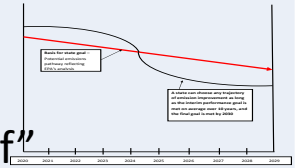
August 20, 2015

Outreach Shaped the Clean Power Plan

- More than two years of unprecedented outreach and public engagement
- Responds to the critical changes that stakeholders and states asked the agency to make and incorporates many of their good ideas
  - More than 4 million public comments submitted to the EPA and
  - Hundreds of meetings with stakeholders
- Public engagement was essential throughout the development of the Clean Power Plan, and that outreach will continue during the implementation

Changes from Proposal to Final Respond Directly to Comments

ITEM	PROPOSAL	FINAL
Compliance timeframe	2020	2022
Building Blocks	Four Building Blocks	Three Building Blocks (see next row) ; used grid interconnects as a basis for assessing the Building Blocks
Demand-Side Energy Efficiency	Included as a Building Block	No longer a Building Block – though EPA anticipates that, due to its low costs and large potential in every state, demand-side energy efficiency will be a significant component of state compliance plans under the CPP
Timing of reductions	S-curve. Commenters disliked the "cliff" 	Steps down glide path more gradually: 2022-2024 2025-2027 2028-2029
Goal Setting	Formula included energy efficiency (EE), new nuclear, and existing renewable energy (RE) sources in the Best System of Emission Reduction (BSER)	BSER: Apply three building blocks to set two uniform CO_2 emissions rates: generally, 1. Fossil and 2. natural gas. EE, nuclear and existing RE not included in goal setting
Geographic focus	State/tribe/territory	Contiguous U.S.

Changes from Proposal to Final Respond Directly to Comments

ITEM	PROPOSAL	FINAL
Deadline for final state plan	June 2016 with opportunity for one or two year extension	September 2018: after initial submittal by September 2016
State plans options	Two Types: Direct emission limits and portfolio approach	Two types: emissions standards and state measures
Interstate trading mechanisms	Up-front agreements	Up-front agreements not required Trading-ready option
Clean Energy Incentive Program	Requested comment on early action	Optional state-federal matching incentive program in 2020/2021 for EE in low-income areas, and wind and solar RE
Reliability features	Time and flexibility sufficient to allow for planning	Plans must consider reliability; states can amend plans in the event of reliability challenges; safety valve

More State Options, Lower Costs

- This chart shows some of the compliance pathways available to states under the final Clean Power Plan. Ultimately, it is up to the states to choose how they will meet the requirements of the rule
- EPA's illustrative analysis shows that nationwide, in 2030, a **mass-based approach is less-expensive** than a rate-based approach ($5.1 billion versus $8.4 billion)

- Under a mass-based plan, states that anticipate continuing or expanding investments in energy efficiency have unlimited flexibility to leverage those investments to meet their CPP targets. EE programs and projects do not need to be approved as part of a mass-based state plan, and EM&V will not be required
- For states currently implementing mass-based trading programs, the "state measures" approach offers a ready path forward
- Demand-side energy efficiency is an important, proven strategy that states are already widely using and that can substantially and cost-effectively lower CO2 emissions from the power sector