



# Ohio Legislative Service Commission

## Bill Analysis

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### H.B. 506

130th General Assembly  
(As Introduced)

**Reps.** Thompson and Cera, Grossman, Hill, Stebelton, Blessing

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## BILL SUMMARY

- Requires the Director of Environmental Protection to adopt rules establishing standards of performance for carbon dioxide emissions from existing coal-fired electric generating units and natural gas fired electric generating units (hereafter, existing generating units) in compliance with the bill.
- Requires standards of performance for existing generating units to be based on specified factors, including reductions in carbon dioxide emissions that can reasonably be achieved.
- Requires the Director to consider whether to adopt less stringent standards or longer compliance schedules than those established in applicable federal regulations or guidelines when establishing a standard of performance for an existing generating unit based on specified factors, including consumer impacts and cost.
- Allows the Director to implement, to the maximum extent permissible, the standards of performance through mechanisms that provide flexibility in complying with the standards.
- Requires any plan establishing standards of performance for existing generating units developed under the bill to be prepared in consultation with the Public Utilities Commission of Ohio, the Ohio Air Quality Development Authority, and any other relevant agency.
- Prohibits the Director from proposing or submitting to the U.S. Environmental Protection Agency (USEPA) any plan establishing standards of performance for existing generating units that is inconsistent with the bill.

- States that any plan developed under the bill ceases to operate if USEPA fails to adopt regulations or issue guidelines for reducing carbon dioxide emissions from existing generating units or if such regulations or guidelines are withdrawn by USEPA or invalidated by a court.

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## **CONTENT AND OPERATION**

### **Standards of performance for existing electric generating units**

The bill requires the Director of Environmental Protection, in accordance with the Administrative Procedure Act, to adopt rules establishing standards of performance for carbon dioxide emissions from existing coal-fired electric generating units and existing natural gas-fired electric generating units (hereafter, existing generating units).<sup>1</sup>

Standards of performance for existing coal-fired electric generating units must be based on all of the following:

(1) The best system of emission reduction that, taking into account the cost of achieving that reduction and any non-air quality health and environmental impact and energy requirements, has been adequately demonstrated for coal-fired electric generating units that are subject to the standards of performance;

(2) Reductions in carbon dioxide emissions that can reasonably be achieved through measures undertaken at each coal-fired electric generating unit; and

(3) Efficiency and other measures that can be undertaken at each coal-fired electric generating unit to reduce carbon dioxide emissions from the unit without changing from coal to other lower-carbon fuels, co-firing other fuels with coal, or limiting the economic utilization of the unit.<sup>2</sup>

Similarly, standards of performance for existing natural gas-fired electric generating units must be based on all of the following:

(1) The best system of emission reduction that, taking into account the cost of achieving that reduction and any non-air quality health and environmental impact and energy requirements, has been adequately demonstrated for natural gas-fired electric generating units that are subject to the standards of performance;

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<sup>1</sup> R.C. 3704.20(A).

<sup>2</sup> R.C. 3704.20(B).

(2) Reductions in carbon dioxide emissions that can reasonably be achieved through measures undertaken at each natural gas-fired electric generating unit; and

(3) Efficiency and other measures that can be undertaken at each natural gas-fired electric generating unit to reduce carbon dioxide emissions from the unit without changing from natural gas to other lower-carbon fuels or limiting the economic utilization of the unit.<sup>3</sup>

### **Consideration of whether to adopt less stringent standards**

The bill requires the Director, in establishing a standard of performance for an existing generating unit, to consider whether to adopt less stringent standards or longer compliance schedules than those established in applicable federal regulations or guidelines based on all of the following:

(1) Consumer impacts, including any disproportionate impacts of energy price increases on lower income populations;

(2) Unreasonable costs of reducing emissions resulting from plant age, location, or basic process design;

(3) Physical difficulties with or the impossibility of implementing emission reduction measures;

(4) The absolute cost of applying the performance standard to the unit;

(5) The expected remaining useful life of the unit;

(6) Impacts of closing the unit, including economic impacts such as expected job losses, if the unit is unable to comply with the performance standard;

(7) Impacts on the reliability of the state's electrical grid;

(8) All actual reductions in carbon dioxide emissions beginning January 1, 2005; and

(9) Any other factors specific to the unit that make application of a less stringent standard or longer compliance schedule more reasonable.<sup>4</sup>

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<sup>3</sup> R.C. 3704.20(C).

<sup>4</sup> R.C. 3704.20(D).



Additionally, the Director may implement, to the maximum extent permissible, the standards of performance established in rules adopted under the bill through mechanisms that provide flexibility in complying with the standards.<sup>5</sup>

## Plans establishing standards of performance

The bill requires any plan establishing standards of performance for existing generating units developed under the bill to be prepared in consultation with the Public Utilities Commission of Ohio, the Ohio Air Quality Development Authority, and any other relevant agency to ensure that the plan does not threaten the affordability of electric power to all classes of electricity consumers, takes full advantage of the federal Clean Air Act to minimize impacts to the cost and reliability of electricity, and minimizes the impacts on current and future industrial, commercial, and residential consumers.<sup>6</sup>

Under the bill, the Director is prohibited from proposing or submitting to the U.S. Environmental Protection Agency (USEPA) any plan establishing standards of performance for existing generating units that is inconsistent with the bill.<sup>7</sup> The bill then states that any plan establishing standards of performance for existing generating units developed under the bill ceases to operate if USEPA fails to adopt regulations or issue guidelines for reducing carbon dioxide emissions from existing generating units under the federal Clean Air Act or if such regulations or guidelines are withdrawn by USEPA or invalidated by a court.<sup>8</sup>

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## HISTORY

ACTION	DATE
Introduced	03-25-14

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<sup>5</sup> R.C. 3704.20(E).

<sup>6</sup> R.C. 3704.20(F).

<sup>7</sup> R.C. 3704.20(G).

<sup>8</sup> Section 2.

