



## **Overview of Canadian Electricity Association Comments on EPA Clean Power Plan**

### **A. The U.S. and Canadian segments of the larger North American grid are integrated and interdependent.**

1. Existing physical linkages between the U.S. and Canadian electric power systems are numerous, and are set to continue expanding.
2. Physical linkages between the U.S. and Canadian grids have enabled steady growth in a robust continent-wide electricity marketplace.
3. The elements involved in maintaining the reliable operation of the interconnected North American grid and managing the exchange of electricity across the U.S.-Canada border are extremely complex, requiring the support and participation of numerous entities in both countries.

### **B. In its final rule, EPA should appropriately consider, reflect and leverage the benefits to U.S. consumers associated with existing and expanded integration of the North American grid.**

1. U.S.-Canada electric integration helps reduce U.S. greenhouse gas ("GHG") emissions.
  - i. U.S. emission reductions achieved through the importation of low- and non-emitting generation from Canada are implicitly reflected in the EPA's 2012 emissions data for U.S. states.
2. U.S.-Canada electric integration enhances reliability of supply for U.S. consumers.
3. U.S.-Canada electric integration enhances affordability of supply for U.S. consumers.
4. U.S.-Canada electric integration helps enable development of clean energy in the U.S.
5. Failure to appropriately consider, reflect and leverage the benefits of existing and expanded U.S.-Canada electric integration in the final rule would result in unintended consequences for U.S. entities and would deprive these entities of a valuable, proven option for meeting their carbon-reduction goals.

### **C. In its final rule, the EPA should specifically state that states will have the flexibility to allow affected entities to utilize the importation of low- and non-emitting electric generation from Canada as a CO<sub>2</sub> emission reduction measure (including in their respective state plans, where appropriate).**



1. There is precedent under existing CAA programs for recognition of the emission-reduction benefits of low- and non-emitting electricity from Canada.
2. The importation of low- and non-emitting generation from Canada provides numerous benefits to U.S. states. Furthermore, these benefits are consistent with the criteria which President Obama stipulated must be reflected in the EPA's GHG guidelines.
3. States and affected entities should have the opportunity to take advantage of U.S.-Canada integration and trade, in view of the EPA's assurances that states will be granted maximum flexibility to meet their rate-based goals in a manner that reflects their specific circumstances and energy and environmental policy objectives.
4. The utilization of imported low- and non-emitting generation from Canada as a CO<sub>2</sub> emission reduction measure comports with EPA's assurance that "[s]tates may also identify technologies or strategies that are not explicitly mentioned in any of the four building blocks and may use those technologies or strategies as part of their overall plans."
5. It is already feasible to account for emission effects and to avoid double counting of emission reductions in the U.S.-Canada context. As such, there should be no impediment to applying any solutions to address interstate emission effects which are contemplated and adopted under the final rule to U.S.-Canada transactions as well.
6. Accommodating imports of low- and non-emitting electricity from Canada can be accomplished under a range of policy options and design scenarios.
7. The importation of low- and non-emitting electricity from Canada can be accommodated under a range of state plan approaches proposed by the EPA.
8. A final rule in this proceeding which recognizes and leverages the integrated nature of the North American electricity grid, and promotes the continued two-way flow in cross-border electricity trade, would be consistent with the North American Free Trade Agreement's ("NAFTA") prohibitions on restricting or limiting trade in energy based on the geographic origin of this energy.

**D. EPA must ensure that the final rule will not negatively impact the electric reliability of the North American grid.**