

EPA's Clean Power Plan DENR Seeks Input

DENR seeks input on how to proceed with developing and implementing South Dakota's plan to comply with EPA's Clean Power Plan. DENR is committed to working with the Office of the Attorney General, Public Utility Commission, and other state agencies along with utilities, cooperatives, businesses, the public, and environmental groups in developing a state plan that provides reliable and affordable electricity to South Dakotans.

The following two South Dakota facilities are impacted by EPA's Clean Power Plan:

1. Big Stone – coal-fired power plant near Big Stone City; and
2. Deer Creek Station – natural gas-fired combined cycle turbine near White.

To provide an opportunity to submit comments, DENR will hold meetings across the state to collect input and also accept comments electronically at SDCleanPowerPlan@state.sd.us.

DENR is looking for input on all aspects of EPA's Clean Power Plan. To assist DENR in the development of a state plan, DENR is looking for answers to the following questions:

1. Should South Dakota's plan be:
 - a. Rate-based;
 - b. Mass-based; or
 - c. Whichever approach is reliable and more affordable.
2. Under a rate-based approach, electric generating units that cannot meet the emission limit (pounds of carbon dioxide per net megawatt-hour) are required to purchase Emission Rate Credits or what EPA identifies as ERCs. Emission Rate Credits are produced from renewable generation that was installed after 2012 and operated on or after 2022.
 - a. Should DENR write a state plan that is "trading ready," which is a term EPA uses for states that allow Emission Rate Credits to be purchased from any state, or should all Emission Rate Credits used by Big Stone and Deer Creek be generated/purchased only in South Dakota?
 - b. Should DENR allow Emission Rate Credits produced in South Dakota to be purchased by electric generating units in other states?
3. Under a rate-based approach, how should DENR handle renewable Emission Rate Credits?
 - a. Should DENR take possession of all or a percentage of renewable Emission Rate Credits to ensure Big Stone and Deer Creek Station have enough Emission Rate Credits to comply with their limits;
 - b. Should the owners of the renewable energy project make the decision on what to do with the Emission Rate Credits; or
 - c. Any other ideas on how to handle Emission Rate Credits?

4. Under a mass-based approach, Big Stone and Deer Creek Station are required to possess an allowance for each ton of carbon dioxide emitted by the electric generating unit. If Big Stone and/or Deer Creek Station emits more carbon dioxide tons than they have allowances for, they will need to purchase allowances to make-up the difference.
 - a. Should DENR write a state plan that is “trading ready” and allow Big Stone and Deer Creek Station to purchase allowances from other states; or
 - b. Any other options that DENR should consider?

5. Under a mass-based approach, DENR will have to distribute the allowances specified in EPA’s Clean Power Plan. How should DENR distribute its allowances?
 - a. Distribute the allowances to Big Stone and Deer Creek Station based on historical carbon dioxide emissions;
 - b. Distribute the allowances to Big Stone and Deer Creek Station based on historical electric production;
 - c. Distribute the allowances to load-serving entities; or
 - d. Any other methods for distributing allowances that DENR should consider?
 - e. Should a percentage of the allowances be set-aside for renewable energy projects and the remaining allowances distributed to Big Stone and Deer Creek Station?

6. In addition to working with South Dakota’s Public Utilities Commission, how should DENR incorporate cost and reliability concerns into the state plan?

7. Any other comments you would like to provide to assist DENR in developing a successful state plan?

Thanks for your input and participation.