



Overview of EPA's Final Regulations

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Final EPA Regulations Issued

- On April 25, 2024, EPA released final regulations governing fossil fuel plants:
 - The final Greenhouse Gas (GHG) rules for existing coal generation resources
 - The final GHG rules for new natural gas resources
 - The final Mercury and Air Toxics Standards (MATS) regulation
 - The final Effluent Limitation Guidelines (ELG) regulation
 - The final Coal Combustion Residuals (CCR) regulation
- As expected, the final GHG rules do not set new standards for existing natural gas generation (EPA is planning to introduce those rules in the future)
- All final regulations have been published in the Federal Register
- Legal challenges to GHG rules by multiple entities are underway
- Through Evergy's foresight and planning over the last several decades, we are well positioned to comply with the final MATS, ELG and CCR regulations

In late April, the EPA issued a series of new regulations imposing significant incremental requirements on new and existing fossil assets



GHG Guidelines For Existing Coal-Fired Units

- The **GHG Guidelines** for existing coal-fired generation units include provisions that include differentiated requirements depending on planned retirement dates
 - Units retiring after Dec 31, 2038
 - Carbon Capture and Sequestration (CCS) established as the Best System of Emission Reduction (BSER); required to be in place beginning Jan 1, 2032
 - Emission limitation – 88.4% reduction in existing baseline CO₂ emission rate
 - Units retiring between Jan 1, 2032, and Dec 31, 2038
 - BSER standard established with an emissions rate equal to 40 percent natural gas cofiring beginning Jan 1, 2030 (calculated annually at the unit level)
 - Emission limitation – 16% reduction in existing baseline CO₂ emission rate
 - Units retiring by Dec 31, 2031 – no requirements
- The rules are technology neutral; compliance can be achieved using alternative technologies
- **State Plans** – due 2 years after the effective date of the final regulation
 - Retirement dates for all coal-fired units must be included

The EPA's GHG rules establish CCS as the standard for long-term coal unit operations beginning in 2032



GHG Regulations for New Combustion Turbines

- The **GHG Regulation** for new natural gas generation resources includes differentiated provisions based on the annual capacity factor of the combustion turbine
 - **Low Load Turbines** – capacity factor less than 20 percent
 - BSER/Emission Limitation – use of lower emitting fuels (e.g. natural gas, distillate oil, etc.)
 - **Intermediate Load Turbines** – capacity factor between 20 percent and 40 percent
 - BSER – Highly efficient simple cycle technology (emission limitation: 1,170 lb CO₂/MWh-gross). New turbines are expected to be able to comply
 - **Base Load Turbines** - capacity factor greater than 40 percent
 - Phase 1 BSER – Highly efficient combined cycle generation (emission limitation: 800 lb CO₂/MWh-gross). New turbines are expected to be able to comply
 - Phase 2 BSER – 90 percent CO₂ removal by CCS beginning Jan 1, 2032

Likewise, CCS is established as BSER for new combined cycle combustion turbines beginning in 2032



GHG Regulation and Guidelines Flexibilities

- Based on extensive advocacy from industry, including Evergy, EPA included some flexibility into the final regulations
 - States may include a one-year extension for the installation of control equipment
 - States can take into consideration an asset's "remaining useful life"
 - Short-term relief mechanism for periods when a balancing authority calls an Energy Emergency Alert (EEA) Level 1 or 2 event; these periods do not count toward compliance
 - States may include in their plans emission trading and unit-specific mass-based compliance
- These flexibilities provide some limited relief but will require further review and coordination with states during the state plan preparation process
- The removal of CCS was also part of the advocacy efforts, however, EPA declined to remove it as a BSER

EPA has included several reliability and compliance flexibilities into the rules that may provide limited relief but will require further review and coordination with states



Litigation of the GHG Guidelines and Regulation

- Judicial challenges center around CCS and the other BSERs not being “adequately demonstrated” nor the emission reductions “achievable” by the compliance dates
- Petitions for Review were filed in the District of Columbia Circuit Court immediately upon publication in the Federal Register on May 9, 2024
 - State petitioners – West Virginia et. al. including Missouri
 - Regional Transmission Organizations (RTOs) – PJM, ERCOT Declarations
 - Industry petitioners – Oklahoma Gas and Electric
 - Trade Organization petitioners – National Rural Electric Cooperative Association (NRECA); National Mining Association and America’s Power
- Stay Motions have been filed by West Virginia et. al. and NRECA
- Many more entities have filed since the preparation of this presentation
- Evergy plans to participate in filings that petition for review of the rule and a stay request
- We will be supporting our Attorneys General in their legal filings

Evergy will only be engaged in litigation for the GHG regulations



With The Exception Of the Final GHG Regulations, Evergy is Well Positioned for Compliance

- With the exception of the final GHG Regulations, Evergy’s coal fleet is well positioned to comply with the other recently finalized environmental regulations
 - With respect to the GHG rule, CCS has not been demonstrated to be a viable option
 - If CCS survives judicial review, planned new natural gas generation facilities will face significant capacity factor limitations, increasing costs for customers and potentially requiring additional new resources to meet reliability requirements and support increased energy demand from economic development
- **MATS** – Evergy coal units have state-of-the-art air pollution control equipment that is expected to provide sufficient margin to meet the more stringent particulate matter emission limitation
- **ELGs** – Evergy’s regulated wastewaters are fully recycled or in process to be fully recycled before the established compliance dates
- **CCR** – The new rule adds additional CCR management units to evaluate and potentially remediate; evaluation is underway and compliance efforts will adhere to Evergy’s proven methodology for compliance

Evergy has taken steps over time to be able to comply with EPA regulations related to non-GHG emissions

Questions