

KANSAS ELECTRIC POWER COOPERATIVE, INC.

NEWSMAKER

A Touchstone Energy® Cooperative 

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No New Coal Plants

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After the defeat of his carbon dioxide (CO₂) cap-and-trade legislation in 2009, President Obama told a room of reporters that there was “more than one way to skin a cat.” And in the new political era of regulation without legislation, the President’s EPA has released standards on carbon dioxide that do just that.

In perhaps its most sweeping regulatory approach to date, the EPA, under Lisa Jackson, recently published in the Federal Register New Source Performance Standards (NSPS) for emissions of CO₂ for new fossil fuel-fired electric utility generating units (EGUs).

The NSPS requires all newly constructed fossil-fueled power plants to meet an emissions standard of 1,000 pounds of CO₂ per megawatt-hour (MWh). The average coal-fired power plant emits 2,000 pounds of CO₂ per MWh and newer, more efficient models, like Iatan 2, emit about 1,800 pounds per MWh. Simple math shows that the future of coal-fired electricity in the U.S. looks bleak, even for the industry’s best facilities.

So, how did we get to where we are today?

The process of developing these standards was set in motion by the US Supreme Court’s 2007 decision in Massachusetts v. Environmental Protection Agency. The suit was brought by seven states, three

cities and a number of organizations seeking to compel the EPA to regulate greenhouse gas emissions. The Court found that in fact the EPA has authority and responsibility to consider regulation of carbon dioxide and other greenhouse gases under the Clean Air Act (CAA). Specifically, EPA is authorized by the Clean Air Act section 111 to develop standards for stationary sources, referred to as New Source Performance Standards.

In 2009, the EPA released an “endangerment finding” on greenhouse gases. Per the finding, carbon dioxide was identified as an air pollutant that endangers both the public health and the public welfare of current and future generations, and that fossil fuel-fired EGUs are responsible for approximately 40 percent of all anthropogenic CO₂ emissions in the United States.

The section of the Clean Air Act (CAA) that details the NSPS directives requires the EPA to create regulations based on the “best system of emission reduction” that “has been adequately demonstrated,” taking into account costs, environmental impacts, and energy requirements.

The technology the EPA points to with this new regulation is called “carbon capture and sequestration” (CCS). CCS involves the capture of carbon dioxide from power plants before it is emitted and then the storage of the captured gas underground. The problem with using CCS as a “best available technology” is that it is not in use anywhere in the U.S., and is only in use in experimental, highly expensive sites in a handful of sites in Europe. It is nowhere near the point of viability, technologically or financially.

In addition, aside from the technological and financial problems involved with CCS, there is also the problem with citing plants in places that can eventually store CO₂ underground. This leads to even

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Iatan 2

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larger permitting headaches. How can you predict permitting requirements for a technology that is not yet in use and thus has not been subject to federal, state, or local permitting requirements? It is not merely a matter of building a new, modern plant and hoping you chose a site that is adequate for CCS.

The result is that barring some miraculous new innovation in the creation of cost-effective carbon sequestration technology, there will not be any more coal-fired plants built in the United States. Technology does not exist today, nor is it anticipated anytime in the near future, that will allow new coal plants to meet the NSPS. The face of new fossil fuel based electricity will be natural gas.

And, as part of a settlement agreement with various environmental groups, the EPA has vowed to set carbon dioxide emission limits on existing and modified coal plants as well. When this occurs, this regulation could be more expensive and industry-changing than any other regulation to date.

Through EPA regulations, the president has essentially enacted the cap-and-trade law that failed in 2009. While the impact of these regulations can be seen in industries across the country, like the agriculture industry and the automotive industry, the largest impact has been in the energy sector.

Yet it seemed as though the president had finally seen the light when, during his State of the Union speech earlier this year, he said, "This country needs an all-out, all-of-the-above strategy that develops every available source of American energy."

Unfortunately, with the publishing of this latest NSPS, the president hasn't stayed true to his words.

During the last three years, the EPA has run unleashed and unchecked and has issued some of the

most costly regulations on power plants in their history. By 2016, the Utility MACT regulation is expected to cost \$9.6 billion annually in direct costs, and some analysts estimate its total indirect costs closer to \$100 billion. The Cross State Air Pollution Rule is expected to cost \$1.4 billion in 2012. And, according to the president's own Commerce Department, the Boiler MACT regulations are expected to affect more than 200,000 boilers and will cost between 40,000 and 60,000 jobs. Remember, when the president was running for office in 2008 he promised that his energy policies would mean "electricity rates would necessarily skyrocket." Guess he wasn't kidding.

Whether the president and environmentalists like it or not, coal currently accounts for almost half of the electricity generated in this

country. Putting limits on coal-fired power plants will only increase electricity costs on American families and businesses still struggling to keep their heads above water in this sluggish economy.

The White House needs to stop saying one thing and doing another when it comes to energy. If the president truly supports the Republican all-of-the-above energy strategy – as he claimed he did – then he needs to follow through. It's time the U.S. starts to take advantage of all of the natural resources this country has and allow utilities to use the resources in a safe, economical, and reliable manner with realistic and achievable environmental compliance standards. By removing coal from its generation mix, the U.S. has simply limited its ability to provide economical energy from a readily abundant resource.

Environmental Upgrade at Sharpe



In February of 2010, the EPA officially made the Reciprocating Internal Combustion Engine National Emission Standards for Hazardous Air Pollutants (RICE NESHAP) ruling. The rule is intended to reduce emissions of toxic air pollutants such as formaldehyde, acetaldehyde, acrolein, methanol and other air toxics

from several categories of previously unregulated stationary engines.

In order to comply with the NESHAP RICE Rule, catalyst was installed on the ten diesel-fired generators at the Sharpe Generating Station. The work was completed by Foley Caterpillar in April of this year.



Is America Ready for the Electric Car?

Much buzz surrounded the 2011 release of electric vehicles by two prominent automakers. The Chevrolet Volt and the Nissan Leaf were hailed as “the future is now” cars that would usher in a new era of energy independence and technological innovation for the United States.

But will electric cars have an effect on the environment? Because you plug them in just like any other appliance — creating more work for power plants — will carbon emissions really be prevented? According to the Electric Power Research Institute, a Palo Alto, CA, based consortium, the short answer is yes. Despite the extra load, various airborne emissions will decline with the onset of electric cars. Each region of the country will see reductions in greenhouse gas emissions

KEPCo Hires Engineer

Chris Davidson has been hired as an Engineer 2 to replace Matthew Ottman who accepted the position of Information Systems Specialist 2 with KEPCo.



Chris Davidson

Chris, from Topeka, attended Kansas State University where he earned a degree in Electrical Engineering. Chris has been married to his wife Carrie for eight years.

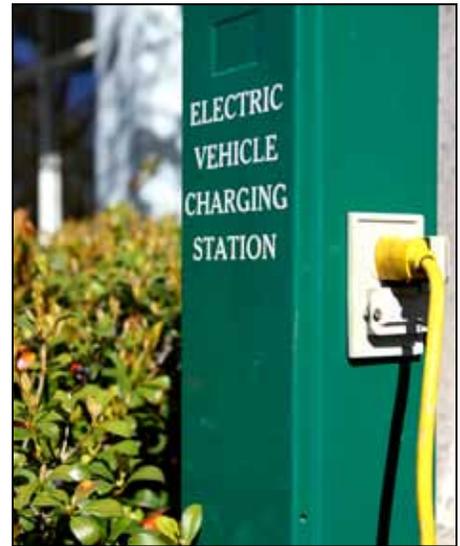
In his spare time Chris plays bass for his church’s worship team, enjoys bike riding and building small electronics, and also does volunteer budget counseling.

over several decades, thanks in part to technologies that decrease carbon dioxide emissions from power plants. In addition, electric cars could actually help electric cooperatives if consumers plug them in at night — that helps the system run more efficiently because power costs and demand are at their lowest.

However, the costs may still be prohibitive for most Americans. The Cooperative Research Network estimates that payback in terms of gasoline savings would take about a decade (depending on your driving habits). And if you want the car to charge up quickly (instead of the usual four to eight hours or so with a regular 110-V outlet), you’ll have to install a higher-voltage outlet at your home. Besides the cost of having the 220-V outlet installed — which one cooperative wholesale power provider estimates to be about \$2,000 — your home’s wiring may need to be updated to accommodate it. The costs add up.

Whether an electric car suits you also depends on your lifestyle, how much you drive, and whether you want your vehicle to have fancy amenities that use more electricity.

Cities across the country are attempting to do their part — electric vehicle charging stations are springing up at various locations here and there. But barriers, including cost, limited driving range on a charge, and easy access to chargers, still inhibit widespread use.



New KEPCo Managers and Trustees

Due to the retirements of general managers Alan Henning, Sedgwick County, and Rod Gerdes, Brown-Atchison, new general managers have taken the reins.

Dave Childers is the new manager at Sedgwick County. David is originally from southeastern Oklahoma and graduated from Southeastern Oklahoma State University with a BS degree in Accounting, Business, and Computers.

Prior to coming to Sedgwick, Dave was the CFO for 16 years at New-Mac Electric Cooperative in Neosho, Missouri. Dave has 20 years of experience in the electric cooperative industry.

Dave is married to Debbie and they have three boys, ages 17, 12, and 6. In his spare time, Dave enjoys hunting, fishing, and watching sports.

Bob Perry is the new manager at Brown-Atchison. Bob is originally from New Town, CT and graduated from Indiana University with a BS degree in Marketing and Distribution Management.

Bob's experience includes three years as general manager at Steuben Rural Electric Cooperative in Bath, NY and 14 years in member services and business development at Central



Dave Childers
Sedgwick County

Indiana Power.

Bob is married to Linda and they have two grown daughters. In his spare time, Bob enjoys amateur radio, kayaking, shooting sports, fishing, motorcycling, and he just started playing golf.



Bob Perry
Brown-Atchison

Riley Walters, Butler, and Bill Hein, Flint Hills, were elected as KEPCo Alternate Trustees for their cooperatives. Riley replaces Richard Pearson and Bill replaces Graeme Glaser. Riley and Bill will be highlighted in a future edition.