



Comments of
Old Dominion Electric Cooperative

New Source Performance Standards for CO2

Presented to
United States House of Representatives
the Subcommittee on Energy and Environment of
the House Committee on Science, Space, and
Technology

Presented by
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ODEC TESTIMONY

Good morning. My name is David Hudgins. I am the Director of Member & External Relations at Old Dominion Electric Cooperative (ODEC). ODEC is a generation and transmission cooperative, headquartered in Glen Allen, Virginia providing electric power to its 11 member-distribution electric cooperatives in Virginia, Maryland, and Delaware. Among our portfolio of fossil fuel generation assets, ODEC has a fifty percent ownership interest in the 850 MW coal-fired Clover Power Station, which is located in Halifax County, Virginia. Additionally, ODEC owns and operates two simple cycle combustion turbine facilities (each 510 MW gas and oil-fired generation) in Virginia and owns fifty percent of another in Maryland.

As an owner of existing fossil fuel generation, and more importantly as we continue our interest and efforts to develop a coal-fired base load facility, Cypress Creek Power Station, ODEC's decisions on future generation will be directly and negatively impacted by the adoption of the New Source Performance Standards (NSPS) for carbon dioxide (CO₂), and I very much appreciate the opportunity to speak today on the EPA's proposal.

I am here today to state that ODEC has significant concerns related to the proposal. The proposed NSPS is at its core flawed. EPA fails to provide a stated

benefit for this rule. The proposed rule's standard is set without regard to fuel type, with only certain natural gas-fired units capable of meeting the proposed limit without control equipment. Given that there is currently no commercially available, demonstrated technology capable of removing the required CO₂, namely carbon capture & storage (CCS), from large coal-fired power plants, this standard mandates fuel choice in lieu of technologies. The NSPS was never intended to be used to "redefine" a source or dictate use of one fuel over another. NSPS must be technologically driven and not enacted to drive an overall national mitigation goal.

Additionally, the EPA, in their efforts to justify this standard, relied on two major assumptions. First, EPA believes that implementation of a currently unachievable CO₂ standard for coal will drive commercial development of the emerging CCS technology to ensure future compliance. Second, the proposed rule presumes supply of natural gas will be both affordable and readily available to fuel the significant increase of baseload generation in the coming decades. ODEC believes both of these assumptions are erroneous.

With regard to CCS technology, EPA states in the release of the proposed standard, "today's proposal does not interfere with construction of new coal-fired capacity". EPA is justifying the standard by providing a 30 year averaging period and assuming that full scale CCS technology would be commercially viable within 10 years given current and projected government testing and demonstration

projects and funding. This averaging requirement alone will preclude any new coal plants from being built. No company will take the risk to invest billions of dollars into a power plant in the hopes that CCS technology will be developed. Additionally, financial lending institutions will not lend money to construct a plant without a viable technology to demonstrate compliance.

There are some demonstration projects involving enhanced oil recovery (EOR); however, this administration's Interagency Task Force on Carbon Capture noted; "only when the financial, economic, technological, legal, and institutional barriers are addressed will CCS be a viable mitigation option." Finding suitable storage areas, developing pipeline infrastructure and developing large scale capture technology, in addition to the legal/liability issues, are significant, if not insurmountable, hurdles to overcome. ODEC has been and continues to be a member of the Southeast Regional Carbon Sequestration Partnership (SECARB). ODEC recognizes the need for these partnerships to facilitate exploration and expansion of this nation's technological capabilities.

As a Virginia cooperative, coal has been an abundant, consistent, and economical source of fuel for development of base load electric generation for many decades. While all of us have seen recent prices of natural gas at all-time lows, EPA's assumption that prices will remain low is extremely short-sighted. Historically, the U.S. Government has consistently failed to accurately predict

future natural gas prices, and world market implications on natural gas pricing are disturbing. Electricity affordability from natural gas generation is significantly driven by the fuel's price. EPA's proposed standard will effectively eliminate ODEC's choice for affordable baseload electric power.

ODEC recognizes that solutions to this country's power needs in the future will take resources and innovation. However, this proposed mandate will not drive those solutions. Because of the significant impact this will have on the electric generation industry as a whole, and more importantly, on ODEC's ability to construct new base load generation that will be affordable for all of our member owners, ODEC urges the committee to fully and objectively examine the source material and this proposed rule. Also we urge the committee to encourage the EPA to withdraw this proposed rule.

This concludes my testimony and thank you again for this opportunity to speak on this fundamental issue of powering the United States economy into the future.

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