

The Affordable Reliable Energy Now Act (ARENA Act)

Background:

In June 2013, President Obama announced his Climate Action Plan, which included an Executive Order directing the Environmental Protection Agency (EPA) to set standards of emission reductions for new and existing power plants. In these proposed standards, EPA interprets a rarely invoked provision of the Clean Air Act, section 111(d), to allow the agency to set mandatory CO₂ goals for each state's electricity system.

Through the rule, EPA seeks to fundamentally change how electricity is generated, distributed, and consumed in the United States. Under EPA's unprecedented proposal, states would be required to submit complex state plans to EPA in 2016, and to begin to meet interim goals in 2020 and a final goal in 2030.

The Senate Environment and Public Works committee has held four hearings on the Clean Power Plan. Through the hearing process, the committee has heard concerns, ranging from legality and feasibility of the proposal, implementation obstacles, the significant higher electricity costs and the impacts to electric reliability. These are the many reasons 32 states oppose the Clean Power Plan and 12 states have challenged EPA in court. Despite these broad reaching criticisms, EPA plans to finalize the rule this summer.

Key provisions:

1. **Prevents mandates for unproven technology:** For an agency to set a technology-based standard for new power plants, this bill would require that the standard must first be achieved for at least 12-months at 6 separate power facilities throughout the country. The bill also prevents EPA from using any demonstration projects – projects that are reliant on federal support – from being used to set the standard.
2. **Extends compliance dates:** The bill would extend the rule's compliance dates pending final judicial review, including the dates for submission of state plans.
3. **Creates state opt-out to protect ratepayers and electricity reliability:** States not required to implement a state or federal plan that the state's governor determines would negatively impact economic growth, negatively impact the reliability of the electricity system, or negatively impact electricity ratepayers.
4. **Prevents highway fund sanctions:** The bill would prevent EPA from withholding highway funds from any states for noncompliance with the Clean Power Plan.