.

### Did you know?

- Taking a "regional" approach to EPA's proposed rule could reduce compliance costs in the MISO footprint by ~\$3B annually compared to a sub-regional approach.
- EPA's proposal could place an additional 14 GW of coal units in MISO's footprint at risk of retirement, beyond what MISO forecast in 2011.

