

Appendix A Introduction

The 2014 Virginia General Assembly modified Chapter 2 of Title 67 of the *Code of Virginia* to include the following:

“With regard to any regulations proposed or promulgated by the U.S. Environmental Protection Agency to reduce carbon dioxide emissions from fossil fuel-fired electric generating units under § 111(d) of the Clean Air Act, 42 U.S.C. § 7411(d), an analysis of (i) the costs to and benefits for energy producers and electric utility customers; (ii) the effect on energy markets and reliability; and (iii) the commercial availability of technology required to comply with such regulations;”

The analysis identified in the above language was required to be released on October 1, 2014 as part of the 2014 Virginia Energy Plan. Appendix A contains studies that comprise the mandated analysis.

The U.S. Environmental Protection Agency (EPA) released a proposed regulation under Section 111(d) of the federal Clean Air Act on June 2, 2014. This release triggered the statutory requirement that an analysis be conducted.

The EPA’s proposed rule is a 674 page document, not including the technical supporting data used in developing the proposed rule. The complexity of the proposed rule persuaded EPA to provide states and the general public with a virtually unprecedented 120-day public comment period, which was scheduled to close on October 16, 2014. On September 16, 2014, EPA announced an extension of the public comment period an additional 45 days.

The publishing of the Virginia Energy Plan, including the statutorily mandated analysis of a non-final, proposed federal rule, comes two months prior to the closing of the proposed rule’s public comment period and seven months prior to the EPA’s announcement of the final rule.

This level of uncertainty made it difficult to design an accurate study and makes it difficult to draw meaningful and accurate conclusions from the studies included in this Appendix. The studies conducted are based on assumptions made about costs and benefits of a proposed rule, portions of which could substantially change, based on public input received by EPA. This uncertainty is evident in the varying and disparate conclusions provided in these studies. All conclusions reached in the studies should be viewed by the legislature and all interested parties as preliminary and speculative. Until there is a final rule and a state compliance strategy, there is no reliable way to estimate costs or benefits of the new regulations.

The groups conducting these studies should be commended for their efforts. They worked diligently to complete these studies in an extremely truncated time-frame in order to ensure publication by the deadline. The Commonwealth is grateful for the dedication and commitment shown by all of those involved.