

E & C Clean Electricity Performance Program (CEPP)

- 1) API agrees on the importance of reducing GHG emissions from electricity generation, but the Clean Electricity Performance Program (CEPP) is a massive new policy de facto mandating a vast and rapid overhaul of the U.S. power sector, potentially affecting every home and business in the United States.
 - a. The CEPP was written without being fully studied or vetted—meaning the impacts on the reliability of the U.S. electricity grid, household energy costs and jobs across multiple sectors are unknown.
 - b. The pace of nation-wide clean electricity procurement, effectively mandated by the carrots (federal grants) and sticks (payments) of the CEPP, is more aggressive than even the most ambitious states, including California and New York.
 - c. The CEPP also shifts an enormous amount of regulatory power away from States—where power market authority has historically rested—to the federal government, and shifts oversight of GHG emissions of the power sector from the EPA to the Department of Energy.

- 2) The structure of the CEPP fails to provide electricity suppliers with any compliance flexibility and it does not recognize their unique individual circumstances. Regardless of their size, location, or ability to ramp up clean energy procurement, every electricity supplier in the U.S. must meet aggressive DOE-mandated statutory clean energy targets every single year or face a steep penalty.
 - a. There appears to be no “off-ramp” considerations for electricity suppliers facing cost and reliability concerns. Both the reward and the penalty are wholly centered on the plan’s sole objective of adding new zero carbon or near-zero carbon energy sources to the grid regardless of circumstances.
 - b. Ignoring reliability concerns is particularly perilous given the ongoing difficulties in markets with high intermittent generation, such as California. Smart policy should be focused on making the grid more reliable, not less.

- 3) The CEPP fails to recognize the role of natural gas in continuing to drive GHG emission reductions in the power sector, just as it has done for the past 15 years. The U.S. has led the world in CO₂ emissions reductions since 2000 and, according to the EIA, the switch to natural gas for power generation has accounted for two-thirds of U.S. carbon emission reductions since 2005.
 - a. In contrast, previous bills introduced by House Democrats over the past few years, including the bipartisan *Clean Energy Through Future Innovation Act*, have recognized the role of natural gas in furthering GHG emissions reductions.

- 4) Finally, despite the CEPP’s \$200B cost and massive scope, the actual impact on GHG emissions and its cost-effectiveness are highly uncertain. This is partly because the CEPP hasn’t been studied, but also because it targets only the power generation sector. Instead, API believes an economy-wide price on CO₂ is a far more impactful and transparent policy to achieve meaningful GHG emission reductions.