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Montana Legislative Services Division

Legislative Environmental Policy Office

In early June the Environmental Protection Agency (EPA) published rules in the Federal Register requiring states to reduce carbon dioxide emissions in the power sector by about 30 percent below 2005 levels by 2030. In Montana carbon pollution needs to be reduced by about 21 percent by the deadline, according to the new, federal rule.

The Department of Environmental Quality (DEQ) has indicated that the rule will affect about a dozen sources in Montana, including coal-and natural-gas-fired power plants, as well as some petroleum refining facilities. The DEQ has until 2017 to develop a plan for Montana to meet the federal target. The federal rule indicates that each state will be granted a great deal of flexibility in implementing the rule, taking into account how much of the state's energy generation depends upon coal and opportunities in Montana for using renewable, natural gas combined cycle, and nuclear generation to meet energy demands.

Section 111 performance standards, like much of the federal Clean Air Act, are designed and promulgated through a federal-state partnership. EPA is authorized to approve a minimum federal “backstop” for regulations, and then allow states to plan for implementation. During the EQC and ETIC July meetings the DEQ will provide the committee with its preliminary review of the federal rule. The EPA is accepting public comment on the proposal through October 16.

EPA Overview -- Montana

Before issuing the rule, EPA heard from states, utilities, labor unions, nongovernmental organizations, consumer groups, industry and others to learn more about what programs are already working to reduce carbon pollution. The EPA indicated that Montana has programs in place that could be part of an individual or regional plan to reduce carbon pollution, including:

- Greenhouse gas performance standards in the form of emission limits, emission rates for electricity purchased, or requirements to capture emissions. (For certain facilities.)
- Demand-side energy efficiency programs that advance energy efficiency improvements for electricity use.
- Energy efficiency codes (meeting 2006 International Energy Conservation Code) for residential buildings.
- Energy efficiency codes for commercial buildings.
- Renewable energy portfolio standard (15% by 2015).

To set state-specific goals, EPA analyzed strategies that states and utilities are using to lower carbon pollution from the power sector. These include improving energy efficiency, improving power plant operations, and encouraging reliance on low-carbon and zero-emitting electricity generation. Each state’s energy mix leads to a different goal that is unique to the state.

In 2012, Montana’s power sector CO2 emissions were about 16 million metric tons from sources covered by the proposed rule. The amount of energy produced by fossil-fuel fired plants, and certain low or zero emitting plants was about 16 terawatt hours (TWh). Montana’s 2012 emission rate was 2,245 pounds/megawatt hours (lb/MWh).

EPA is proposing that Montana develop a plan to lower its carbon pollution to meet its proposed emission rate goal of 1,771 lb/MWh in 2030.

The state goals are not requirements on individual plants. According to the EPA, Montana will choose how to meet the goal through whatever combination of measures reflects its particular circumstances and policy objectives. A state does not have to put in place the same mix of strategies that EPA used to set the goal.

Montana may work alone or in cooperation with other states to comply with the proposed rule. EPA estimates that states could achieve their goals most cost effectively if they work with others.

EPA encourages states to look broadly across their electricity system to identify strategies for their plans to reduce carbon pollution. Strategies can include:

- Demand-side energy efficiency programs
- Renewable energy standards
- Efficiency improvements at plants
- Dispatch changes
- Co-firing or switching to natural gas
- Construction of new Natural Gas Combined-Cycle plants
- Transmission efficiency improvements
- Energy storage technology
- Retirements
- Expanding renewables like wind and solar
- Expanding nuclear
- Market-based trading program
- Energy conservation programs

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