FACT SHEET
Proposed ACE Rule – Costs and Benefits

- On August 21, 2018, the U.S. Environmental Protection Agency (EPA) proposed the Affordable Clean Energy (ACE) rule which would establish emission guidelines for states to develop plans to address greenhouse gas (GHG) emissions from existing coal-fired power plants.
- The ACE rule would replace the 2015 Clean Power Plan (CPP), which EPA has proposed to repeal because it exceeded EPA's authority. The CPP was stayed by the U.S. Supreme Court and has never gone into effect.
- The proposed ACE rule is informed by the more than 270,000 public comments that EPA received on its December 2017 Advance Notice of Proposed Rulemaking.
- The ACE rule has several components: a determination of the best system of emission reduction (BSER) for GHG emissions from coal-fired power plants, a list of "candidate technologies" states can use when developing their plans, a new preliminary applicability test for determining whether a physical or operational change made to a power plant may be a "major modification" triggering New Source Review, and new implementation regulations for emission guidelines under Clean Air Act section 111(d).
- EPA's regulatory impact analysis (RIA) for this proposal includes a variety of scenarios. These scenarios are illustrative because states, in applying the emission guidelines, will have the flexibility to consider unit-specific factors such as remaining useful life and projected utilization.
- The RIA calculates the benefits and costs of three replacement scenarios and one repeal scenario. The four illustrative scenarios are compared against a base case that assumes the CPP is in place as well as a no CPP scenario.
- Three scenarios illustrate the potential costs and benefits of replacing the CPP. These scenarios model various heat rate improvements at coal-fired power plants using a range of costs.
- EPA projects that replacing the CPP with the ACE rule could result in $3.4 billion in net benefits, including $400 million annually. Under some scenarios, avoided compliance costs total $6.4 billion compared to the CPP.
- The RIA calculates the benefits and costs of three replacement scenarios and one repeal scenario. All four scenarios show future CO_2 emissions would be below current levels.
    - EPA projects that, compared to a no CPP scenario, the ACE rule will reduce CO2 emissions in 2025 by between 13 and 30 million short tons, resulting in $1.6 billion in monetized domestic climate benefits.

- EPA estimates that the ACE rule could reduce 2030 CO_2 emissions by an amount equivalent to the annual emissions of up to 5 million cars.
- The rule could also reduce co-pollutant emissions by up to 2%.

- Compared to the CPP, the ACE rule is projected to result in the following in 2025:
  - Reduced U.S. retail electricity prices (-0.2 to -0.5 percent);
  - Increased coal production for power sector use (4.5 to 5.8 percent increase);
  - No change in total electric generating capacity.
- The RIA projects small increases in emissions of CO_2, sulfur dioxide (SO_2) and nitrogen oxides (NO_X) under all four scenarios compared to CPP. However, comparing the replacement scenarios to the full repeal scenario shows a replacement would lead to significant reductions in emissions for these pollutants in the future.
- States will have flexibility under this proposed rule to determine what heat rate improvements are appropriate on a unit-by-unit basis. EPA does not have information to model these unique, state- and source-specific decisions, so these scenarios provide an illustrative bounding analysis.

HOW TO COMMENT

- Comments on the proposal should be identified by Docket ID No. EPA-HQ-OAR-2017-0355, and may be submitted by one of the following methods:
  - **Online**: Go to https://www.regulations.gov and follow the online instructions for submitting comments to Docket ID No. EPA-HQ-OAR-2017-0355.
  - **Email:** Comments may be sent to a-and-r-Docket@epa.gov. Include Docket ID No. EPA-HQ-OAR-2017-0355 in the subject line of the message.
  - **Fax:** Fax your comments to: (202) 566-9744. Attention Docket ID No. EPA-HQ-OAR-2017-0355.
  - **Mail:** Environmental Protection Agency, EPA Docket Center (EPA/DC), Mail Code 28221T, Attention Docket ID No. EPA-HQ-OAR-2017-0355, 1200 Pennsylvania Avenue, NW, Washington, DC 20460.
  - **Hand/Courier Delivery:** EPA Docket Center, Room 3334, EPA WJC West Building, 1301 Constitution Avenue, NW, Washington, DC 20004, Attention Docket ID No. EPA-HQ-OAR-2017-0355. Such deliveries are only accepted during the Docket's normal hours of operation, and special arrangements should be made for deliveries of boxed information.
  - For additional information, including the full EPA public comment policy, please visit https://www.epa.gov/dockets/commenting-epa-dockets.

FOR MORE INFORMATION

- Additional fact sheets along with copies of the proposed rule and accompanying Regulatory Impact Analysis are available on EPA's website at https://www.epa.gov/stationary-sources-air-pollution/proposal-affordable-clean-energy-ace-rule