



Affordable Clean Energy Rule Delivers On Promise To Repeal Clean Power Plan

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The U.S. Environmental Protection Agency (EPA) has delivered on the Trump administration's promise to repeal the Obama-era Clean Power Plan (CPP), which would have imposed strict limits on greenhouse gas emissions from existing power plants, including mandating changes beyond the plants' fence lines. The final Affordable Clean Energy (ACE) rule, issued on June 19, 2019, repealed and replaced the CPP requirements, which the Supreme Court prevented from taking effect in a 2016 ruling. The ACE's final reversal of the CPP gives new life to the lingering national debate about how far EPA should go in limiting power plant emissions.

The EPA [ACE rule webpage](#) includes the final rule, which will take effect 60 days after its publication in the Federal Register. As we previously reported, EPA [proposed the ACE rule](#) on August 31, 2018, and [accepted public comments](#) for 60 days.

The ACE rule regulates carbon dioxide (CO₂) emissions from existing coal-fired electric utility steam generating units (EGUs) under Section 111(d) of the Clean Air Act, providing the following roles for EPA, states, and regulated sources:

- **EPA** must create emission guidelines that reflect the Best System of Emission Reduction (BSER). The ACE rule relies on heat rate improvements as BSER for regulated EGUs. Heat rate

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improvements are technologies, equipment upgrades, or operating and maintenance practices that improve the efficiency of an EGU. The ACE guidelines include a menu of BSER technologies, as well as a percent heat rate improvement projected for each of these technologies.

- **States** must use the EPA guidelines to establish source-specific CO₂ emission rates (expressed as pounds of CO₂ per kilowatt hour) within three years from the effect date of the rule. Diverging from the CPP, the ACE rule's focus on heat rate improvements means sources are expected to meet their target emission rates through changes made inside the fence line of a power plant.
- **Sources** must then meet their established emission rates, but are free to choose any technologies and techniques to do so.

Although the ACE rule does not directly regulate EGUs, owners and operators of existing EGUs eventually will be required to comply with state emission rates if their units:

- Serve generators with a nameplate capacity greater than 25 megawatts
- Have a heat input capacity greater than 250 million British thermal units (BTU) per hour of fossil fuel
- Have burned coal for more than 10 percent of the average annual heat input during the three previous calendar years

As a result, how states choose to implement the ACE rule will be critical to the future operations of existing power plants. Owners and operators should participate and provide input into state-level efforts to establish source-specific emission rates.

EPA projects that implementation of the ACE rule will cost \$970 million, versus an estimated \$8.4 billion for the CPP. For that cost, EPA projects that the ACE rule will reduce CO₂ emissions nationwide by 11 million tons in 2030, providing a value of \$62 million in domestic climate benefits from 2023 to 2037.

Stay tuned for updates on the inevitable court challenges to the ACE rule and state implementation actions.