Review of August 2, 2016 Presentation to PJM Regulators by the U.S. Energy Information Administration

Clean Air Council – Here is a link to a presentation on the Clean Power Plan (CPP) from the federal Energy Information Administration (EIA) that was provided at a meeting of PJM regulators on August 2, 2016.

The presentation is called:

U.S. Energy Information Administration Impact of the Clean Power Plan: Annual Energy Outlook 2016 Reference/Alternative Cases 2016 EIA Energy Conference August 2, 2016

Some interesting and relevant graphs. Note that I question projections out to 2040, as being so uncertain as to have little value. Regulations, gas prices, and other factors will likely be different than assumed well before 2040.

The EIA nationwide mass-based reference case includes new sources in the cap (which is unlikely in most states), and it assumes allocations to the retail electric providers (load serving entities), rather than the wholesale electric providers (the power plants). EPA does not have the authority to require either of these in a Federal Plan.

The CPP extended case assumes a more stringent post-2030 cap than is in the CPP rules.

See slide 8 which predicts increases in electric prices between 4% and 7% in 2030. I note that the nationwide rate-based case and the EIA mass-based reference case closely track each other as to the predicted price of electricity. Also, the highest cost is mass-based with allocation to generators, which is the EPA proposal for a Federal Plan.

Slide 11 indicates that the nationwide CPP rate-based case (except for RGGI and California) has the most additional renewables and the least net increase in natural gas.

All these cases assume either nationwide mass-based programs or nationwide rate-based programs. That provides boundary information, but is unrealistic because some states clearly have lower costs with a rate-based program, and other states clearly have lower costs with a mass-based program. Some other modeling is exploring mixes of rate-based and mass-based states. I will share that with you.

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Source: New Jersey Department of Environmental Protection, August 15, 2016