

FOR IMMEDIATE RELEASE

Electric Power Industry Can Maintain System Reliability While Reducing Air Pollution Emissions

New study finds the industry is well-positioned to respond to more stringent EPA clean air regulations

Concord, MA - August 9, 2010 – An expert report issued today finds that the U.S. Environmental Protection Agency (EPA) can move forward in a timely way on new air quality rules for power plant emissions to improve public health while maintaining the reliability of the nation's power system.

The report, *Ensuring a Clean, Modern Electric Generating Fleet while Maintaining Electric System Reliability*, is published by M.J. Bradley & Associates and Sue Tierney and Paul Hibbard from the Analysis Group. The report reviews the impact on power plant operations of proposed EPA rules to reduce emissions of sulfur dioxide (SO₂), nitrogen oxides (NO_x), mercury, and other hazardous air pollutants.

“Power companies have already announced a number of coal unit retirements and more are expected,” said Michael Bradley one of the lead authors of the report. “However, these will tend to be older, smaller generating units that are already reaching the end of their design life. We have identified at least 40 units that are scheduled for retirement with an average age of more than 50 years old.”

The report advises that federal and state regulators and the industry must take a proactive approach to managing the transition to a cleaner generating system.

“The energy industry has already successfully employed various strategies to reliably meet customers' energy needs while reducing environmental impacts, and we believe it will continue to do so in response to EPA's new regulations. We're starting from a strong foundation of excess power plant capacity across the regions of the U.S.,” said Tierney.

“Applying the well-established processes for prudent planning, scheduling, and operating of power plants and transmission facilities that are relied upon by utilities and power system operators across the country, the electric industry can meet its obligations under the Clean Air Act, help Americans breathe healthy air, and maintain electric system reliability for our businesses and households,” added Tierney. The EPA recently reported that despite significant progress in reducing emissions, in 2008, about 127 million Americans still lived in counties with unhealthy air.

According to the report, the industry has a robust toolkit available to manage system reliability while at the same time installing pollution control equipment and retiring a portion of the generating fleet. For example:

(1) The industry has a proven and recent track record of adding additional generating capacity and making transmission system upgrades when required – and coordinating effectively to address reliability concerns.



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(2) The industry has proven technologies for controlling air pollution emissions, such as NO_x, SO₂, mercury and acid gases – at costs that can be managed.

(3) Industry and federal and state regulators have tools available to ensure reliability within their region (e.g., capacity markets, reserve sharing mechanisms, and outage scheduling procedures).

(4) Targeted demand response and energy efficiency programs can assist in maintaining electric system reliability while reducing customers' bills.

The report was prepared on behalf of a coalition of electric companies, including: Calpine Corporation, Constellation Energy, Entergy Corporation, Exelon Corporation, NextEra Energy, National Grid, PG&E Corporation, and Public Service Enterprise Group. These eight companies are some of the nation's largest generators of electricity, with over 170,000 megawatts of electric generating capacity (including 110,000 megawatts of fossil generating capacity) throughout the U.S. Together, these companies serve nearly a fifth of all U.S. electric customers.

The report is available at www.mjbradley.com and www.analysisgroup.com.

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