



May 9, 2014

The Honorable Gina McCarthy
Administrator
U.S. Environmental Protection Agency
William Jefferson Clinton Building
1200 Pennsylvania Avenue, N.W.
Washington, D.C. 20460

Re: Standards of Performance for Greenhouse Gas Emissions from New Stationary Sources: Electric Utility Generating Units (Docket No. EPA-HQ-OAR-2013-0495)

Dear Administrator McCarthy:

The Natural Gas Supply Association (“NGSA”) appreciates the opportunity to comment on the Environmental Protection Agency’s (“EPA”) Standards of Performance for Greenhouse Gas Emissions from New Stationary Sources: Electric Utility Generating Units. In the proposal, EPA appropriately recognizes natural gas combined cycle units as the best system of emission reduction for new natural gas power plants. Natural gas combined cycle technology is uniquely positioned to provide cost-effective generation along with measurable and significant emission reductions.

Established in 1965, NGSA represents integrated and independent companies that produce and market approximately 30 percent of the natural gas consumed in the United States. NGSA encourages the use of natural gas within a balanced national energy policy and promotes the benefits of competitive markets to ensure reliable and efficient transportation and delivery of natural gas and to increase the supply of natural gas to U.S. customers.

Over the last decade, advances in drilling technology have dramatically increased the production of natural gas in the United States. The increase in production has been bolstered by an efficient and liquid natural gas market facilitating the greater use of natural gas throughout the economy. Supply growth has benefited many sectors of the economy, but perhaps none more significantly than the power industry, which has experienced a market-driven shift toward natural gas. Since 2006, affordable and

stable supplies of natural gas have increased natural gas-fired generation from 20 percent of U.S. generation to an all-time high of 30 percent in 2012.¹

The growing use of natural gas and natural gas combined cycle technology in the power sector is already lowering domestic emissions. Natural gas is the cleanest-burning fossil fuel, emitting 30 percent to 50 percent less carbon dioxide when combusted than other fossil fuels. The Energy Information Administration reported that U.S. energy-related carbon dioxide emissions declined 10 percent from 2005 through 2013, due in part to the increased use of natural gas generation.² These reductions have helped make substantial progress toward President Obama's goal of reducing U.S. greenhouse gas emissions by 17 percent of 2005 levels by 2020. Importantly, the reductions demonstrate the ability of the industry and competitive markets to deliver emission reductions without regulations.

Looking to the future, market dynamics support a continued trend toward natural gas in the power sector. The Energy Information Administration's *Annual Energy Outlook 2014* forecasts natural gas as the leading fuel used for electricity generation by 2040, when it is projected to account for 35 percent of U.S. generation.³ Over this same period, the power sector is expected to account for the largest growth in natural gas demand, increasing from 9.2 trillion cubic feet per year to a projected 11.2 trillion cubic feet per year.⁴ The continued growth in natural gas generation stands to build on the economic and environmental benefits already delivered through market dynamics and combined cycle technology.

EPA's proposed rule appropriately determines that natural gas combined cycle units are the best system of emission reduction for new natural gas plants. Natural gas combined cycle units provide some of the most economical power in today's electricity markets. As noted in a study by Leidos, a 400-megawatt natural gas combined cycle unit has the lowest capital costs relative to other forms of generation and offers consumers the most cost-effective generation per thousand households served and thousand megawatt hours generated.⁵

Importantly, cost-effective natural gas combined cycle units are also commercially viable and adequately demonstrated. When determining the standard of performance for new natural gas generators, EPA cited the study of over 300 natural

¹ *Short Term Energy Outlook February 2014*, EIA (<http://www.eia.gov/forecasts/steo/images/fig25.png>)

² *U.S. Energy-Related CO2 Emissions in 2013 Expected to be 2% Higher Than 2012*, EIA (<http://www.eia.gov/todayinenergy/detail.cfm?id=14571>)

³ *Annual Energy Outlook 2014*, Table 8 Electricity Supply, Disposition, Prices & Emissions-Total Electricity Generation by Fuel, EIA (<http://www.eia.gov/forecasts/AEO/data.cfm?filter=emissions#emissions>)

⁴ *Annual Energy Outlook 2014*, Table 13 Natural Gas Supply, Disposition & Prices-Consumption by Sector, EIA (http://www.eia.gov/forecasts/AEO/data.cfm?filter=natural_gas#natural_gas)

⁵ *Comparison of Fuels Used for Electric Generation in the U.S., 2014 Update*, Leidos (<http://www.ngsa.org/download/Leidos%20Update%202014%20economic%20fin.pdf>)

gas combined cycle units already in use throughout the United States, demonstrating that the technology is widely available. It is critical to competitive electricity markets that technologies selected as the best system of emission reduction are adequately demonstrated in commercial settings.

EPA also determined in the proposal that carbon capture and sequestration is not the best system of emission reduction for new natural gas power plants due to insufficient information on its technical feasibility and the adverse impact it would have on electricity markets. This determination is correct. As recognized by EPA, natural gas combined cycle units are considered to be a low-emitting technology. Natural gas combined cycle generation has helped achieve demonstrable domestic emission reductions over the last several years and market dynamics supporting natural gas combined cycle deployment stand to further build on that progress.

Effective policy should recognize the economic and environmental benefits delivered by natural gas combined cycle units, which provide market-driven and cost-effective generation in addition to measurable emission reductions. For these reasons, natural gas combined cycle generation is an appropriate best system of emission reduction for new natural gas power plants.

NGSA thanks EPA for the opportunity to comment on this proposal. Please feel free to contact NGSA with further questions or comments.

Sincerely,

/s/ Ryan Barry

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