

# [***Exelon: EPA's Carbon Rule for Existing Power Plants Can Be Implemented Reliably and on Time Using Existing Market Mechanisms; Company supports voluntary option for compliance that would reduce emissions, promote reliability and encourage investment in clean energy***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5FBH-P7W1-JBG1-84RS-00000-00&context=1516831)

Business Wire

February 19, 2015 Thursday 7:30 PM GMT

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**Distribution:** Business Editors; Energy Editors

**Length:** 717 words

**Dateline:** WASHINGTON

**Body**

The electric industry can achieve the U.S. Environmental Protection Agency's goal to reduce carbon ***emissions*** from existing power plants on schedule and at a minimal cost to consumers without harming grid reliability or compromising the efficiency of existing energy markets, Exelon said today.

Testifying before the Federal Energy Regulatory Commission (FERC) at a technical conference to discuss EPA's proposed Clean Power Plan, also known as Section 111(d) of the Clean Air Act, Kathleen Barrón, Exelon's senior vice president of federal regulatory affairs and wholesale market policy, said that well-designed carbon reduction rules can be a driving force to modernize our aging electric system, maximize the use of clean energy and support economic growth.

Barrón said EPA's Clean Power Plan does not require making a choice between greenhouse gas regulation and affordable, reliable energy. Rather, she said our nation can rely on existing market structures to incentivize investment in clean energy sources.

Exelon supports the call of a number of organizations - including the Edison Electric Institute, system operators, power generators, environmental groups, academics and industry trade groups -- for EPA to give states a way to comply with the Clean Power Plan by imposing a cost on carbon ***emissions***. Barrón called on FERC to help facilitate this compliance option.

The proposal, referred to in Exelon's testimony as the "Reliability Dispatch Safe Harbor," builds on existing, proven market mechanisms, in which grid operators dispatch power plants in order of their cost to operate. Under the Reliability Dispatch plan, EPA would determine a single, nationwide adder for carbon ***emissions*** that would result in ***emission*** reductions commensurate with the Clean Power Plan's overall goals. Carbon-emitting power generators in states that opt into the plan would include the carbon fee as a variable cost of operating and the state would be deemed in compliance with EPA's interim target. The additional carbon value would reflect the true cost of operating high-emitting plants, resulting in more clean energy sources being dispatched to the grid based on their lower true cost. High-emitting plants would still be called on when needed in order to meet demand, ensuring that reliability is not compromised, Barrón said.

Reliability Dispatch would treat all low-carbon power equally, increasing the competitiveness of existing sources, including nuclear and hydropower. These resources are essential to FERC's mandate to ensure consumers have access to reliable power 24/7 and in all weather conditions, while meeting EPA's carbon-reduction obligation. At the same time, it would provide a strong financial incentive to invest in new clean energy resources, such as wind and solar.

To reduce the price impacts of compliance, states could require grid operators to return the collected carbon adders to utilities and other electricity suppliers, who would refund them to consumers, effectively capping the cost of the program.

"We estimate that states could eliminate at least 75 percent of the rule's impact on retail electric rates, limiting retail rate increases to 2 percent to 5 percent on a regional basis," Barrón said. "This cost is within the range of routine customer rate increases, which averaged 3.2 percent among U.S. utilities last year."

Exelon Corporation (NYSE: EXC) is the nation's leading competitive energy provider, with 2014 revenues of approximately $27.4 billion. Headquartered in Chicago, Exelon does business in 48 states, the District of Columbia and Canada. Exelon is one of the largest competitive U.S. power generators, with approximately 32,500 megawatts of owned capacity comprising one of the nation's cleanest and lowest-cost power generation fleets. The company's Constellation business unit provides energy products and services to more than 2.5 million residential, public sector and business customers, including more than two-thirds of the Fortune 100. Exelon's utilities deliver electricity and natural gas to more than 7.8 million customers in central Maryland (BGE), northern Illinois (ComEd) and southeastern Pennsylvania (PECO). Follow Exelon on Twitter @Exelon.

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**Load-Date:** February 20, 2015

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