

# Worldwide Pollution Control Association

WPCA-  
Southern Company  
Mercury Seminar  
October 30-31, 2012

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# Environmental Regulatory Update

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October 30, 2012

Mercury Seminar, Birmingham, AL

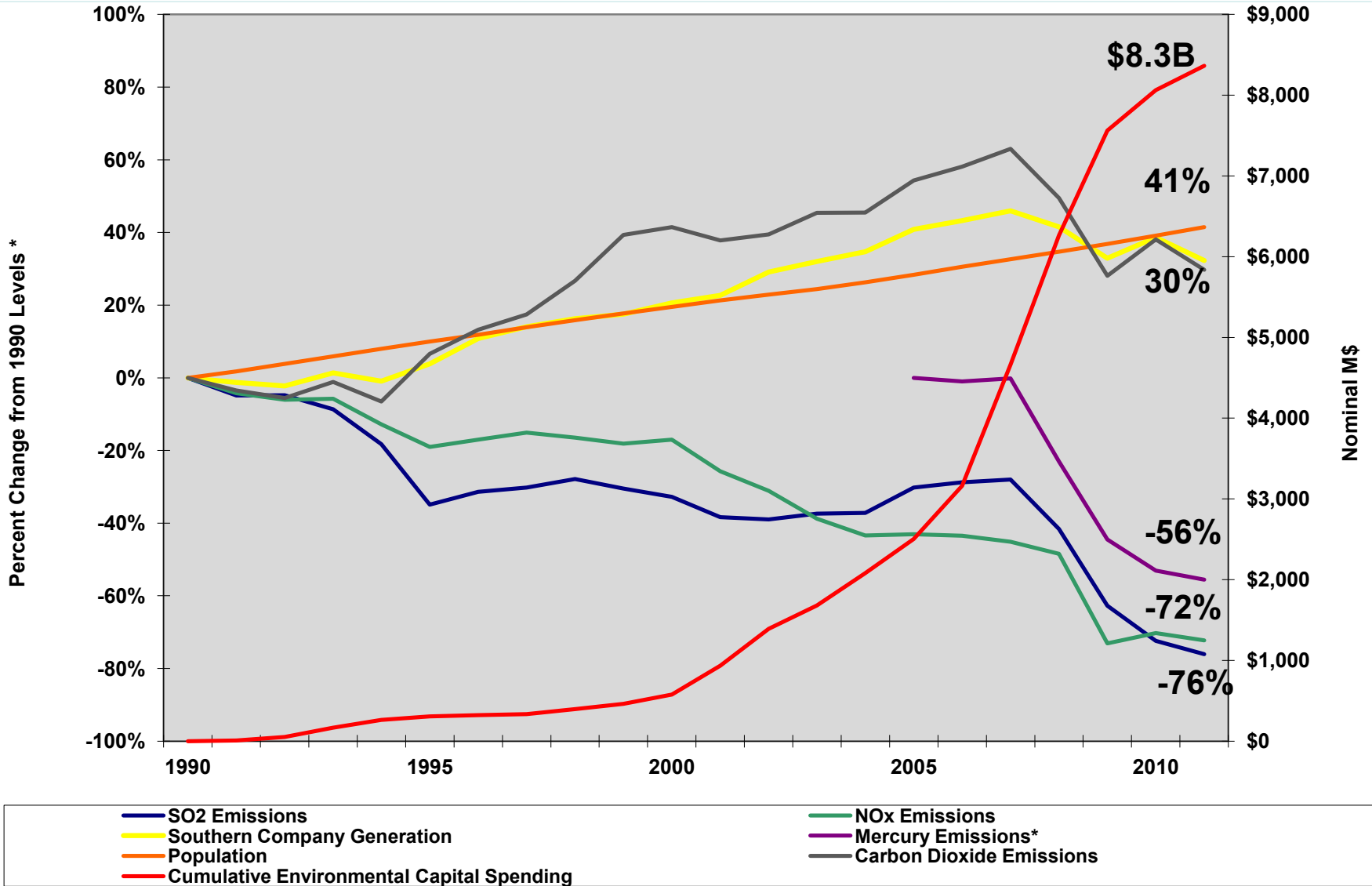
# Overview

- Southern Company Environmental Program
- Current Industry Challenges
- MATS Litigation and Reconsideration
  - Timeline
  - Main Issues
- Other Air Regulatory Drivers



# Southern Company Emission Reductions

Historical through 2011, Base Year 1990

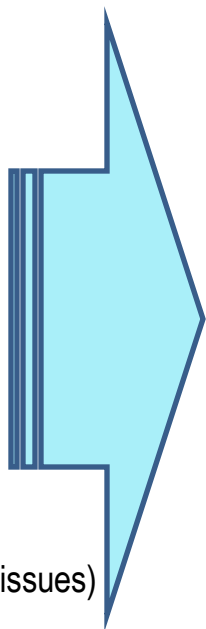


\* For Mercury, Percent Change from 2005 Levels

# Challenges Facing the Industry

## Considerations

- **Federal Policy**
  - **MATS timing starts the decisions**
  - CSAPR/CAIR/NAAQS
  - CCBs/Ash
  - Water
  - GHG
  - Renewables
  - Environmental justice
  - Permitting
  - Litigation
- **Commodity Costs**
  - Natural Gas
  - Coal
- **Construction Issues**
  - Cost Uncertainty
  - Labor Cost/Availability
  - Materials
  - NIMBY (Transmission issues)
- **Technology**
  - Emission Controls
  - Renewable Advancements
  - CCS
  - Disruptive Technology
  - Reserve Margins
- **Other Issues**



## Decisions

Control/Retrofit Coal Units?

Retire Coal Units?

Add Transmission?

Install Gas?

Invest in Energy Efficiency?

Build Nuclear?

Invest in Renewables?

Hedge Fuel Prices?

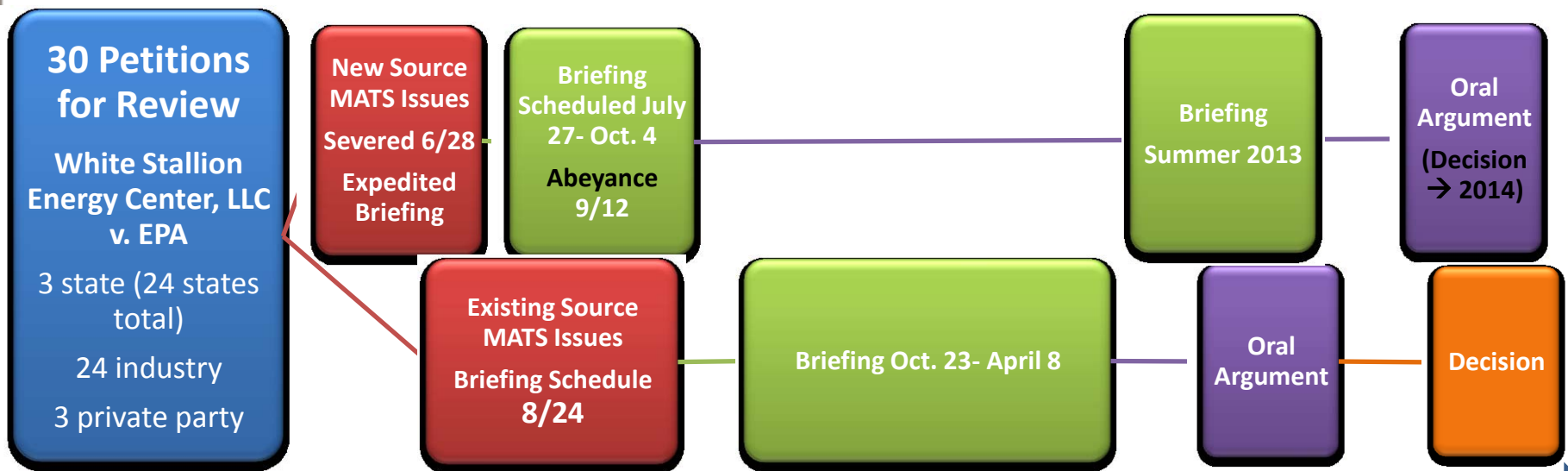


## Challenges and Risks

- Coal prices
- Natural gas prices
- NSR/PSD permit requirements
- MATS compliance Extensions
- Final future environmental rules
- Compliance order requirements
- Reliability
- Customer impacts

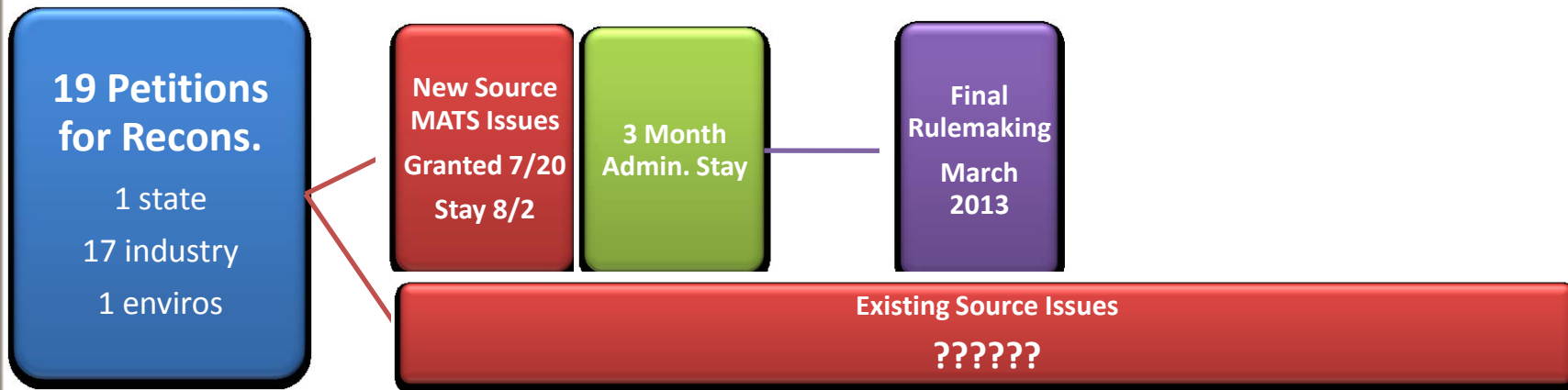
Regardless of business model, utilities are facing critical decisions with tremendous uncertainty.

# Possible MATS Litigation & Reconsideration Schedule



2012

2013



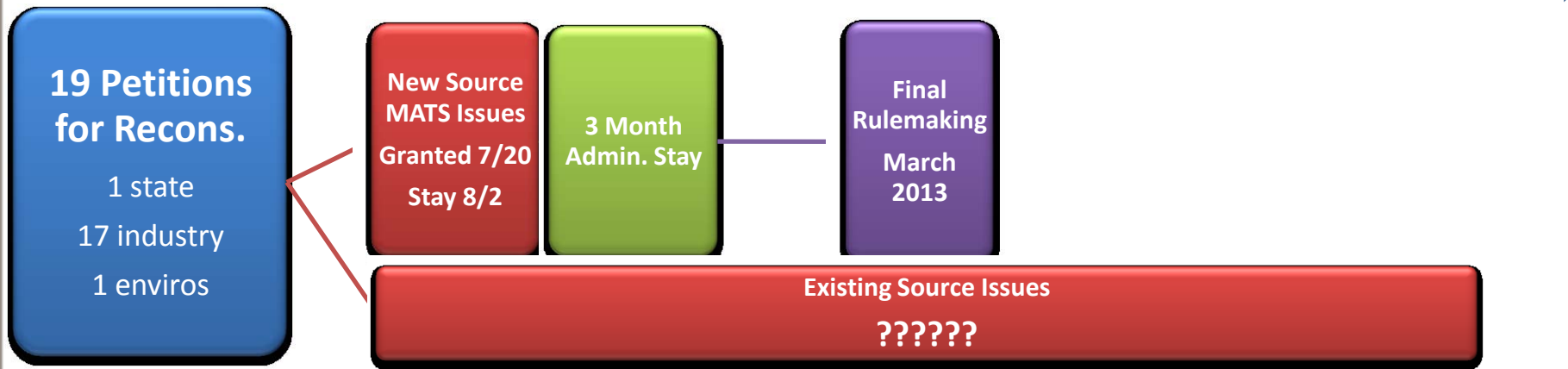
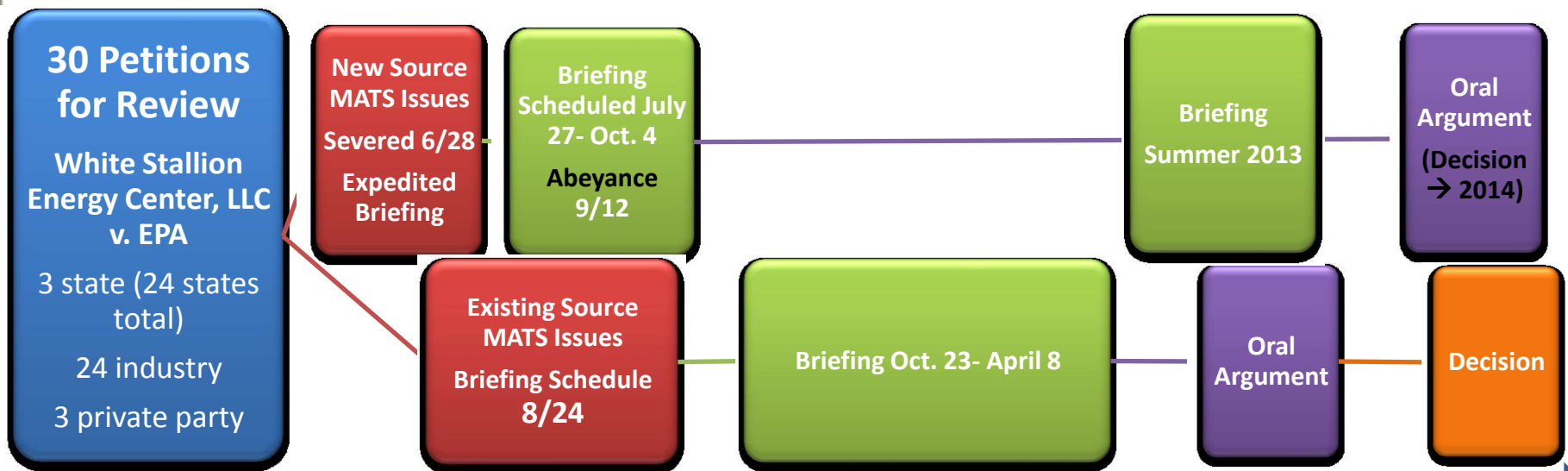
# Major Issues Raised in Reconsideration Petitions

- Industry
  - Startup and shutdown definitions a work practice standards
  - Unachievable new source limits
  - “Appropriate and necessary” finding
  - Facility averaging for Hg
  - Various errors in the rule
- Vendors
  - Inability to accurately measure Hg, PM, and/or HCl for new units
- Environmental Groups
  - Filterable PM standard
  - Use of parametric monitoring for PM
  - Facility averaging provisions
  - Use of work practice standards for organics

# Major Issues Raised in Existing Source Litigation

- Industry and States
  - “Appropriate and necessary” finding
  - Failure to distinguish area and major sources
  - Existing source Hg standard
  - Startup and shutdown work practice standards
  - Refusal to set health-based standards for acid gases
  - Denial of delisting petition
  - Subcategories related to CFB, lignite, and pet-coke
  - Public power specific issues
- Environmental Groups
  - Facility wide emissions averaging alternative
  - Monitoring for non-mercury metal HAPs

# Possible MATS Litigation & Reconsideration Schedule



# Other Air Regulatory Highlights

- Cross-State Air Pollution Rule (SO<sub>2</sub> and NO<sub>x</sub> reductions)
  - Final rule in July 2011 with compliance slated for 2012
  - August 21, 2012 CSAPR vacated by D.C. Circuit Court, EPA ordered to continue administering CAIR, and the proceeding remanded to EPA
  - EPA appealed October 5; Petitioner replies due Nov. 16
  - Mandate has not issued
- National Ambient Air Quality Standards (NAAQS)
  - Next Ozone NAAQS in 2014; EPA recommending a stringent standard
  - New PM NAAQS in December 2012
  - Stringent SO<sub>2</sub> NAAQS finalized in 2010

# Questions?