



News Release

For Immediate Release

Contact: Nick Braden: 202-467-2952

**Statement by
The American Public Power Association
In Response to President Obama's Proposal to Address Climate Change
June 25, 2013**

Washington, D.C. - As the national service organization representing the interests of nearly 2,000 not-for-profit state-and locally-owned electric utilities serving nearly 47 million consumer-owners, APPA has a long history of working with its members to address climate change. Public power utilities' primary purpose is to provide reliable, efficient service to local customers at the lowest possible cost, consistent with good environmental stewardship. As such, APPA supports several aspects of President Obama's proposal to address climate change, including his plan to increase energy efficiency efforts, streamline hydropower and other renewable resource development, and increase our use of nuclear power. We also support the President's call for an "all of the above" strategy, including coal, when it comes to the fuels we use to produce electricity. At the same time, we have significant concerns with several other aspects of the President's proposal.

First, APPA is concerned about the potential or likely impacts of President Obama's directive to the Environmental Protection Agency (EPA) to expedite regulation of greenhouse gas (GHG) emissions from power plants by establishing New Source Performance Standards under the Clean Air Act. APPA is encouraged that the President has directed EPA to re-propose last year's flawed proposed rule for new power plants that effectively banned new coal-fired plants. However, we are concerned that the net effect of a re-proposed rule may be the same. Thus, we urge EPA to make substantial changes including provisions that differentiate between fuel types and set a standard for coal that can be achieved using current commercially available technology.

Of even greater concern is how EPA will address emissions from existing power plants. Under the relevant Clean Air Act authority, EPA is to set broad national guidelines, not numeric emissions requirements or limits, and allow the states to develop specific programs to implement those guidelines. Since there is no commercially available technology to control GHG emissions from power plants, state programs will likely and appropriately vary depending on a number of factors. Thus, if done correctly, GHG emissions programs for existing coal plants would not necessarily prohibit their operation.

APPA looks forward to working with EPA on these rulemakings.

-more-

APPA also wants to keep electricity affordable, but this becomes a challenge in the President's proposal. The shift from coal to natural gas for electric generation is already creating several cost and operational issues including fuel price volatility for utilities and their customers, the need for additional pipeline capacity and storage, lack of flexibility in pipeline rate schedules to accommodate the needs of electric generation, and misalignment of, and lack of intra-day flexibility within, the gas and electric days. With respect to increased use of renewable energy sources – a goal strongly supported by APPA and its members – it is not clear that the President's proposal includes a recognition that the predominant renewables, wind and solar, must be backed up on a one-for-one basis by another source of electricity, usually natural gas. This requirement substantially increases the overall costs.

Finally, the Administration's repeated proposals to severely limit the ability of state and local governments to issue tax exempt bonds is inconsistent with his call for increased investments by public power utilities, the hardening of public infrastructure against the effects of climate change, and lowering consumers' utility bills.

###

Based in Washington, D.C., APPA is the national service organization for the nation's more than 2,000 community- and state-owned not-for-profit electric utilities serving 47 million customers.