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Comprehensive Modeling Analysis shows that the Clean Power Plan is Achievable with a Range of Options to Boost Savings

BOSTON, MA (January 13, 2016) – M.J. Bradley & Associates has published a comprehensive modeling analysis of the Environmental Protection Agency’s final Clean Power Plan. The study released today finds that it can achieve significant reductions of carbon pollution from the nation’s power sector while preserving a diverse energy mix.

Further, the analysis shows that the Clean Power Plan will increase investment in cost-effective clean energy resources, such as renewables and energy efficiency, and can result in savings for customers on their electric bills.

States and utilities that increase investment in energy efficiency programs will see a reduction in the costs of complying with the Clean Power Plan because plants will purchase less fuel and fewer new plants need to be built, the analysis shows.

“This comprehensive analysis shows that, by various pathways, the Clean Power Plan’s carbon pollution reduction goals are very achievable,” said Christopher Van Atten of M.J. Bradley & Associates. “The nation’s electricity sector can significantly reduce carbon dioxide emissions, and employing a mix of clean energy resources will both help clean up the air and cut costs of doing so.”

M.J. Bradley analyzed 14 scenarios for implementing the final Clean Power Plan announced by the EPA on August 3, 2015, with insights and constructive feedback from several utilities, trade associations and NGOs, including the Natural Resources Defense Council.

The scenarios included the use of varying amounts of energy efficiency; different degrees of compliance flexibility to trade carbon pollution allowances and credits; and the policy options of a mass-based approach that would limit the total amount of carbon pollution in a state, or rate-based approaches that curb the emissions intensity (pounds of carbon pollution per megawatt hour of generation) of power plants.

Among key findings in the analysis:

- The United States electricity sector can achieve the Clean Power Plan’s goals to reduce carbon pollution emissions by more than 30% from 2005 levels by 2030 using a diverse mix of resources, including energy efficiency, renewable power, nuclear, natural gas and coal.

- Broadening the geographic scope of trading can significantly reduce the incremental costs of the program.
- Wind and solar installations are projected to continue growing under all of the modeling scenarios. In 2030, renewable energy is projected to supply between 11% and 15% of U.S. electricity.
- Across a range of scenarios, customers could see savings on their electricity bills from 5% to 20% on average.
- EPA requires that mass-based state plans address the potential for “emissions leakage.” Leakage results from the incentives under a mass-based plan to shift generation and emissions to new fossil-fired power plants outside the program. The analysis shows that CO₂ emissions would increase with an “existing only” mass-based program versus an “existing plus new” source program. The most straightforward approach to address this issue is for states to adopt the “existing plus new” source mass limits.
- Based on the model runs performed, EPA’s proposed allocation approach to mitigate leakage would have a minor impact on emissions leakage. Through the regulatory process, EPA is taking comment on the issue and stakeholders are working to offer EPA alternative allocation approaches that could be more effective.

The M.J. Bradley & Associates Clean Power Plan analysis is here:

<http://mjbradley.com/reports/modeling-analysis-epas-clean-power-plan>

The analysis of EPA’s final Clean Power Plan (CPP) is based on Integrated Planning Model (IPM®) runs conducted by ICF International, and assumptions developed by M.J. Bradley & Associates (MJB&A). IPM® is a detailed model of the electric power system that is used routinely by industry and regulators to assess the effects of environmental regulations and policy. It integrates extensive information on power generation, fuel mix, transmission, energy demand, prices of electricity and fuel, environmental policies, and other factors. M.J. Bradley & Associates developed the assumptions and policy scenarios for this analysis with valuable insights and feedback from several companies, trade associations and NGOs.

These model runs are illustrative and not intended to be a prediction of the future; rather, the modelling is intended to assist stakeholders in understanding the implications of key policy decisions, such as the form of the standards, the level of energy efficiency, and the degree of compliance flexibility (i.e., trading).

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