

# What Will Proposed EPA Pollution Standards Mean for Power Companies?

by John M. Scagnelli on April 19, 2012

Late last month, the U.S. Environmental Protection Agency (EPA) proposed the first Clean Air Act standard for addressing carbon pollution. According to the EPA, the standard is in line with investments already being made by the power industry and will inform the building of new plants moving forward.

It is important to highlight that the proposed rulemaking only concerns new generating units that will be built in the future. It does not apply to existing units already operating or units that will start construction over the next 12 months.

Nonetheless, the new rulemaking is expected to be controversial, particularly in an election year. As reported by New Jersey Spotlight, environmental groups support the new rule, but argue that additional action is needed to address the pollution created by existing plants, which are considered to be one of the greatest sources of greenhouse gases.

Although the EPA has stated that it does not project additional cost for the industry to comply with this standard, some industry executives remain unconvinced. They also expect the EPA to release additional rules that do apply to existing plants should President Obama win reelection.

Other industry executives, however, have praised the EPA for bringing some much-needed clarity to pollution regulation and developing a cost-effective solution to climate change. “The agency’s action establishes a logical and modest standard for new electric power plants and provides the industry with much needed certainty,” said Public Service Enterprise Group Chief Executive Officer and Chairman Ralph Izzo.

In New Jersey, the rule’s impact is expected to be negligible. Two existing PSEG Power coal plants have already spent more than \$1 billion installing new pollution controls to comply with other new EPA standards. In addition, a new natural gas-fired plant planned in West Deptford would be grandfathered in under the proposed rule.

For more information about the legal and business implications of “green” initiatives, we encourage you to consult with a member of our Renewable Energy and Green Initiatives Practice Group.