FLORIDA MUNICIPAL POWER AGENCY'S COMMENTS

ON EPA'S PROPOSED GHG RULES FOR ELECTRIC UTILITIES

NEW SOURCE PERFORMANCE STANDARDS FOR GREENHOUSE GAS EMISSIONS FROM NEW, MODIFIED, AND RECONSTRUCTED FOSSIL FUEL-FIRED ELECTRIC GENERATING UNITS; EMISSION GUIDELINES FOR GREENHOUSE GAS EMISSIONS FROM EXISTING FOSSIL FUEL-FIRED ELECTRIC GENERATNG UNITS; AND REPEAL OF THE AFFORDABLE CLEAN ENERGY RULE
88 Fed. Reg. 33,240 (MAY 23, 2023)

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(1) Introduction and Summary

Florida Municipal Power Agency (FMPA) is a wholesale power agency owned by 33 municipal electric utilities in Florida. FMPA's mission is to provide low-cost, reliable and clean power, plus value-added services for FMPA's owner-customers that benefit their communities and customers. FMPA's municipal electric utilities (Members) are located across the state, and together provide electricity to over 4 million Floridians, 19% of the state's population[1]. FMPA serves 15 disadvantaged communities, and 27 of our 33 communities have average incomes below the Florida average[2]. FMPA's primary purpose is to provide low-cost power supply through owned and/or operated power plants as well as a small amount of purchased power. The primary fuel in FMPA's resource mix is natural gas at over 80%; another 11% and declining is from coal, which is being replaced by growing solar and natural gas generation.

To summarize the comments below, Florida and FMPA are uniquely situated and disproportionately impacted by EPA's Proposed Rules. While Florida and FMPA are aggressively working to reduce greenhouse gas (GHG) emissions, the compliance deadlines and technology requirements in EPA's proposal are unrealistic and potentially harmful, resulting in inordinate costs and reliability risks in Florida. Further, EPA did not provide sufficient time to assess the impacts of the Proposed Rules, which was exacerbated by the lack of clarity regarding applicability, and the belated release of additional modeling. Additionally, EPA's representation of Florida's generation mix by 2035 is completely at odds with the Florida Public Service Commission's current and rigorous Ten-Year Site Plan process that supports reliable power supply for Floridians over the next decade. To help lessen and manage the impacts, FMPA requests that EPA take specific actions, including re-proposing the rule, at least to clarify applicability for CTs, and the impacts of including them; providing realistic and reasonable timelines to comply; coordinating with NERC, FERC, and DOE and allowing them time to assess the impacts on reliability, electric rates, and the economy; and including safety valves to ensure reliability and avoid excessive electric rate increases.

FMPA also participates in and supports comments submitted by other industry organizations, including the Florida Electric Power Coordinating Group, Inc., the Florida Reliability Coordinating Council, the American Public Power Association, and the Class of '85 Regulatory Response Group.

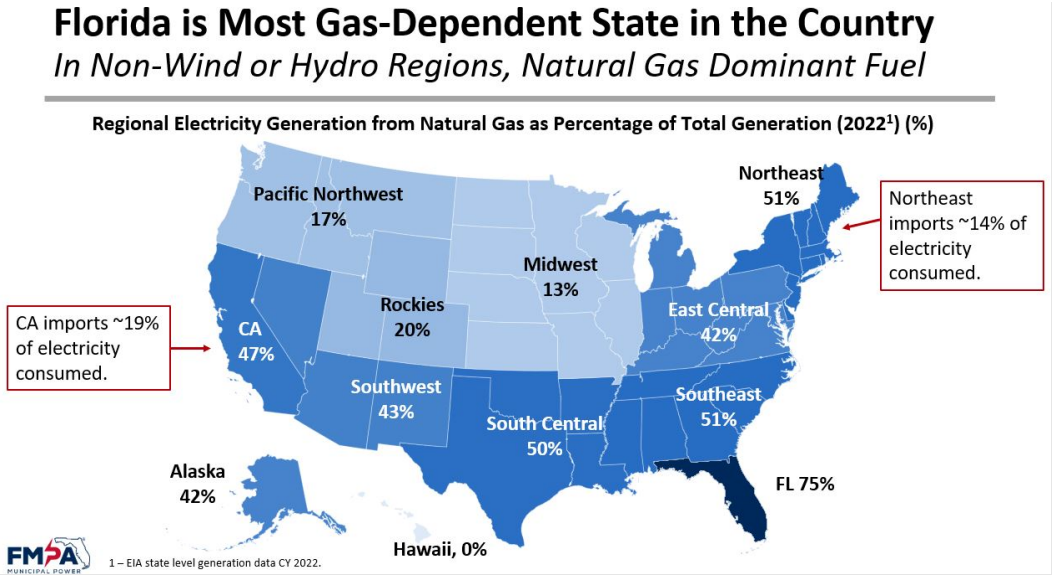
(2) Florida and FMPA are Uniquely Situated and Disproportionately Impacted

[1] Estimated from both US Census data and information on customer counts provided to the Florida Public Service Commission and to the Florida Municipal Electric Association.
[2] Based on data provided by Woods and Poole Economics, Inc. and the US Census American Community survey for Members whose service areas are not appropriately represented by county-level economic data.

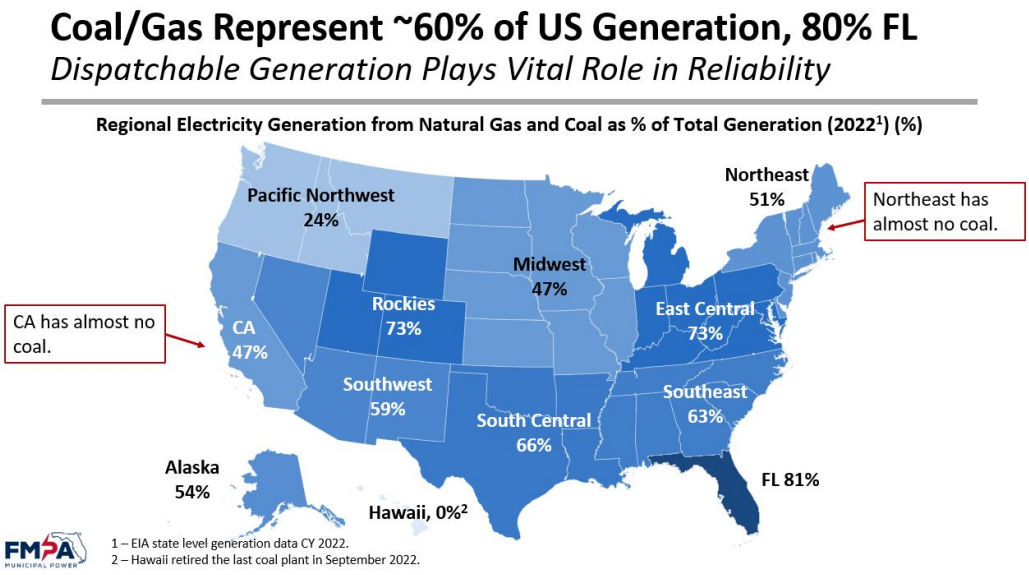
(a) Florida Power Supply and Geographical Facts

There are a variety of factors that make Florida unique in relation to EPA's Proposed Rules, and EPA must account for these factors when assessing impacts. Specifically, Florida has the largest percentage of natural gas generation in the country, a rapid and ongoing shift to renewable energy, peninsular geography, limited interconnects with other states and accompanying limited imports of power, and continuing population/load growth. Florida has limited access to renewable resources other than intermittent solar, which is 25% less available than in states like Arizona and California[3].

Florida's current and projected generation mix is unique in the country, resulting in disproportionate impacts from EPA's Proposed Rules. As shown in the maps below, in 2022, over 75% of the generation in Florida came from natural gas-fired units, the highest in the nation. When combining coal-fired and gas-fired generation, it is over 80%. Accordingly, the Proposed Rule's focus on gas-fired combustion turbines (CTs) will disproportionately impact Florida's electric utilities and its rate payers.



[3] Based on a comparison of Orlando and Phoenix, using NOAA comparative climate data.

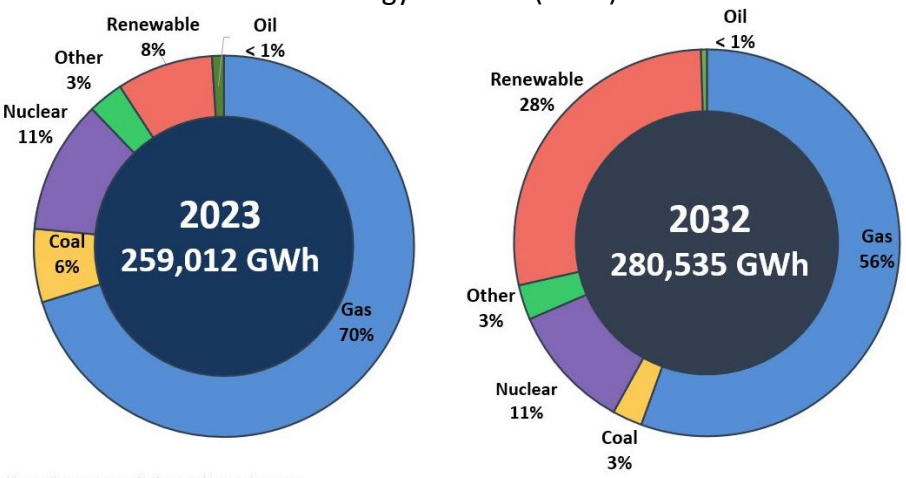


Florida is also in the process of a significant, rapid, and ongoing shift to renewable energy, as part of Florida utilities' push to lower GHG emissions. The percentage of renewable firm to grid summer capacity[4] in Florida is expected to double in the next ten years from ~4,200 MWs to ~8,500 MWs (96% of which is solar), and as shown in the pie charts below, the Net Energy for Load from renewables is expected to increase from 8% in 2023 to 28% in 2032 (~27% of which is solar).[5] To support this shift to renewables, combined-cycle and simple-cycle CTs provide the majority of required ancillary services such as voltage support, frequency response as a result of system disturbances, regulation and ramping, system restoration, etc. As explained in the comments below, the Proposed Rules will force the de-rate of this critical dispatchable generation in Florida when it is needed the most, potentially undermining Florida's aggressive transition to renewables.

[4] Based on data provided by FRCC, FL is expected to have 5.6 GW of nameplate solar capacity by 2032. A portion of that nameplate capacity is assumed to be available for serving summer peak load. Excludes PPA capacity for solar, which FRCC currently tracks as net to grid capability only.
[5] FRCC 2023 Load and Resource Plan.

Forecasted Fuel Mix[1]

Net Energy for Load (GWh)



[1] 6.3% of Renewables is Solar in 2023, 27.3% of Renewables is Solar in 2032

All these changes are happening as Florida's population and electric demand continues to grow. Over the next ten years, as seen in the pie charts above, Florida's Net Energy for Load is expected to grow more than 1% a year.

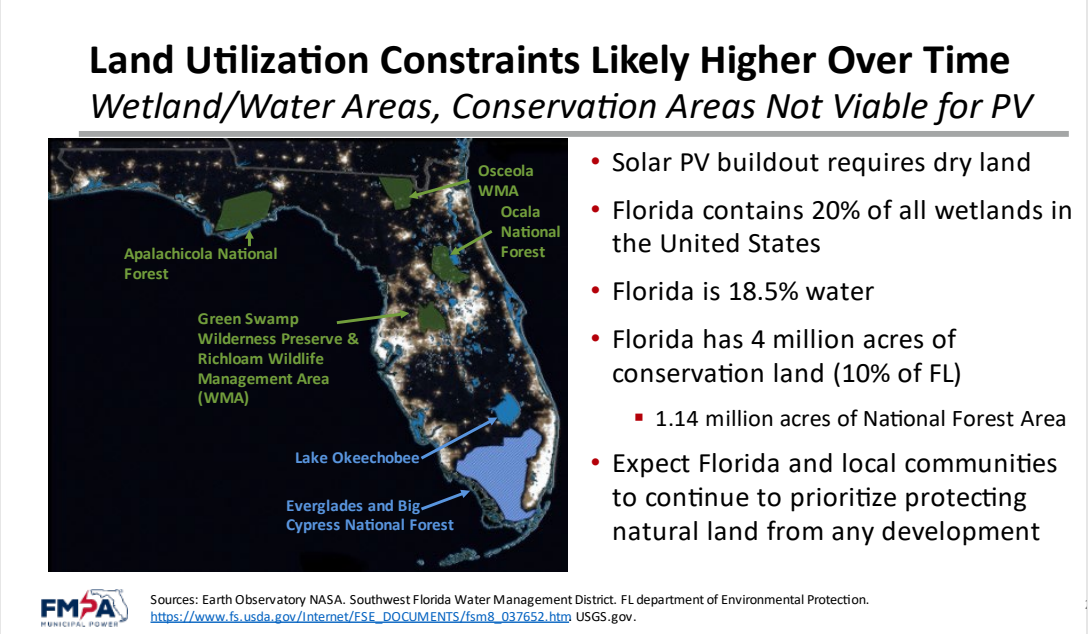
Florida's peninsular geography results in limited interconnects with other states and accompanying limited imports of power. In 2032, for example, Florida is only projected to import about 281 MWs, which is about 0.4% of the total projected 2032 capacity, and Florida's total transfer capability is limited to about 5%.[6] Accordingly, Florida must be able to depend on its own resources to reliably provide power.

Florida also has limited access to renewable resources, other than intermittent/weather-dependent solar.[7] And, Florida's solar resource is 25% less available than in areas in Arizona and interior California.[3] Moreover, during warmer/summer months (about May through October), solar in Florida is especially intermittent when the typical weather pattern involves daily afternoon storms when demand peaks for the day.[8]

Land availability also makes solar in Florida increasingly more difficult to site, in part due to population growth, increased local opposition,[9] and land conservation initiatives. As shown in the slide below, Florida has large National/State Wilderness areas and a significant amount of wetland areas throughout the state -- over 27% of the state is comprised of federal, state and

[6] Id.
[7] Based on NREL data.
[8] Based on data from Weather.com and Florida Smart. Florida also has the highest number of thunderstorm days in the country. https://www.e-education.psu.edu/meteo3/l8_p2.html.
[9] Washington Post article (May 10, 2023).

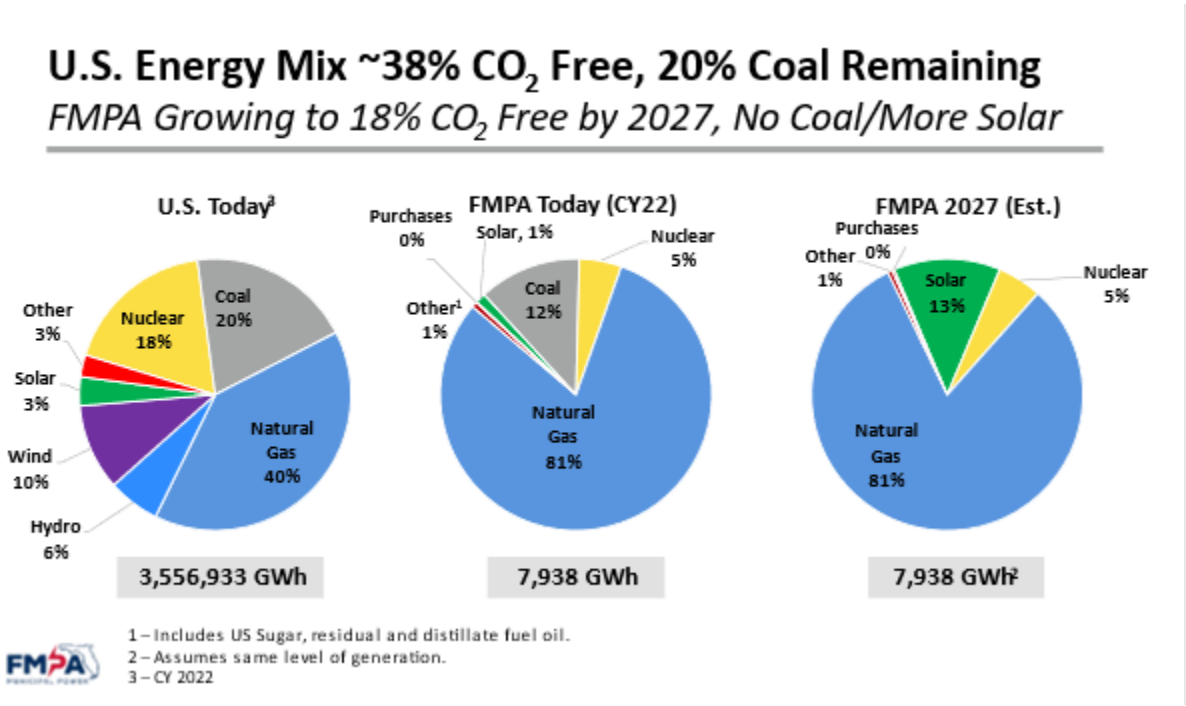
local conservation areas,[10] and 31% is wetlands.[11] And as mentioned above, Florida's population continues to grow, and has one of the highest population densities in the country at 415 people per square mile; the only highly populated state with a higher density is NY at 418 people per square mile, which Florida will likely pass in the next few years. In contrast, states such as Iowa and Nebraska are far less dense, at approximately 57 people per square mile and 26 people per square mile, respectively.[12] Accordingly, allocating land in Florida to large solar installations will only get more challenging and expensive.



(b) FMPA Power Supply Facts

FMPA's current and projected electric power generation mix is shown in the pie charts below. Noticeably, FMPA has over 80% of its generation from natural gas and is planning to no longer generate power from coal-fired units by 2027 and to increase its generation from solar substantially.

[10] https://www.fnai.org/PDFs/Maacres_202301_FCL_plus_LTF_final.pdf.
[11] https://coast.noaa.gov/states/fast-facts/land-cover-change.html.
[12] Based on U.S. Census data.



For illustrative purposes, the charts above conservatively assume the same demand in 2027. However, FMPA projects that its load demand will actually increase about 1% per year over the next twenty years.

(c) Florida and FMPA Communities Are Uniquely Harmed by Increased Power Costs

Florida is far more dependent on affordable and reliable electricity for quality of life and economic growth than other highly populated states. For example, Florida families use nearly twice as much electricity as families in California or New York.[13] Further, Florida families use a larger share of their disposable income to pay the electric bills because Florida has one of the largest percentages of senior citizens in the country.[14]

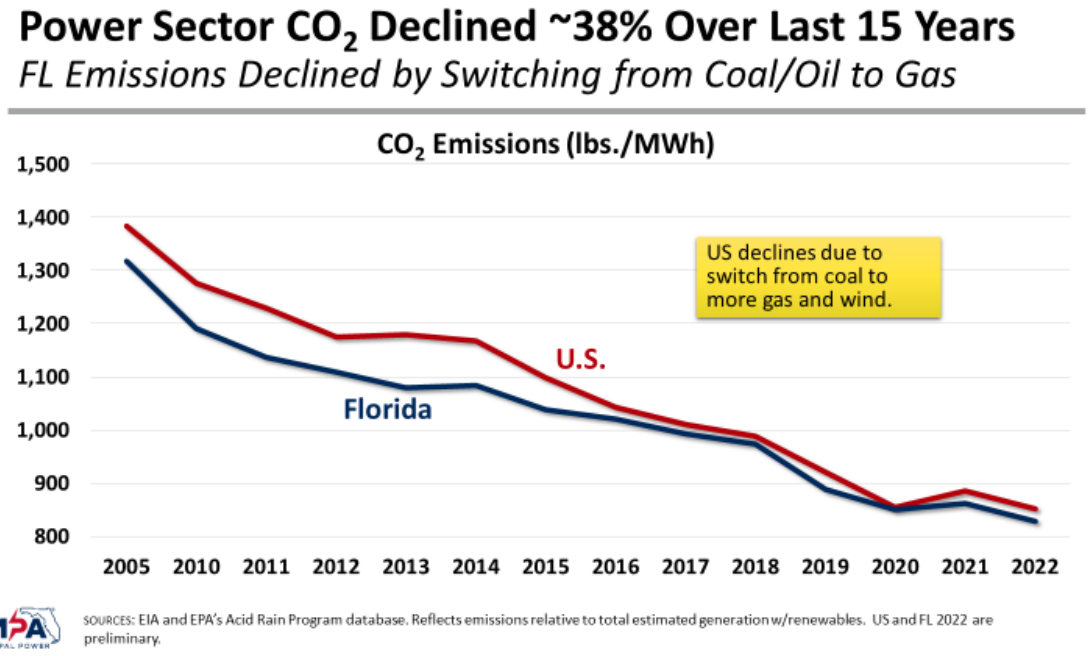
Regarding FMPA's communities, the weighted average personal income of the areas served by FMPA is 13% less than the Florida average and 16% less than the national average, so any increase in electric rates will consume a larger share of their disposable income. Fifteen of FMPA's Member communities are estimated to have personal income per capita that is less than 50% of the U.S. average. These communities would be dramatically harmed by increases in power costs for the critical service electricity provides during the hot Florida summers, which seems counter to the Administration's objectives regarding economic justice. Additionally, 27

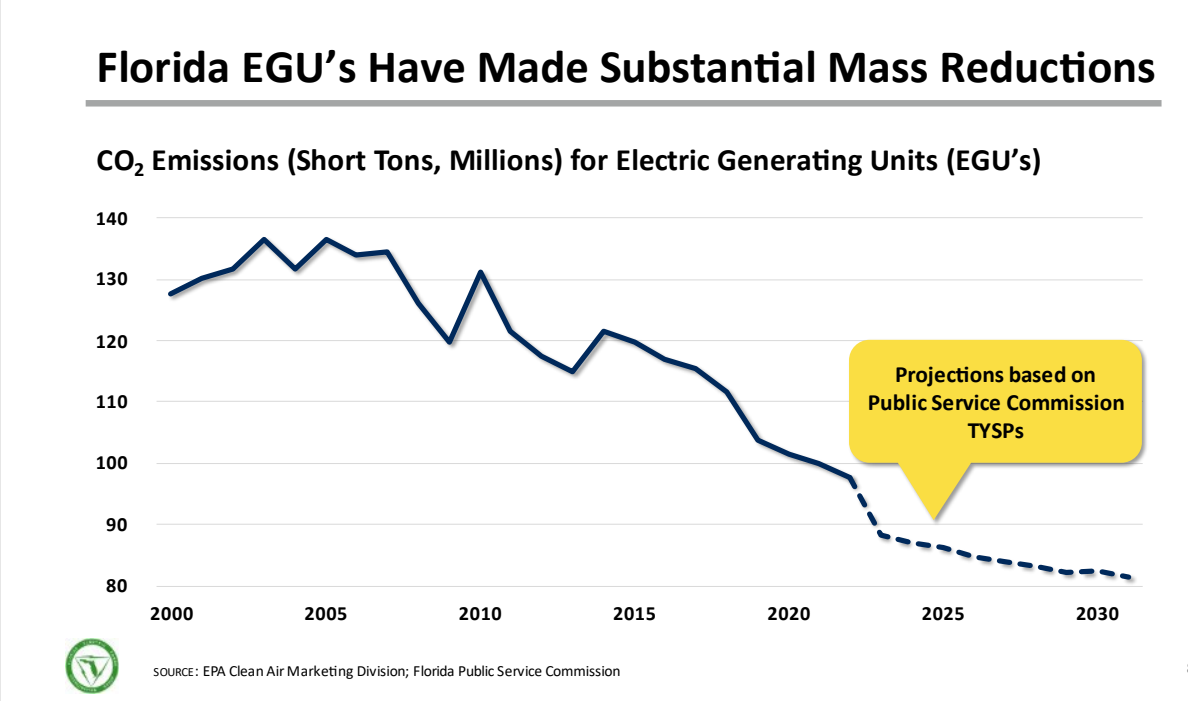
[13] EIA Monthly Form EIA-861M.
[14] Based on data from Consumer Affairs and US census data.

of the 33 communities served by FMPA have average incomes below the Florida average who likewise would be disproportionately impacted.

(3) Florida and FMPA's History of Substantial CO_2 Reductions

As shown in the graphs below, Florida and FMPA have substantially reduced their CO_2 emisisons over the last few decades, in terms of both rate (lb/MWh) and mass (tons/year). FMPA has worked hard to reduce its CO_2 emisions, and is on pace to reduce its CO_2 emission rate (in pounds per MWh) by 50% by 2027 through retirement of coal units and increases in solar generation.





Remarkably, EPA's updated July 7th modeling estimates that the Proposed Rules will reduce CO_2 emissions by only an additional 7%-13% (depending upon assumptions related to LNG) percent in 2040, compared to its baseline.[15] Such a limited reduction raises questions about the propriety of the Proposed Rules' costs, as described below. Further, EPA's emission projections (baseline and proposal) are substantially different/lower than the Energy Information Administration's estimates, which calls into question EPA's methodology.[16] At a minimum, EPA should run additional sensitivity analyses using the EIA's baseline estimates, to assess all impacts.

(4) The Compliance Deadlines Are Unrealistic and Potentially Harmful

If EPA stays on its intended schedule,[17] State plans will be due in mid-2026, and EPA's approval or disapproval would occur around mid-2027. Sources would thus need to elect a compliance path or paths sufficiently before mid-2026 to accommodate the state's Plan development process. It is not typically prudent to commit capital towards a compliance path until the exact obligations are known, which at the earliest would be upon EPA's approval of the State Plan in mid-2027. If EPA disapproves the State Plan, the requirements in a federal plan would not be known until about a year later (potentially mid-2028). While it is possible

[15] U.S. Chamber of Commerce report, titled "A Closer Look at EPA's Powerplant Rule," (June 2023) as updated via review of EPA's July 7th Memo to the Docket.
[16] Id. https://www.eia.gov/outlooks/aeo/tables_ref.php - Table 18
[17] EPA's Spring 2023 Regulatory Agenda lists a final rule date of April 2024.

that extending the deadlines beyond the dates in the Proposed Rules could lessen the cost and reliability impacts due to advances in technology, more favorable economics, and/or infrastructure development, the expedited time frames in the Proposed Rules markedly increases them.

As discussed above, a substantial percentage of FMPA's existing gas-fired generating capacity would be impacted by the Proposed Rules. This means that such units would have to either (a) reduce their capacity factors from 60%-85% to 50%, and replace this lost energy with higher cost, less efficient, and higher emitting gas- and diesel-fired generation, or (b) install "green" hydrogen facilities at each generation site, or develop the infrastructure to have it delivered, which would also likely need to include on-site storage.[18] This second option, even if possible, would be costly, making these units the least economic to operate.

There are several reasons why the use of green hydrogen is not currently feasible and thus unrealistic. To start, the existing pipeline infrastructure cannot be used for hydrogen to comply with the Proposed Rules, so FMPA and other entities would have to develop this infrastructure throughout Florida. The design, permitting, and construction is not feasible by 2032, and likely not before 2040. To provide a recent example, the Sabal Trail natural gas pipeline, inclusive of estimated completion dates for extensions[19] will take approximately 14 years to engineer, permit, and construct. In addition to federal and state permitting requirements, Sabal Trail had to overcome substantial public opposition regarding potential impacts to the Floridan aquifer, wetlands, endangered species and habitats and environmental justice communities. Accordingly, hydrogen pipeline-permitting and construction challenges will force sources to permit and construct "green" hydrogen production and storage facilities adjacent to existing gas-fired generating sites. This creates at least five significant and potentially insurmountable challenges to meeting a 2032 deadline:

1) Existing sites often do not have significant available land for developing "green" hydrogen production facilities, which must include land-intensive solar arrays to produce "green" power, water electrolysis facilities, and hydrogen storage tanks. For example, to produce the quantity of low-GHG hydrogen needed to supply a 300 MW combined-cycle unit to comply with the Proposed Rule's 30% and 96% blending requirements (assuming the combined cycle runs at a 70% capacity factor), it would require an estimated 663 MWs and 2,125 MWs of solar capacity respectively, which would require 5,966 acres and 19,122 acres of uplands respectively. Such large parcels of land are getting more challenging and costly to obtain, and rarely would be available right next to the generation site. Applying the same logic to the roughly 21 GWs of

[18] FMPA did not extensively evaluate carbon capture and geologic sequestration because it is not adequately demonstrated or economically viable.
[19] https://api.oilandgaswatch.org/d/1e/b9/1eb9ae958ea24b078105b6a7aeddc62b.1679058759.pdf

affected combined-cycles currently operational in Florida, the solar capacity required for 30% and 96% blending is roughly 47 GWs and 149 GWs and would require 419,628 acres and 1,344,942 acres respectively[20].

2) To ensure a reliable source of low-GHG hydrogen, the solar and battery storage systems to meet a 30% and 96% blending requirement would have to be significantly overbuilt. Specifically, to produce ~29 million kgs and ~92 million kgs of hydrogen for a 300 MW combined-cycle unit at an assumed capacity factor of 70% would technically require 1,567,935 MWh and 5,025,365 MWh of energy, for 30% and 96% blending requirements respectively. That amount of energy could be produced from 179 MWs and 574 MWs of combined-cycle capacity, but would require 663 MWs and 2,125 MWs of solar capacity.
3) Operating a hydrogen production facility will require a significant quantity of water, and Florida's water supply is already constrained by existing legal users, environmental concerns and forecasts for future growth. Specifically, to produce the quantity of low-GHG hydrogen needed in a 300 MW combined-cycle unit to comply with the Proposed Rule's 30% and 96% blending requirements, it would require 654,801 and 2,095,362 gallons of water per day respectively. Scaling that amount of water to the estimated affected units in Florida would require 46 million gallons of water per day and 147 million gallons of water per day, respectively, for the 30% and 96% blending requirements[21].
4) Permitting a hydrogen production and/or storage facility that is near critical infrastructure or a community, including a disadvantaged or over-burdened community, is particularly problematic, at least from a safety, national security, and environmental justice perspective.
5) A massive nation-wide investment in "green" hydrogen facilities over the next eight to 15 years will likely lead to equipment and labor unavailability as well as corresponding cost increases.

In sum, it is not feasible or realistic to meet the deadlines in the Proposed Rules, and thus utilities would be forced to run higher-cost and higher-emitting units, contrary to EPA's goal to reduce emissions at the lowest cost. Moreover, utilities may not have enough available replacement generation from "peaking" units to meet load at critical times.

(5) The Proposed Rules Create Reliability Risks in Florida

The implementation timelines in the Proposed Rules are way too fast to ensure reliability of bulk power system, given its significant dependence on high-capacity factor natural gas generation. As specifically addressed by Jim Robb, NERC's CEO during testimony to

[20] Estimates in items "1)", "2)", and "3)" in this subsection are based on information regarding round trip efficiency of hydrogen production and associated required green energy.
[21] https://energypost.eu/hydrogen-production-in-2050-how-much-water-will-74ej-need/.

Congress on June 1, 2023: "NERC is concerned that the pace of change is overtaking the reliability needs of the system. Unless reliability and resilience are appropriately prioritized, current trends indicate the potential for more frequent and more serious long duration reliability disruptions, including the possibility of national consequence events."

In Florida, the Florida Reliability Coordinating Council (FRCC) Ten-Year Site Plan (TYSP) Process is an annual requirement for utilities to provide to the Florida Public Service Commission a plan to reliably meet electric load in the state and to provide adequate planning reserves over the next decade. As part of this process, utilities estimate the amount of each type of generation that is to be retired, upgraded, or constructed to meet projected loads. Based on data provided in the 2023 FRCC Load and Resource Plan, nameplate solar capacity is expected to grow from approximately 5.6 GW at the end of 2022 to approximately 32.3 GW (excluding any power purchase agreement capacity) by 2032. In contrast, the EPA's July 7th IPM model output shows incremental solar additions, beyond the 32.3 GW of solar in 2032, of 19 GW in 2035, 38 GW in 2040, and 50 GW in 2045. Assuming these solar additions are all incremental adds, the EPA is modeling additions in two to three years roughly equal to what the TYSP process is projecting will be added over the span of a decade. This misalignment of timelines calls into question the pace at which the EPA expects resource additions to be added and ignores the existing rigorous Ten-Year Site Plan process already in place in Florida to ensure adequate power supply for Floridians.

Recently, (FRCC) specifically analyzed the reliability impacts in Florida. Given the facts above, FRCC assumed that all CTs greater than 300 MWs would limit their capacity factor to 50% to avoid being subject to the rule.[22] Without even considering the likely retirement of all coal in Florida by 2040 (because widespread CCS is too speculative, costly, and not adequately demonstrated), **FRCC estimates that in 2032 the Proposed Rules could require the replacement of 23 million MWh of annual energy supply needed to serve load. This shortfall represents about 8% of FRCC's total projected demand and is equivalent to blacking out about 1.8 million residential customers for the entire year, or all residential customers for about two months.** This indicates a significant risk. While EPA's incomplete documentation required FRCC to make the above-stated assumptions, a risk to electric reliability of even half this amount, which translates to risk to the health and safety of Floridians, is still alarming.

Further, EPA must consider the cumulative impacts of its other recent and ongoing rulemakings. EPA is currently promulgating several rules regulating EGUs, including this GHG proposal, Effluent Limitation Guidelines, Coal Combustion Residuals, Mercury and Air Toxics

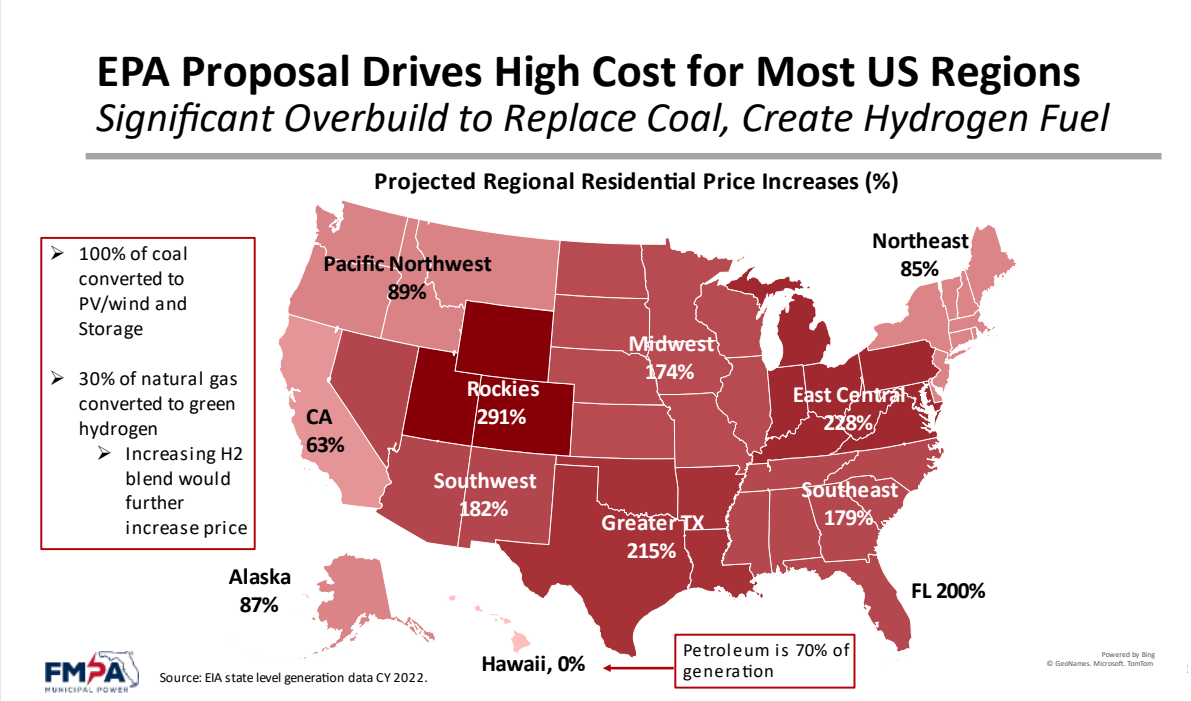
[22] Of course, this assumes that the final rule does not change these thresholds to capture more units, and also that EPA does not promulgate additional regulations covering the rest of the fossil-fuel fired units.

Standards Residual Risk and Technology Review, the National Ambient Air Quality Standards for $PM_{2.5}$ and ozone, etc. While EPA's Proposed Rules, on their own, will impose a significant burden on the electric utility industry, rate payers and the U.S. economy, EPA must account for the combined effects of these other recent and impending regulations in its impact analyses. Companies and system operators must account for all relevant actions in making resource decisions,[23] and so must EPA in evaluating reliability impacts.

(6) The Proposed Rules Impose Inordinate Costs

EPA's cost impact analysis of its Proposed Rules significantly underestimates the impacts to rate payers, especially in Florida. FMPA performed a high-level analysis of the impacts to electricity prices around the country, and the results were dramatically different. Key assumptions in FMPA's analysis included that (a) there was no load growth, which is of course very conservative, (b) that all coal-fired units would retire because CCS is too costly and unproven, and would be replaced by solar and wind, (c) solar and wind would have to be significantly overbuilt to lessen reliability risks because of the lower capacity factors, (d) battery storage would be needed to address the intermittency and to ensure sufficient backup capacity, and (e) gas-fired CTs would utilize a 30 percent blend of green hydrogen, at a cost of $148/MMBtu.[24] As seen in the map below, this results in an estimated increase in the electricity cost of over 200% for much of the country based on deconstruction of actual 2022 electricity prices and generation mix; EPA's estimate was a 2% increase in 2030, and zero percent in 2035 and 2040.[25]

[23] See similar comment from the ISO/RTO Council in the docket, dated June 8, 2023, page 2.
[24] This represents an estimated all-in cost, including infrastructure changes, storage, and additional green energy needed to support a round-trip hydrogen production efficiency of ~37%.
[25] RIA, Tables 3-15, 3-16, and 3-17.



For Florida, electricity prices are estimated to increase by 200%, which is especially alarming given Florida's high percentage of fixed- and low-income rate payers. This result is directly contrary to EPA's "economic justice" goals.

Further, the overall cost to Florida's economy is significant. While FMPA's baseline analysis is predicated on the actual 2022 generation mix and includes both green hydrogen and coal retirement impacts, we also evaluated the impact of compliance with the Proposed Rule's low-GHG requirement for hydrogen by 2032 (i.e., 30% blend), using the aspirational FRCC resource mix from the pie charts above, which is still majority natural gas but reflects a larger share of renewables in the Florida portfolio. Even in such a scenario, setting aside all other potential price increases relative to 2022, Florida's residential customers could be required to pay an additional $28 billion annually by 2032 to support hydrogen blending; additional costs would be borne by commercial and industrial customers.

(a) EPA's Cost Analysis is Flawed

EPA did not properly account for its other ongoing actions in assessing the impacts of these Proposed Rules. In addition to the cumulative impacts from other recent and ongoing rulemakings aimed at EGUs mentioned above, EPA's modeling ignores substantial increases in electricity demand resulting from the electrification of vehicles and the production of hydrogen. As detailed in a recent Report from the U.S. Chamber of Commerce, EPA projects that the combination of its light-duty vehicle rule, its heavy-duty vehicle rule, and the production of

hydrogen from these Proposed Rules, will increase demand by 371 TWh in 2040.[26] This represents an 8.7% increase from 2022 levels, yet EPA's modeling in the Proposed Rules does not account for this substantial increase in demand when projecting the cost impacts. Thus, its analysis is materially flawed, as is its conclusion that the rule will have no impact on electricity prices in 2035 and 2040.

(7) EPA's Failure to Specify Applicability Criteria for Existing "Baseload" CTs Prevents Meaningful Engagement

EPA did not include proposed regulatory text in the Federal Register, and discrepancies exist between the preamble and the proposed regulatory text that EPA posted on its website. As just one example, the exclusion of non-baseload CTs that EPA posted on its website in 60.5850b(a) does not specify how to determine the 300 MW and 50% capacity-factor thresholds. Accordingly, the public is left to speculate regarding how to determine which units would be subject to the rule, and the answer really matters. In Florida, for example, current estimates regarding the number of affected CTs range somewhere between about 15 and 91. This lack of clarity and the resulting disparity in differing, reasonable readings of the Proposed Rules prevent meaningful engagement. The Proposed Rules are thus incomplete and EPA's impact analyses are inadequate.[27]

Accordingly, FMPA requests that EPA re-propose its rule, at least to clarify the applicability and impacts related to existing, baseload CTs. This would allow EPA to do a more complete impact assessment, as well as provide the public, DOE, FERC, NERC, SERC, FRCC, and others more time to properly assess, comment on, and manage potential cost and reliability impacts.

(8) States Need Maximum Flexibility Regarding Implementation

Regardless of when EPA finalizes this rule, or which EGUs are ultimately subject to it, states must have maximum flexibility regarding implementation, particularly to consider and attempt to address potential cost impacts and reliability risks. This could include:

(a) Increased flexibility to consider a unit's remaining useful life and other factors in setting a standard or standards – it should not be limited to "rare" circumstances (88 FR 33384),
(b) Listing multiple compliance paths for a single unit in the State Plan, with the actual selection occurring any time prior to the corresponding compliance deadline,

[26] U.S. Chamber of Commerce report, titled "A Closer Look at EPA's Powerplant Rule," (June 2023).
[27] EPA's belated publication of a Memo to the Docket, entitled Integrated Proposal Modeling and Updated Baseline Analysis (IPM Memo) on July 7, 2023, does not resolve these questions. For example, the IPM Memo does not specify the applicability criteria for existing CTs, nor explain how the results integrate with its Regulatory Impact Analysis. Meaningful evaluation of the IPM Memo was not possible, however, given its belated publication and the lack, as of July 13, 2023, of the supporting documentation referenced in the Memo.

(c) Ability to alter a unit's selected compliance path or paths without the need to revise the State Plan,
(d) Ability to alter a unit's "increments of progress" or milestones without the need to revise the State Plan,
(e) Ability to opt out of the rule before or after the initial compliance period – for example, a baseload CT that burned 30% hydrogen from 2032 to 2037 should be able to limit its capacity factor to 50% prior to 2038 and no longer be subject to the rule,
(f) Use of averaging and trading programs (intra- and inter-state), including banking,
(g) Ability to opt out of the rule at any time by accepting a permit limit to operate up to 300 MW or less, with no capacity factor limit, and
(h) Use of a safety valve if the Florida Public Service Commission determines that electricity prices for the state would increase more than 6% on an annual basis.[28]

(9) Specific Requests to Mitigate and Manage Impacts

Based on the comments detailed above, FMPA is very concerned about the potential impacts of EPA's Proposed Rules, and specifically requests that EPA take the following actions:

(a) Re-propose the rule, at least to clarify applicability for CTs, and to properly assess and address the impacts of including them,
(b) Provide a realistic and reasonable timeline to achieve EPA's goals. Based on the challenges described above, any mandate for "green" hydrogen should not begin until 2040, and full blending should not be required before 2050,
(c) Provide ample time for NERC and the Reliability Regions reporting to NERC and FERC to study the reliability impacts; the August 8, 2023, comment deadline is woefully inadequate, even before considering the July 7 IPM Memo,
(d) Provide FERC and DOE time to study the impact on electricity prices in regions around the U.S., and the economic impact on regions and the U.S. economy as a whole,
(e) Include a safety valve in any final rule if FERC/NERC determines that strict compliance would endanger grid reliability,
(f) Include a safety valve in any final rule if FERC/DOE determines that electricity prices for a particular area would increase more than 6% on an annual basis,[29] and
(g) Include the implementation options listed in section (8).

[28] A safety valve based on a percentage above CPI would not address the concern, since energy/electricity costs tend to drive CPI.
[29] A safety valve based on a percentage above CPI would not address the concern, since energy/electricity costs tend to drive CPI.

(10) Conclusion

FMPA is very concerned that EPA has not adequately considered the impacts of its Proposed Rules. Florida and FMPA are uniquely situated and disproportionately impacted, and the compliance deadlines are unrealistic and potentially harmful. Specifically, the proposal imposes inordinate costs and creates reliability risks in Florida. EPA did not provide sufficient time to assess the impacts, which was exacerbated by the lack of clarity regarding applicability and the belated release of the IPM Memo. To help mitigate and manage the impacts, FMPA requests that EPA take specific actions, including re-proposing the rule; providing realistic and reasonable timelines to comply; coordinating with NERC, FERC, and DOE to allow them time to assess the impacts on reliability, electric rates, and the economy; and including safety valves to ensure reliability and to avoid excessive electric rate increases.

FMPA appreciates your consideration of these comments and looks forward to working with you as this rulemaking continues. If you have any questions regarding this information, please contact me at (321) 239-1070, or at Jacob.williams@fmpa.com.

Sincerely,

Jacob Williams
FMPA CEO and General Manager

cc: Shawn Hamilton, Secretary, Florida Department of Environmental Protection
Andrew Giles Fay, Chairman, Florida Public Service Commission
Stacy Dochoda, CEO, Florida Reliability and Coordinating Council
Tanya Portillo, Executive Director, Florida Electric Power Coordinating Group, Inc.
Sen. Marco Rubio
Sen. Rick Scott
Florida Congressional Delegation
Florida Governor Ron DeSantis
Florida Attorney General Ashley Moody
Jim Robb, NERC
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