

1 STATE OF OKLAHOMA

2 1st Session of the 53rd Legislature (2011)

3 HOUSE

4 RESOLUTION 1039

By: Trebilcock

5
6 AS INTRODUCED

7 A Resolution stating legislative opposition to the
8 Environmental Protection Agency proposed Federal
9 Implementation Plan; stating legislative support for
10 the State Implementation Plan and for a comprehensive
11 review of alternatives to address the regional haze
12 standards; and directing distribution.

13 WHEREAS, On March 22, 2011, the Environmental Protection Agency
14 (EPA) published a proposed ruling to partially disapprove a revision
15 to the State Implementation Plan (SIP) for Oklahoma that had been
16 submitted on February 19, 2010, to address regional haze; and

17 WHEREAS, EPA is proposing a Federal Implementation Plan (FIP)
18 that finds installation of "dry scrubbers" on coal units is a cost-
19 effective manner of achieving the necessary emission limits; and

20 WHEREAS, the recommendations by EPA will require ratepayers to
21 incur significant costs to install scrubbers within the next three
22 years that will help achieve certain visibility goals by 2064; and

23 WHEREAS, EPA estimates total capital expenditures to install
24 these scrubbers to be approximately \$900 million for all units; and

1 WHEREAS, this is a substantial investment that will ultimately
2 be passed on to Oklahoma consumers through increases in their
3 electric rates; and

4 WHEREAS, over the long run, installing dry scrubbers on the
5 plants is not the best alternative for consumers; and

6 WHEREAS, the plants are near the end of their useful lives,
7 therefore, soon after having incurred the costs of installing the
8 scrubbers, consumers may be asked to incur additional costs to
9 replace the plants with new generation; and

10 WHEREAS, under the EPA proposal a significant investment will be
11 made in facilities that would be at risk of costs associated with
12 potential future CO2 regulation. As such, a full analysis of this
13 alternative should consider these costs under a range of potential
14 future CO2 cost scenarios; and

15 WHEREAS, modeling by the Boston Pacific Company, on behalf of
16 the Corporation Commission, shows that installing dry scrubbers
17 would cost between forty-three percent (43%) to ninety-five percent
18 (95%) more than the alternative of building a new combined cycle gas
19 plant under all scenarios and cost estimates; and

20 WHEREAS, there is an expectation that future natural gas prices
21 will be relatively low due to a significant increase in the supply
22 of natural gas due to domestic shale gas production, including
23 production from the Woodford Shale in Oklahoma; and

1 WHEREAS, the 2011 Annual Energy Outlook prepared by the United
2 States Energy Information Administration forecasts that natural gas
3 prices will remain in the four-dollar to six-dollar per million Btu
4 range in real terms for the next fifteen years.

5 NOW, THEREFORE, BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES
6 OF THE 1ST SESSION OF THE 53RD OKLAHOMA LEGISLATURE:

7 THAT the Oklahoma House of Representatives declares its
8 opposition to the Environmental Protection Agency takeover of the
9 Oklahoma air program and the proposed Federal Implementation Plan
10 (FIP).

11 THAT the Oklahoma House of Representatives declares its support
12 for the State Implementation Plan (SIP) for Oklahoma that had been
13 submitted on February 19, 2010, to address regional haze.

14 THAT the Oklahoma House of Representatives hereby declares its
15 support for a comprehensive review of all possible alternatives to
16 address the regional haze standards, including an increased use of
17 natural-gas-based generation, to ensure that an informed decision is
18 made based on a comprehensive cost-benefit analysis and a review of
19 the risks to consumers.

20 THAT a copy of this resolution be distributed to the Governor,
21 each member of the Corporation Commission, the Administrator of the
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1 United States Environmental Protection Agency, and the Region Six
2 Administrator of the United States Environmental Protection Agency.

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