Resolution

ENROLLED SENATE
RESOLUTION NO. 27 By: Branan

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

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

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

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

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

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

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

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

WHEREAS, under the EPA proposal a significant investment will be made in facilities that would be at risk of costs associated with potential future CO_2 regulation. As such, a full analysis of this alternative should consider these costs under a range of potential future CO_2 cost scenarios; and

WHEREAS, modeling by the Boston Pacific Company, on behalf of the Corporation Commission, shows that installing dry scrubbers would cost between 43% to 95% more than the alternative of building a new combined cycle gas plant under all scenarios and cost estimates; and

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

WHEREAS, the 2011 Annual Energy Outlook prepared by the United States Energy Information Administration forecasts that natural gas prices will remain in the four-dollar to six-dollar per million Btu range in real terms for the next 15 years.

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

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

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

THAT the Oklahoma Senate hereby declares its support for a comprehensive review of all possible alternatives to address the regional haze standards, including an increased use of natural-gas-

based generation, to ensure that an informed decision is made based on a comprehensive cost-benefit analysis and a review of the risks to consumers.

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

Adopted by the Senate the 20th day of May, 2011.

Presiding Officer of the Senate

OFFICE OF THE SECRETARY OF STATE

Received by the Secretary of State this 20th **day of** May, **20** 11,

at 5:40 **o'clock** P. **M.**

By: Michelle R Day