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**2025 Reinhold/PCUG Round Table Presentation**

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EPA  
Regulatory  
Update  
*Reinhold Conference*

JUNE 23, 2025

Geoffrey Hensley



# Current Status

## EPA Final Rules

### **EPA Regulation Final Rules**

- Six new rules were issued over the past two years that have significant reliability implications to the electric utility industry.
  - Good Neighbor Plan
  - Greenhouse Gas 111(b) and 111(d) Rules
  - Mercury and Air Toxics Standards (MATS) Rule
  - Effluent Limit Guidelines (ELG) Rule
  - Coal Combustion Residuals (CCR) Rule
- All these are final rules and are currently law.

### **Changing Tides**

- All these rules were met with litigation upon issuance.
- PJM and other RTOs expressed concerns about the new rules, given “vastly increased demand” expected due to AI, machine learning, and the electrification of transportation and heating
- Current administration focus on deregulation resulted in issuance of executive orders signaling reconsideration of all these rules and more.

## EPA Final Rules

### Good Neighbor Plan Rule Overview

- EPA finalized the Good Neighbor Plan (GNP) in March 2023 to address interstate air pollution affecting downwind states' ability to meet ozone standards, specifically the 2015 Ozone National Ambient Air Quality Standards (NAAQS).
- The plan aimed to reduce NOx emissions, primarily from power plants and other specific industrial sources across 23 states.
- Power plant requirements began in 2023, while industrial source standards were to begin in 2026.

# EPA Final Rules

## Good Neighbor Plan Current Status

### **Legal Challenges and Supreme Court Stay**

- The GNP faced significant legal challenges from states and industry groups.
- In June 2024, the Supreme Court granted a stay of the GNP pending judicial review.

### **Administrative Stay Issued**

- In October 2024, the EPA issued an interim final rule to administratively stay the GNP for all affected sources.
- The GNP requirements are not currently being enforced, but prior obligations under CSAPR remain in effect.

### **Continued Litigation and Uncertainty**

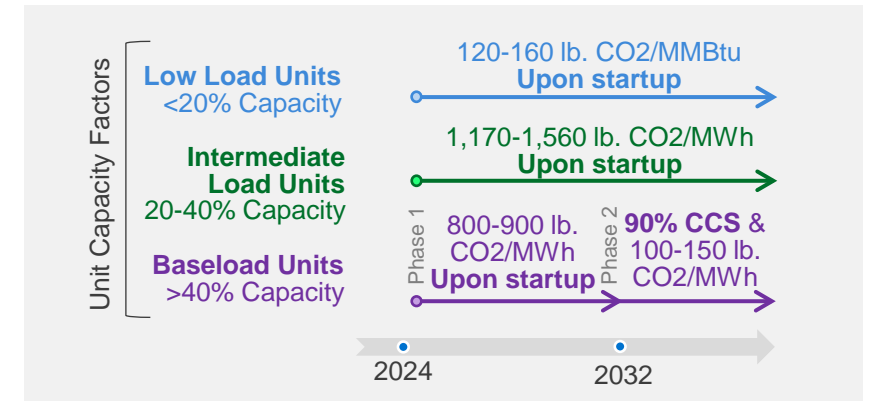
- EPA has begun approving the SIPs that were previously disapproved by the prior administration.
- The D.C. Circuit Court consolidated these challenges and has held the case in abeyance pending Supreme Court decisions.
- While the EPA is working to address the issues raised by the court, the ultimate disposition of the GNP remains uncertain with expected resolution in 2026.

# EPA Final Rules

## Greenhouse Gas Rule: 111(b) - New/Modified/Reconstructed Gas Units

### 2024 Final Rule Overview

- Effective upon start-up of new or modified combustion turbine or steam generating units
- CO<sub>2</sub> emissions standard requirements varying by capacity factor (load), fuel, unit operations
  - Low load & intermediate load units
    - CO<sub>2</sub> emission standard dependent on unit operation/fuel characteristics
  - Baseload unit implementation in two phases
    - **Phase 1:** CO<sub>2</sub>/MWh emission standard
    - **Phase 2:** 90% carbon capture and sequestration (CCS) and reduced carbon emission standard beginning 2032
- Modification of a coal unit to convert to gas could trigger compliance requirements under 111(b)
- Many planned projects current evaluating to determine what technology will comply



### “Reconstruction” Definition:

- Existing facility fixed capital cost replacement components exceeding 50% of the fixed capital cost to construct a comparable entirely new facility

### “Modification” Definition:

- Any physical or operational change to an existing facility which results in an increase in the emission rate to the atmosphere of any pollutant

# EPA Final Rules

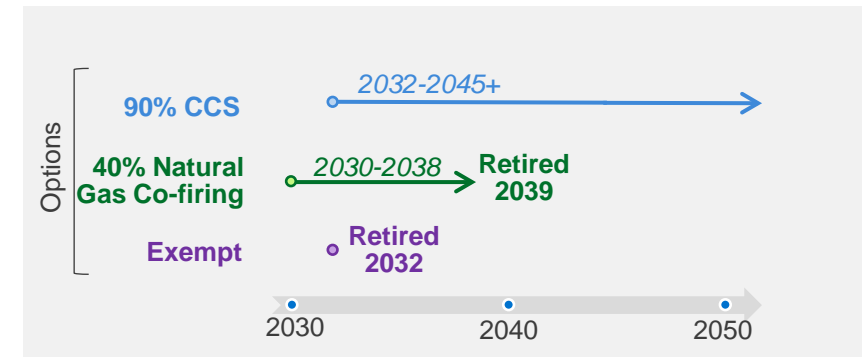
## Greenhouse Gas Rule: 111(d) – Existing Steam Generating Units (coal/gas/oil)

### 2024 Final Rule Overview

- Three options with dates of retirement correlated to specific technology requirements
  - Exempt (coal) with no technology selected – retire by 2032
  - Natural gas cofire – retire by 2039
  - Carbon capture and sequestration – no set retirement date
- Initial effective year of 2030 if gas co-firing or total gas conversion is selected – coal burning must cease at this time for total conversion.
- Utilities must provide states with their intent for inclusion in state plans in 2026 for EPA approval.

### Emissions Guidelines

<b>Exempt</b> Units retiring by 01/01/32	<ul style="list-style-type: none"> <li>▪ Exempt from the regulation due to commitment to close before 2032</li> </ul>
<b>Medium-Term</b> Units operating 01/01/32 – 01/01/39	<ul style="list-style-type: none"> <li>▪ Co-firing 40% natural gas by 01/01/30</li> <li>▪ Emission rate limitation reduction of 16% annually</li> </ul>
<b>Long-Term</b> Units operating on or after 01/01/39	<ul style="list-style-type: none"> <li>▪ CCS with 90% capture of CO<sub>2</sub> by 01/01/32</li> <li>▪ 88.4% reduction in emission rate #/MWh-gross</li> </ul>



## EPA Final Rules

### Greenhouse Gas Rule Current Status

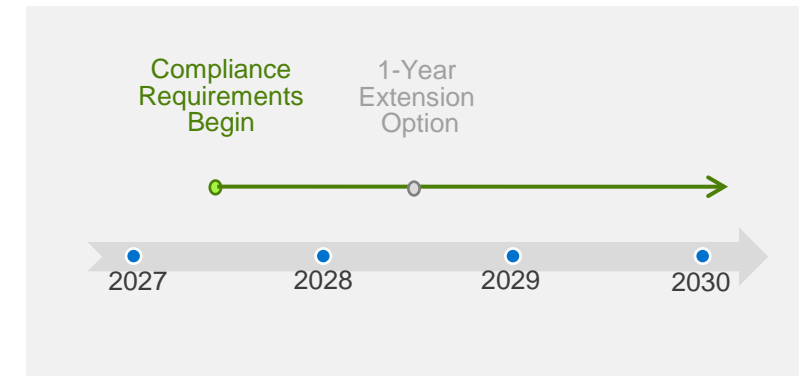
- On 06/17/25, EPA published a proposal to repeal “all greenhouse gas (GHG) emission standards for fossil fuel-fired power plants” under Section 111 of the Clean Air Act.
  - Includes all GHG emission standards for the power sector from 2015 and 2024
  - Based on the proposed finding that GHG emissions from fossil fuel-fired power plants “do not contribute significantly to dangerous air pollution” under Section 111 of the CAA.
- EPA has included an alternative proposal to repeal specific portions of the rule
  - Does not rescind the significant contribution finding
  - Proposes to repeal the BSER determinations, presumptive standards of performance, and all related requirements in the emission guidelines for:
    - Existing steam generating units (includes steam generating units that undergo a large modification)
    - The Phase 2 CCS requirements for new natural gas-fired, baseload combustion turbines
- By proposing two pathways EPA, is attempting to avoid litigation and start the notice and comment timeframe for both options simultaneously.
- Comments are due to EPA by 08/07/25.

# EPA Final Rules

## Mercury & Air Toxics Standard (MATS) Rule

### 2024 Final Rule Overview

- Sources must come into compliance by 07/27
- Sources may seek an additional 1-year extension of the compliance date from their permitting authority
- Particulate matter (PM) was limit lowered from 0.030lb/MMBtu to 0.010lb/MMBtu
- Compliance must be based on Continuous Emissions Monitoring (CEMS) – stack testing option eliminated
- Issues identified with developing correlation curves for CEMS at such low levels, particularly in wet stack situations
- Option to utilize sorbent traps to measure HAP metals is being evaluated by EPA
  - Expected to take a year to evaluate
  - Facilities would need to seek approval from delegated authority to utilize this compliance demonstration method



# EPA Final Rules

## Mercury & Air Toxics Standard (MATS) Rule Current Status

### Legal Challenges

- The rule has faced legal challenges, with opposition arguing that it could destabilize the power grid and increase electricity costs.
- The US Supreme Court declined to block the rule, allowing it to remain in effect while the legal challenges continue.

### Presidential Proclamation

- Signed in April 2025, granted certain power plants, based on submitted requests, a two-year extension to the compliance deadline, pushing the final compliance date for those facilities to July 8, 2029.
- Extension is based on "national security concerns" and a of lack of technological availability.

### EPA Proposal

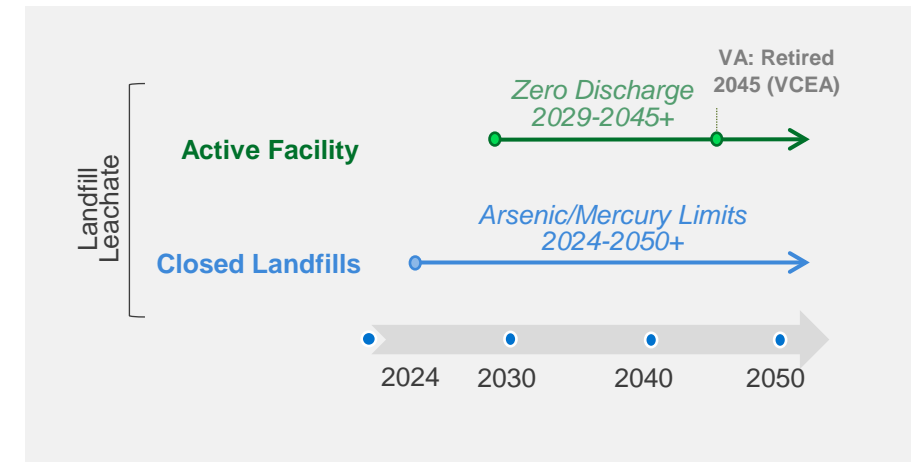
- On 06/17/25, EPA published in the Federal Register its proposal to repeal the majority of the 2024 MATS rule.
- This proposal repeals:
  - The revised filterable PM emission standard,
  - The requirement to use CEMS for demonstrating compliance, and
  - The revised mercury emission standard for existing lignite-fired EGUs.
- Comments are due to EPA by 08/11/25.

# EPA Final Rules

## Effluent Limit Guidelines (ELG) Rule

### 2024 Final Rule Overview

- Zero liquid discharge of FGD water and bottom ash transport water
- New requirements dependent on landfill status
  - Active Landfills
    - Zero liquid discharge of landfill leachate
    - Required during next permit renewal but no later than 12/31/29
    - Notice of Planned Participation (NOPP) must be filed by 12/31/25 – extends to 12/31/34 – subject to closed landfill requirements
  - Closed Landfills or Surface Impoundments
    - New limits
    - Arsenic – 11 ug/L daily max
    - Mercury – 788 ng/L daily max
    - Compliance date to be determined by permitting authority



## EPA Final Rules

### Effluent Limit Guidelines (ELG) Rule Current Status

#### Legal Challenges

- In October 2024, the Eighth Circuit Court denied a motion to stay the 2024 ELG rule, allowing it to go into effect while the appeal progresses.
- The rule is currently being challenged with litigation currently on hold.

#### Reconsideration

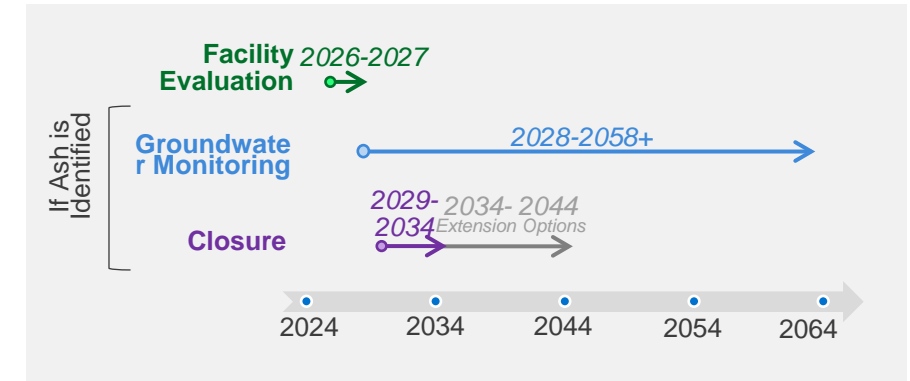
- In March 2025, the EPA announced its intention to reconsider the 2024 Rule.
- The EPA is reconsidering aspects of the rule, particularly concerning leachate standards/effluent limits and the cost and availability of certain technologies.
- The 2024 ELG rule is currently in effect, despite ongoing legal challenges and reconsideration efforts by the EPA.
- The ultimate disposition of the ELG rule will likely not be resolved before the end of 2025.

# EPA Final Rules

## 2024 CCR Legacy Rule

### 2024 Final Rule Overview

- Increases scope of the original 2015 CCR disposal regulations
- Requires identification of historical ash placement at active facilities
  - Expands definition of active facilities to include any historical coal-fired stations that produced electricity as of 10/19/15, regardless of the fuel source at that time
- Requires facility evaluation report to identify ash
  - No Ash Identified: No further actions
  - Ash Identified: Additional monitoring and closure obligations are required



## EPA Final Rules

### CCR Legacy Rule Current Status

- State and industry groups have filed lawsuits challenging the Rule, citing concerns about technical requirements and the definition of newly regulated units.
- The Supreme Court denied a requested stay, indicating that the matter will return to the D.C. Circuit Court of Appeals.
- EPA is hosting an industry meeting seeking comment and discussion on CCR closure challenges and alternatives on July 24, 2025.
- The ultimate disposition of the CCR rule will likely not be resolved before the end of 2025.
- Facility Evaluation Reports are due in February 2026.

## EPA Final Rules

### Future Actions for Reconsiderations

- Two proposals already been published in the Federal Register and more are planned.
- EPA anticipates shorter-than-typical public comment periods (30 or 45-day) following publication
- Upon consideration of comments, EPA will publish the final rule.
- EPA's intent is to finalize as many rules as possible prior to the end of 2025.
- The status of these rules is subject to change at any time, so stay tuned...

Questions