

1 STATE OF OKLAHOMA

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

3 SENATE

4 RESOLUTION 27

By: Branan

5 AS INTRODUCED

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

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

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

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

24 WHEREAS, the EPA estimates total capital expenditures to install
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 43% to 95% more than the alternative of building
18 a new combined cycle gas plant under all scenarios and cost
19 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

24

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 15 years.

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

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

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

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

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

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