



BIPARTISAN POLICY CENTER

An Introduction to the Environmental Regulation and Electric System Reliability Report

A smooth and cost-effective transition to a cleaner, more reliable power generation fleet is essential for our economy. Balancing protection of public health and the environment with concerns about the economic impacts of new regulations is always controversial, and the suite of recent EPA regulations of power plants has reinvigorated this familiar debate. The report issued today by the BPC, *Environmental Regulation and Electric System Reliability*, is the product of an extensive effort by BPC to examine reliability and cost issues associated with forthcoming EPA regulations.

Over the course of several months, the BPC collaborated with the National Association of Regulatory Utility Commissioners (NARUC), and Northeast States for Coordinated Air Use Management (NESCAUM) to host three day-long workshops. These workshops featured presentations and panel discussions by nearly 60 energy experts, including representatives of the electric utility industry, environmental organizations, labor unions, state regulators, regional transmission organizations, federal agencies, and Congressional staff. These stakeholders contributed to a vigorous, fact-based discussion of the regulatory and technical challenges at hand and available strategies to manage reliability concerns surrounding forthcoming EPA regulations. To supplement these discussions, BPC staff conducted its own independent analysis and thoroughly reviewed the range of existing analyses.

Overall, the report finds that the impacts on the reliability of the electric system due to EPA regulations are manageable and that there are tools available at the Federal, state, and local levels to address localized reliability risks. Nevertheless, the electric power sector and its regulators face significant planning challenges if the aim is to avoid localized reliability problems and minimize impacts on electric rates. Further, while recognizing the political difficulties, the report finds that there may be an opportunity to enact a legislative fix that could guarantee the environmental benefits of the Clean Air Act and provide a lower cost transition for the power sector.

Going forward, BPC will continue to examine the challenges and opportunities facing the electric power sector as it transitions to a cleaner, more modern fleet. Please don't hesitate to contact us if you have questions about this report or future BPC initiatives in this area.

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