

PULSE ON THE POWER MARKET //

Clueless in 2025?:

Building New Generation in Environmental Chaos



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2025 GENERATION SYMPOSIUM

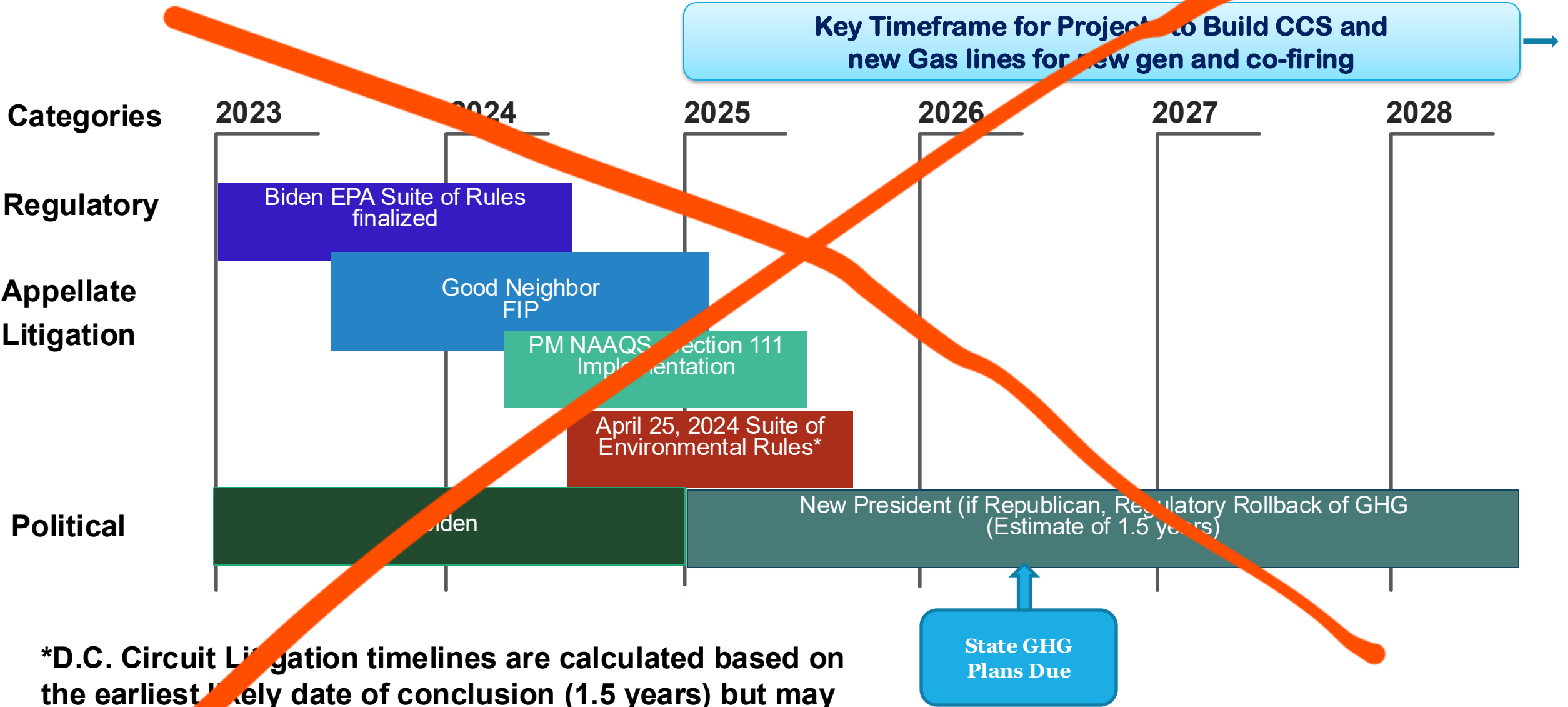
Clueless in 2025?: Building New Generation in Environmental Chaos

Burns & McDonnell Generation Symposium
October 22, 2025

Liz Williamson
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Washington, D.C.



Where we left you in 2024 ...



*D.C. Circuit Litigation timelines are calculated based on the earliest likely date of conclusion (1.5 years) but may take longer; Average time frames of all depicted

Trump.



Beautiful Clean Coal Day - April 8, 2025



📅 April 9, 2025 📁 Coop News 📧 wharris@kentuckyliving.com

EKPC's Tony Campbell leads energy reliability with Trump

President Donald Trump **signed a series of executive orders on Tuesday** aimed at boosting grid security, electric reliability and affordability principally by the U.S. adopting more realistic regulations on coal plants.



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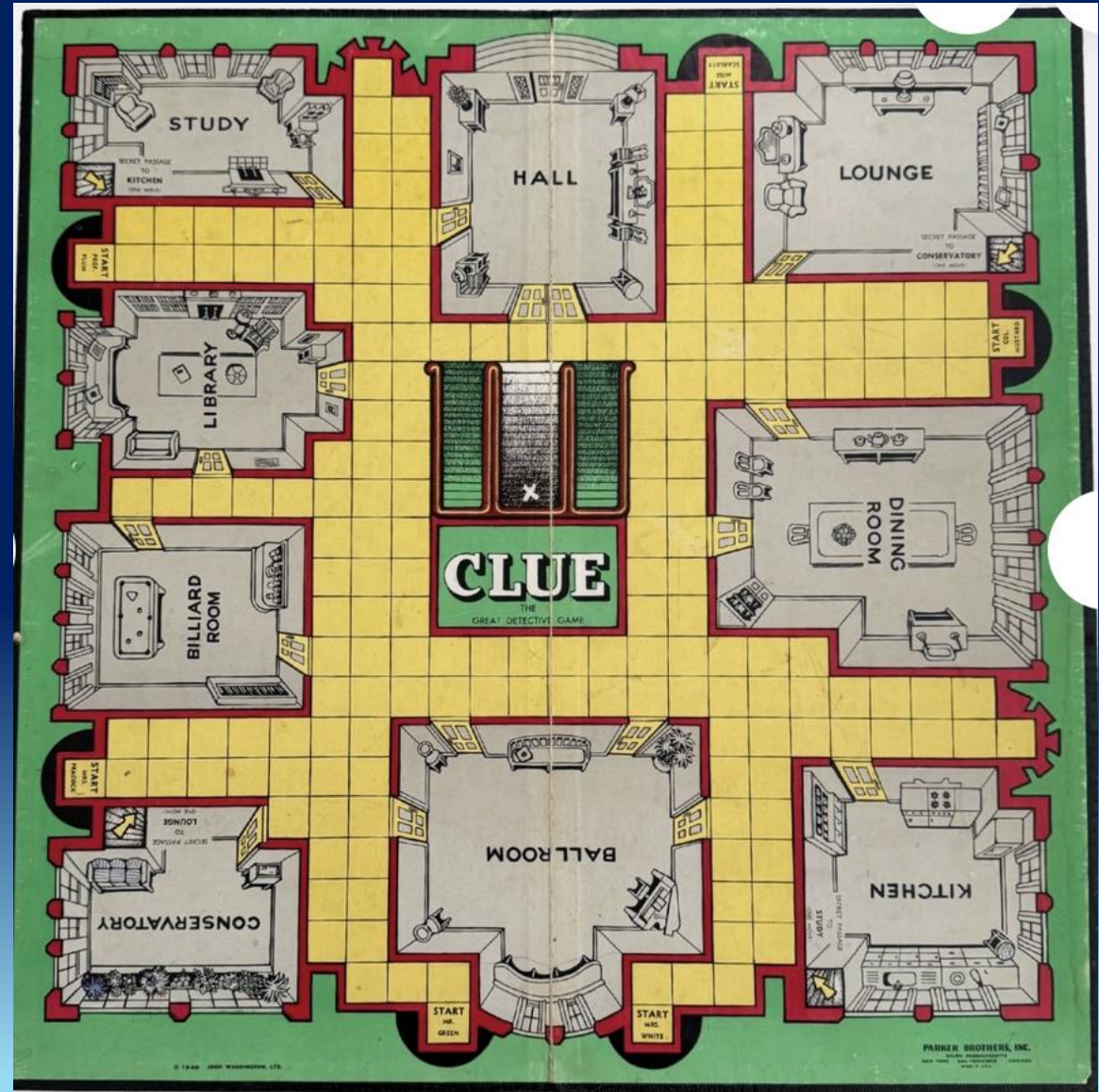
It's 2025! We don't have a ...



So, let's play to decide...

The winner
guesses "Who
Done it"

& picks the most
durable combo to
meet demand!



In 2025, what **durable** combos to consider to meet demand?

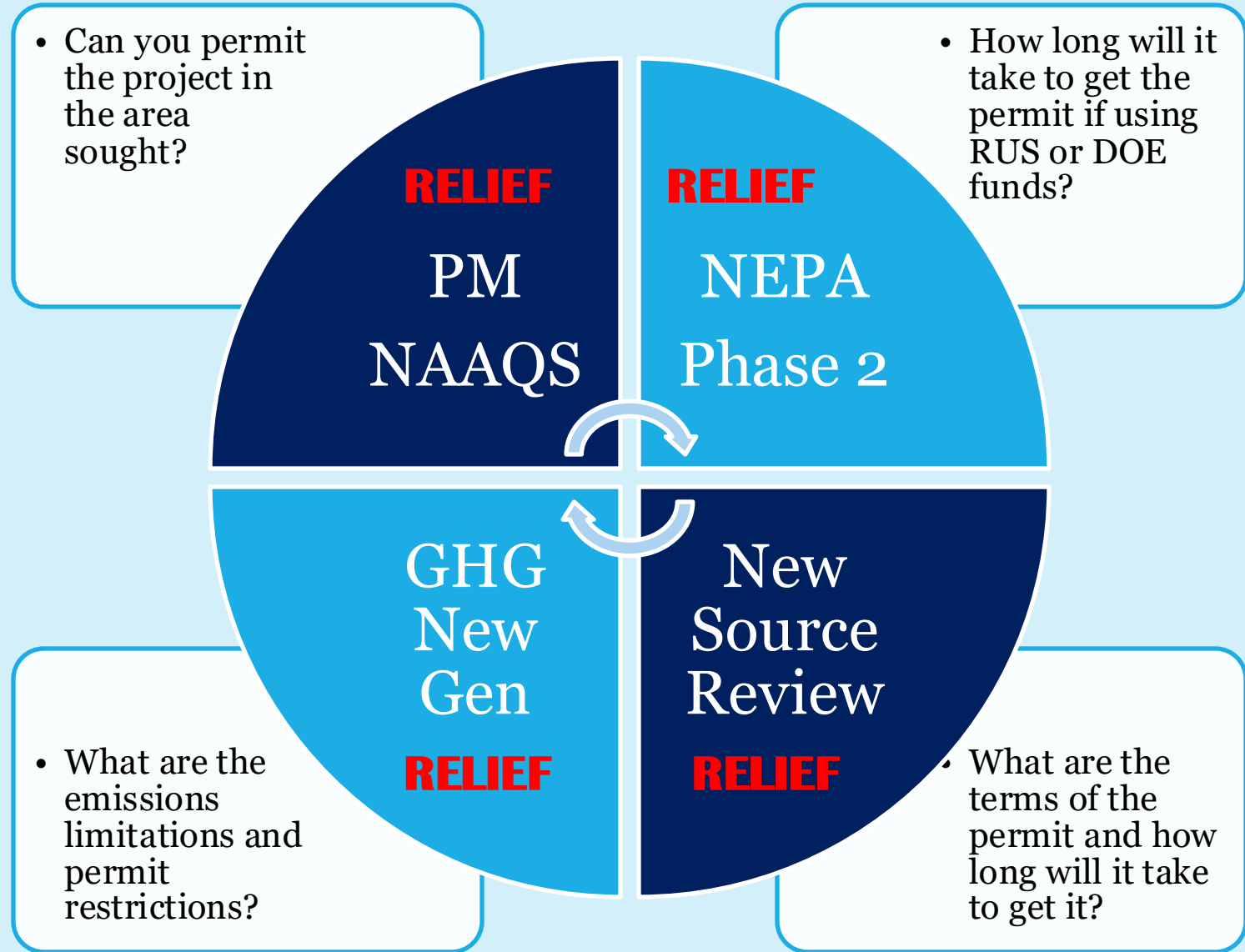
- New generation already in progress!
[Awesome]
- If not, can I use existing generation assets with the changing landscape in 2025 or in 2028? [Regulatory non-starters for this strategy?]
- Can I squeeze more MWs out of existing units with projects like dual fire (fuel oil) or increasing the capacity of CTs (e.g., swapping out rotor to get more MWs)



New Gas Generation 2025 Outlook

Now the challenge is related to project duration due to competing resources.

Gap-fill with existing generation resources?





Rules of Engagement Agenda – Strategy

- 2025 environmental regulatory update
 - What's getting repealed?
 - What are the rulemaking timelines?
- Litigation outlook and timeline
- What could be unraveled in 2029?
 - What is durable and what is not
- What's my strategy for the “win?”

Greenhouse Gas
Section 111

MATS RTR
(Coal Units)

NSPS KKKKa
(CTs)

Good Neighbor
Rule

PM NAAQS

New Source
Review Permitting

Regional Haze



The Players in 2025

*Melania in the Dining Room
With the candlestick*

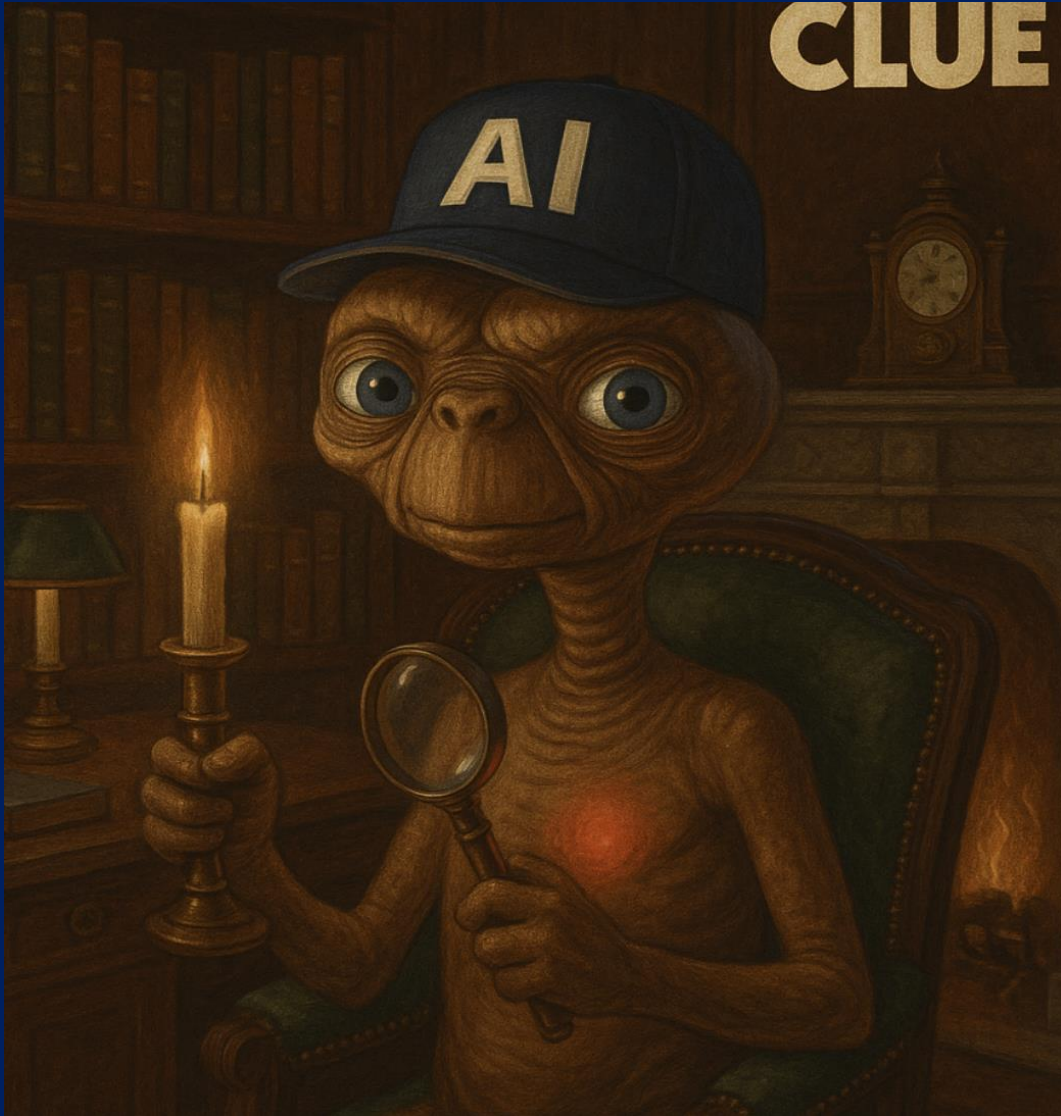
- Regulatory Repeals
 - GHG Repeal
 - MATS Repeal
- Ongoing Reconsiderations
 - PM NAAQS
 - Good Neighbor Rule
 - CCR
 - ELG



The Players in 2025

*Elon in the Conservatory
With the red tape*

- DOGE
- Is anyone at EPA still?
- No EPA research?
- Where's NEPA?



CLUE

The Players in 2025

AI in the Study

With the candlestick, generating demand

- The true megawatt monster from out of space



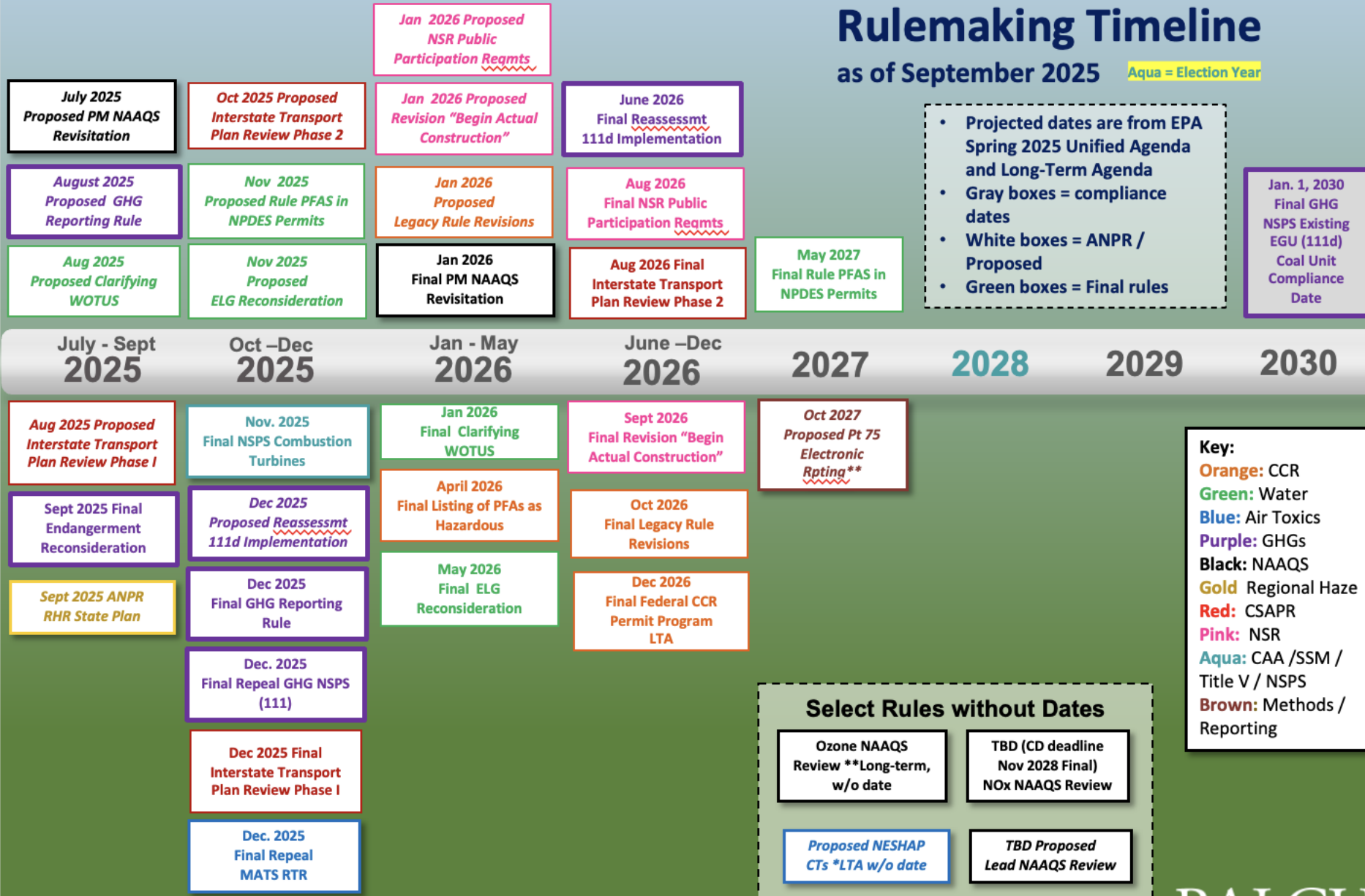
The Players in 2025

*Vladie in the Billiard Room
With the revolver and the killer
kittens*

- Because every game has a villain creating havoc

EGU High Level Regulatory Rulemaking Timeline

as of September 2025 Aqua = Election Year



EPA's Most Recent Unified Agenda Spring 2025

**Released in September 2025*

Observations:

- Front loaded (2025-2026)
- Big ticket agenda items are first out of the gate (Power Plant Air)
- They will be the first to be challenged

Repeal of Power Sector GHG Rule

➤ Biden 2024 Rule (Presently on the books)

- Affects: New generation combustion turbines and existing coal, gas, oil steam units
- State plans for existing units due: May 2026

➤ Proposed GHG Repeal Rule

- Proposed Rule published June 17, 2025
- Comments were due August 7, 2025
- EPA promises a final rule by the end of 2025

What does the Proposed Rule say?

Primary Proposal

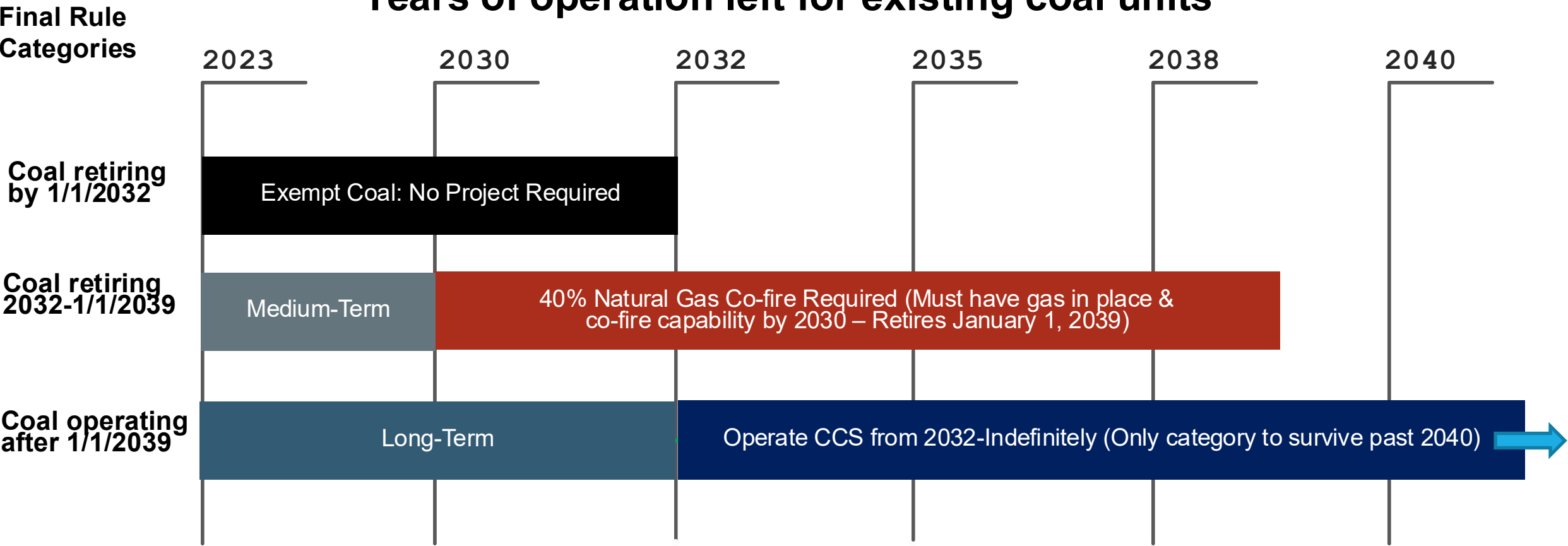
- Repeal all GHG regulations, including new CTs, existing coal, gas, oil steam units
- Includes 2024 Carbon Pollution Standards (CPS) *and* the 2015 NSPS rule that applies to existing CTs

Alternate Proposal

- Repeal existing coal, gas, oil steam units (UUUUb)
- Repeal CCS standards for new CTs and existing units (Phase II)
- Keep Phase I standards for new CTs
- Keep Subpart 2015 NSPS Rule (TTTT)

Final Greenhouse Gas Rule: Existing Coal Shutdown Cafeteria Plan

Years of operation left for existing coal units



***Exempt coal” optics of the category changed

**No more 20% capacity factor coal do-nothing option

***Final Rule took a year from the Natural Gas Category (January 1, 2039-December 31, 2039)

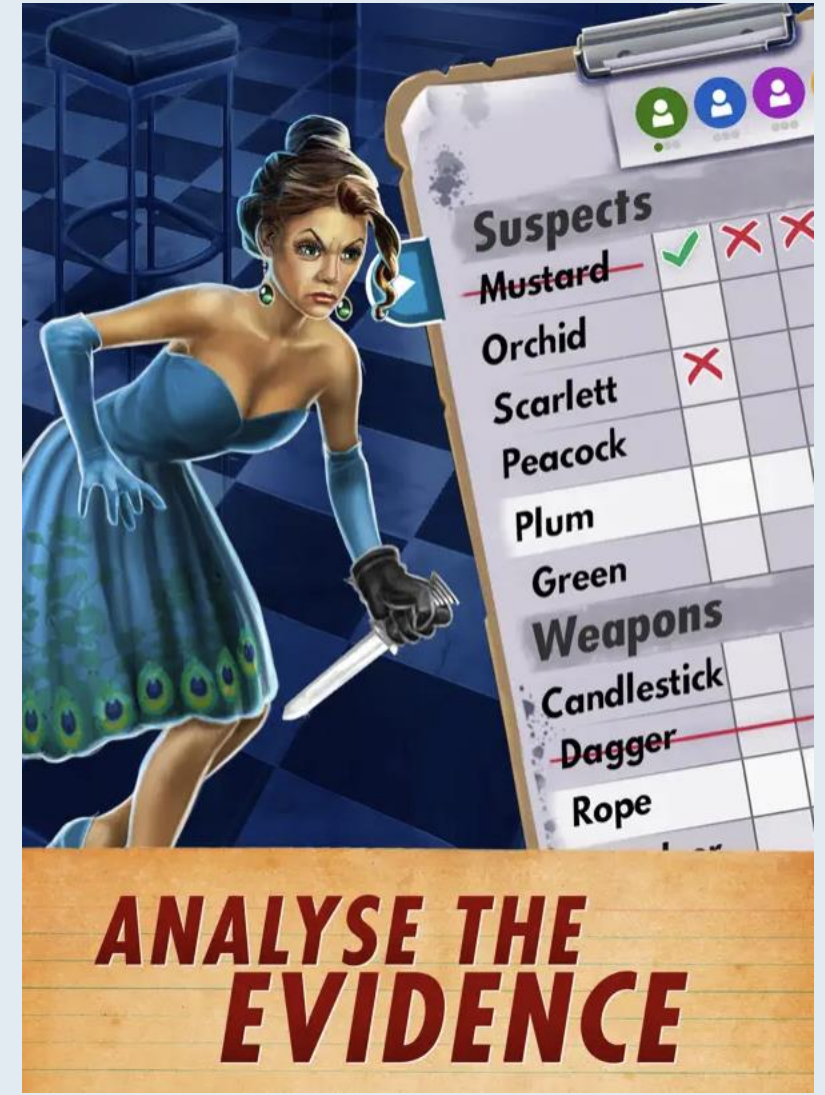
****CCS installation moved from 2030 to 2032

Repeal of Power Sector GHG Rule: Impacts

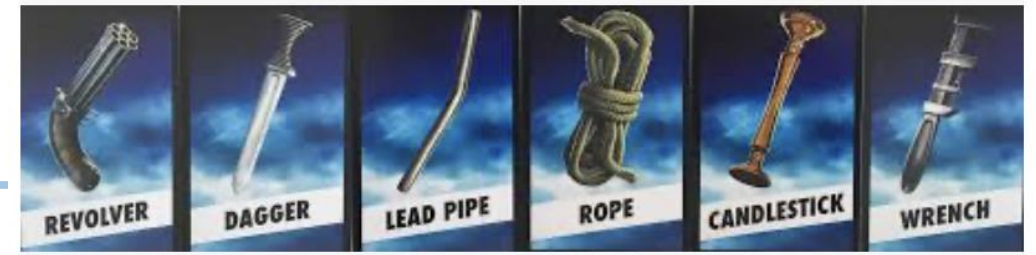
Impact on the Power Sector

- If repealed, then **coal** does not have to go away (Changes resource options past 2030)
- If repealed, then **new baseload generation** does not have to install CCS or operate at 40% capacity factor

= Result is an “all of the above” strategy works ... or at least for the moment



The Endangerment Finding



Proposed Rule to rescind the Endangerment Finding

- Published on August 1, 2025; Comment period open until September 22, 2025
- For mobile sources
- Does not apply to stationary sources; EPA plainly states that it has initiated or intends to initiate a separate rulemaking to address “any overlapping issues.”
- Proposed Rule to rescind the Endangerment Finding
- The primary justification argues that CAA § 202(a) does not allow EPA to issue:
 - (1) GHG emission standards based on global climate change or
 - (2) A freestanding Endangerment Finding.
- In the alternative, EPA proposed to rescind the Endangerment Finding based on *“insufficient reliable information to retain the conclusion that GHG emissions from new motor vehicles and engines in the United States case or contribute to endangerment to public health and welfare in the form of global climate change.”*

Repeal of MATS Risk & Technology Review

➤ Biden 2024 Rule (Presently on the books)

- Affects: Existing coal units
- Compliance date of July 2027
- Impacts:
 - Lower fPM emission limit
 - Lower Hg limit for lignite
 - Use CEMS only

➤ Proposed Repeal Rule published June 17, 2025

- Comments were due August 11, 2025
- EPA promises a final rule by the end of 2025

What does the Proposed Rule say?

- Repeal all fPM limit
- Repeal CEMS-only requirement
- Repeal Hg limit for lignite

Presidential Exemptions (In Litigation)

- Proclamation, *Regulatory Relief for Certain Stationary Sources to Promote American Energy*
- Exempts units (EGUs) from 2024 MATS requirements
- The exemption is for 2 years beyond the 2024 Rule's compliance date (July 8, 2027 through July 8, 2029).

NSPS KKKKa (Combustion Turbines)

- **Biden 2024 Rule (Proposed Rule presently effective for new projects)**
- **Status**
 - Proposed Rule
 - Final Rule (Nov 2025)
 - CD Deadline: Signature 11-12-25
- **Applicability**
 - New projects are subject upon promulgation of the Proposed Rule (now)
- **Practical Implications**
 - Companies must decide whether to invest in SCR now
 - Final rule will dictate project costs and generation strategy

What does the Proposed Rule say?

NOx limits are based on SCR for:

- **Small** (less than or equal to 250 *mmBtu/h*); baseload (more than 40% capacity factor)
- **Medium** (greater than 250 *mmBtu/h* and less than or equal to 850 *mmBtu/h*) intermediate / baseload CTs (more than 20% capacity factor)
- **Large** (greater than 850 *mmBtu/h*), intermediate / baseload CTs (more than 20% capacity factor)

NSPS KKKKa (Combustion Turbines)

Small CTs (<u>less than or equal to 250 mmBtu/h</u>) By Capacity Factor	New / Reconstructed Unit BSER	Modified Unit BSER**
Baseload: Greater than 40%	Combustion Controls + SCR	Combustion Controls
Medium CTs (<u>greater than 250 mmBtu/h and less than or equal to 850 mmBtu/h</u>) By Capacity Factor	New / Reconstructed Unit BSER	Modified Unit BSER**
Intermediate: Greater than 20% and less than or equal to 40%	Combustion Controls + SCR	Combustion Controls
Baseload: Greater than 40%	Combustion Controls + SCR	Combustion Controls
Large CTs (<u>greater than 850 mmBtu/h</u>) By Capacity Factor*	New / Reconstructed Unit BSER	Modified Unit BSER
Low: Less than or equal to 20%	Combustion Controls	Combustion Controls
Intermediate: Greater than 20% and less than or equal to 40%	Combustion Controls + SCR	Combustion Controls + SCR
Baseload: Greater than 40%	Combustion Controls + SCR	Combustion Controls + SCR

**Do I have to install an SCR?
[according to the Proposed Rule]**

**Final Rule may change the
requirements! Stay tuned.**

Possibilities

- Proposed Rule finalizes Biden EPA approach
- Proposed Rule backs away from SCR-based limits and issues identified by industry regarding unreasonably stringent limits based on combustion controls *and* SCR
- Must stay in “logical outgrowth” from Proposed Rule as a boundary

Good Neighbor Rule

- **Biden EPA 2024 Rule (Presently on the books) Stayed!**
- **Trump EPA GN Rule Plans**
Ozone Transport SIPs:
 - Phase 1
 - Proposed Rule, Aug. 2025; Final Rule, Dec. 2025
 - Phase 2
 - Proposed Rule, Oct. 2025; Final Rule, Aug. 2026
- **Possibilities**
 - EPA could develop new approach that would lead to more SIP approvals

History

- EPA “disapproved” ozone transport State Implementation Plans (SIPs) on February 13, 2023
 - Judicial challenges in many appellate circuits across the country
 - 12 States have Stays of the EPA Disapproval, which has stayed implementation of the FIP
- Supreme Court ruled in *Ohio v. EPA* to stay the case and EPA administratively put a nationwide stay in place

Why it was a Big Deal? Good Neighbor was a driver until it was stayed: Would have reduced NOx in summer season

- For EGUs, CSAPR NOx allowance program
 - **2026-2027** Steep Drop in Allocations
 - Allowance Bank recalibration beginning in 2024
 - Likely further ratcheting of allowances in **2030 and beyond**
- A driver for retirement decisions for coal units (2027ish)

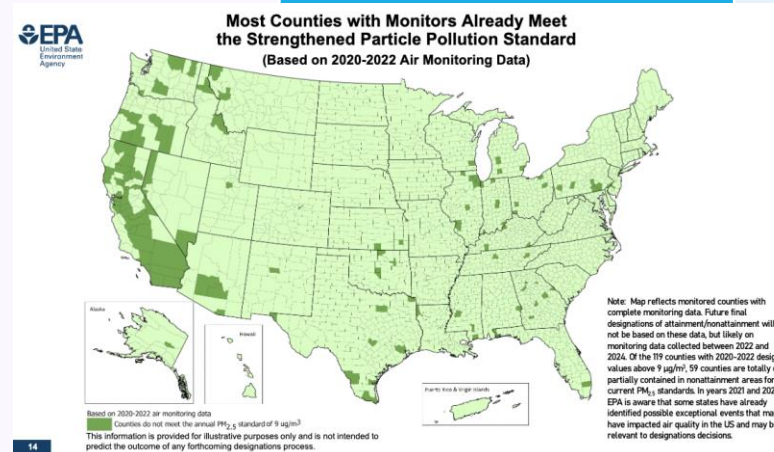
PM NAAQS

- **Biden 2024 Rule (Presently on the books)**
 - Affects: Modeling for new generation projects or modifications to existing generating units
- **Revisitation of the 2024 Reconsideration of the PM NAAQS**
 - Proposed Rule, July 2025
 - Final Rule, January 2026
- **2024 Litigation on 2024 Rule**
 - In abeyance
 - Not stayed

Potential Outcomes

- Trump EPA raises the Annual PM 2.5 Limit
- Will help tremendously with modeling and attainment
- Will be challenged in Court if EPA raises the limit

PM NAAQS	Current Standard	Final Change
PM 2.5 Primary Annual (Annual mean, averaged over 3 years)	12.0 ug/m3	Proposed 9.0-10.0 ug/m3 Final: EPA went with 9.0 ug/m3
PM 2.5 Primary 24-hour (98th percentile, averaged over 3 years)	35 ug/m3	Proposed to Retain Final: EPA retained



Source: EPA PM NAAQS Webpage

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Regional Haze

- **Biden EPA rejected many SIPs and used as a lever to attempt to force power plant controls, such as SCR, Scrubber**
- **Trump EPA on Individual SIPs**
 - New URP Presumption Policy (WV) **Already being challenged in court
 - Approving most plans and undoing denials (2025)
- **Visibility Protection: Regional Haze State Plan Requirements Rule Revision (at OMB)**
 - “EPA proposes to restructure the Regional Haze Program rule (40 CFR Part 51 Subpart P). This rulemaking is expected to focus on future regional haze planning obligations for states. The rule restructuring effort will ensure that it fulfills Congressional intent, is based on current scientific and technical information, and reflects recent improvements in air quality.”

Why It was a Big Deal? A more state-centered approach to RHR will result in cooperative federalism and will probably lessen the likelihood that the rule will be a means to force unjustified controls when considering the regional haze progress being made.



- A draft consent decree date is finalized between EPA and environmental groups that sets dates for EPA to act on the submissions

New Source Review Reforms

➤ **Reactivation**

- Affects: Mothballed plants

➤ **Commence Construction**

- Affects: All new builds and major modifications
- New Guidance -- limited help
- Rulemaking forthcoming to allow more flexibility to speed project time frames Reinstating the Enforcement “No Second Guessing” Policy

➤ **Public participation rules**

➤ **Rule to prevent PSD challenges in Title V renewals**

NSR Policy	Implications	Grade
Reactivation	Limited to specific circumstances	B-
Construction	All plants; Cut project time frames, build faster	A+
Enforcement	Certainty if you perform NSR calculations	A
Public Participation	Could limit participation but unsure until rule is released	B+
No PSD In Title V renewals	Durability! Certainty!	A+

Rule Challenge Litigation

2024 D.C. Circuit Litigation *Abeyance

- ❖ Good Neighbor (2023)* *Only case stayed* (SCt); *D.C. Cir denied*
- ❖ Section 111 Implementation Rule (2024)
- ❖ PM NAAQS (2024)
- ❖ GHG Section 111 Power Sector (2024)
- ❖ Mercury & Air Toxics (2024)
- ❖ CCR Legacy (2024)



Future Litigation – 2025 Reconsiderations

- ❖ GHG Final Rule (Quarter 1 2026)
- ❖ MATS Final Rule (Quarter 1 2026)
- ❖ PM NAAQS (Quarter 1 2026)
- ❖ CCR Legacy (Quarter 4 2026)

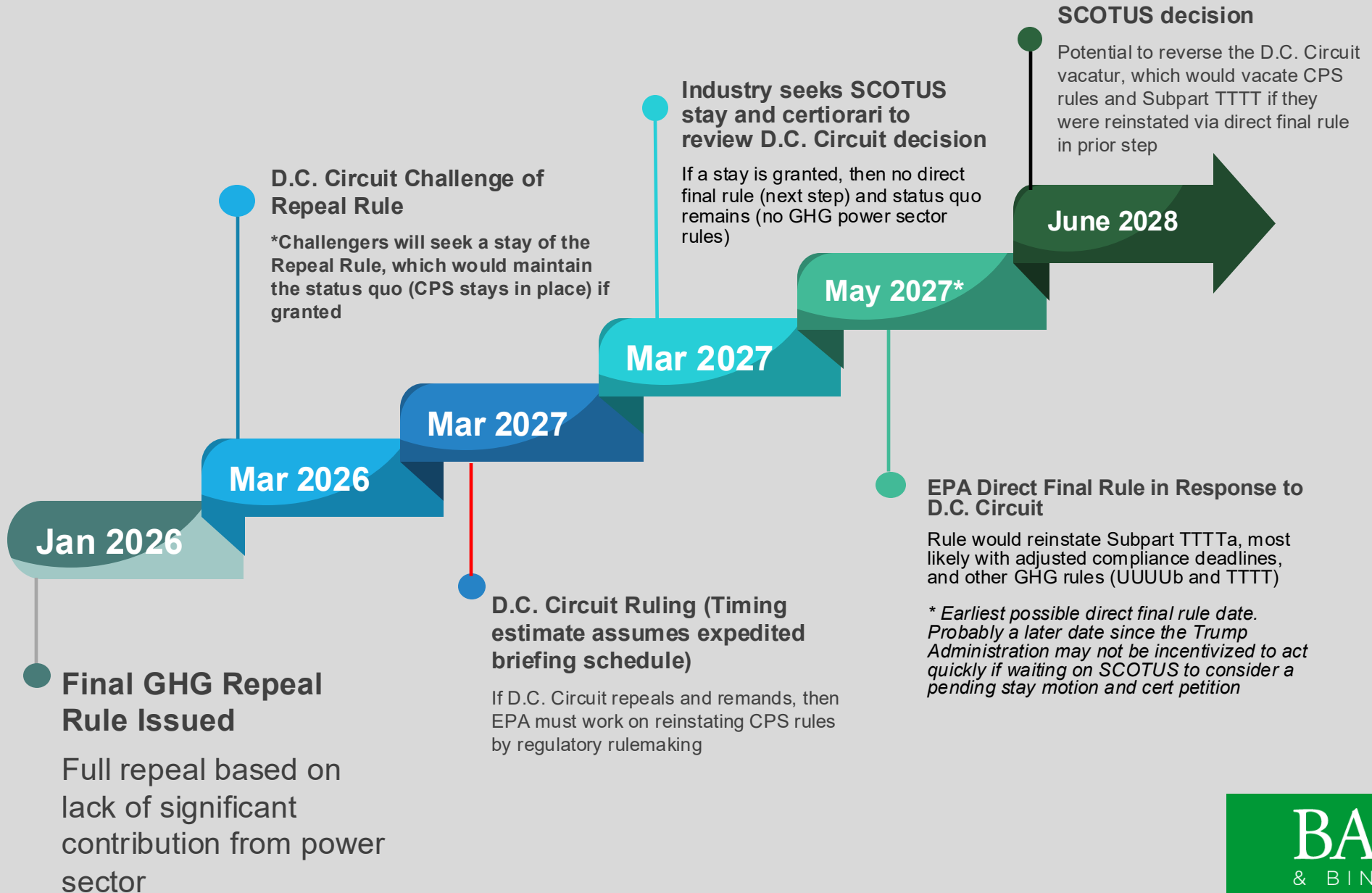
Eventually Our Fate on the Big Picture Issues



Possibilities

- Endangerment
- Section 111 Power Sector Rule
- Legacy CCR

Example GHG Repeal Litigation Pathway



Key Uncertainty Touch Points

What's Certain in 2025-2026

- ✓ Pro-Energy President until 2028
- ✓ Any regulatory revisions will be challenged upon final rule (so not 100% reliable)
- ✓ More demand

What's Likely in 2026?

- ✓ GHG Power Sector Rule; MATS relief; PM NAAQS relief

But, importantly, litigation could change everything.

If a generation build has not begun, Generation Gap-filling Options, based on these facts:

- ✓ Coal units survive until 2028 (and for the time period a new President would take to make new rules, estimate of 1.5 years, or 2030 at earliest, and the glidepath it would contain)
- ✓ No CCS requirements

Strategy Points

What is truly durable? [My thoughts]

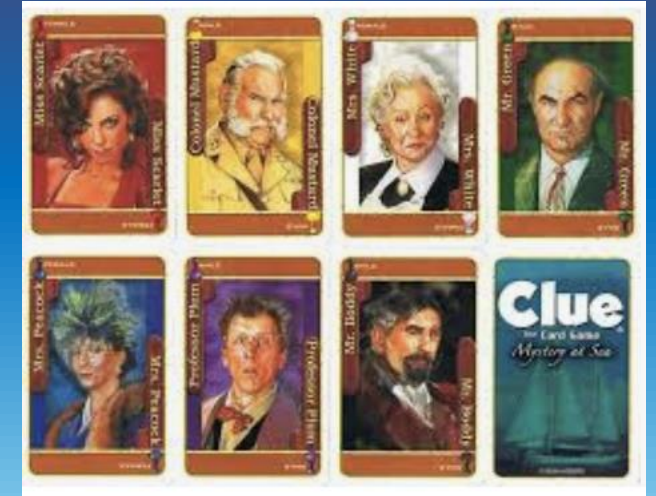


WHODUNNIT?

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Parting Strategy Points

1. Regulatory relief will be challenged in the courts.
Stay tight with the courts -- Track litigation
2. New generation projects will have relief for now
(construction quicker, modeling relief (PM 2.5))
3. ENGOs are fighting ongoing new gen projects (so ...
Be smart with your communications, strategy, use privilege)
4. If you are not building now, there are benefits to
committing to 2032 2nd Wave of new gen to have the
potential to avail reforms
5. Presently: This Administration wants to ensure all of
the above “gap-fill” options available from 2025-
2030 for coal and non-CCS friendly geography



Thank you!!

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**Stay calm
Enjoy the ride.**



Morocco, July 2025

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Q & A

