

Neeley: Clean Power Plan threatens state, needs to be stopped



Gary Fountain, Freelance

The W.A. Parish Power Plant in Fort Bend County, owned and operated by NRG Energy, has gotten modifications to reduce carbon emissions.

By Josiah Neeley

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Texas has the most competitive electric generation system in the world. While in the rest of the U.S. decisions on electricity are centrally decided by government-regulated monopolies, in Texas such decisions are made by the market. This system has provided Texans more choice and cheaper electricity.

Now, however, Texas' system is under threat. In June the U.S. Environmental Protection Agency proposed its Clean Power Plan, a new set of regulations requiring a 30 percent reduction in greenhouse gas emissions from the nation's electrical sector by 2030. Texas is hit particularly hard by the rule, with required emissions reductions that are more than twice those of any other state.

But the Clean Power Plan doesn't stop there. While federal law only allows EPA to regulate the generating units themselves, EPA has announced that it will provide states "flexibility" by allowing them to meet part of their requirements under the rule by changing the way their electrical grids are run. If a state sticks its thumb on the scale by giving "dispatch priority" to so-called clean energy sources over coal, EPA will give the state credit for meeting some of its goal. The same goes for states that pass "energy efficiency" measures. If a state decides to go along, any measures it enacts become federally enforceable.

In reality, the "flexibility" in the rule is an illusion. Like the proverbial lawyer who decides how much to charge based on how much is in your bank account, the Clean Power Plan sets each state's emissions reduction requirement based on the assumption that states will enact energy efficiency and dispatch priority measures. If a state declines to do so, the full brunt of the rule will fall on power plants themselves, forcing shut downs and probably blackouts.

And as bad as saying no to EPA would be, saying yes would be even worse. Under its competitive market, government isn't making the sorts of decisions about generation that the Clean Power Plan contemplates. To comply with the Clean Power Plan, Texas would have to re-regulate its electrical grid, then immediately hand this new regulatory authority directly over to EPA.

EPA has already demonstrated that it has little grasp of the intricacies of the Texas energy system. In 2011, EPA enacted the "cross-state rule," ostensibly designed to deal with interstate pollution, but which would have immediately shut down multiple coal-fired power plants in Texas. The rule was legally questionable, and was riddled with erroneous assumptions about how the Texas electrical system operates.

EPA concluded, for example, that Texas could afford to take coal plants offline because it had more than 10,000 in installed capacity from wind. Texas' wind generation, however, is concentrated hundreds of miles away from the state's main population centers, and the wind tends not to blow during periods of peak demand. According to ERCOT (Texas' grid operator), only 8.5 percent of Texas' installed wind capacity can be relied on during periods of peak summer demand. For that reason (among others), ERCOT concluded that had the cross-state rule been in effect during the hot summer of 2011, rolling blackouts would have resulted. Only a last-minute injunction from the courts prevented the rule from going into effect (implementation of the rule is still pending).

The Clean Power Plan's requirements for Texas are based on similarly rose-tinted estimates of the state's potential for renewable electric capacity.

Texas thus stands at an energy crossroads. Defy EPA and we risk blackouts. Capitulate and we give up the freedom of our competitive electrical market plus we risk blackouts. Neither alternative is acceptable. For Texas' robust economic growth to continue, the Clean Power Plan must be stopped.

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