



Fact Sheet

Clean Air Act Agreements

TVA has approved agreements with the U.S. Environmental Protection Agency, four states and three environmental advocacy groups to resolve long-running disputes about how the Clean Air Act applies to routine maintenance and equipment replacement at TVA fossil plants. The agreements support TVA's vision for low-cost and cleaner energy by phasing out older coal-fired units.

Background

The Clean Air Act amendments of 1977 established a program called New Source Review to regulate and permit new and modified power plants. Under EPA's interpretation, even normal maintenance that increases emissions can require utilities to seek new emission permits and install control upgrades.

Key points

- TVA initiated discussions that resulted in agreements with EPA, the states of Alabama, Kentucky, Tennessee and North Carolina, and three environmental advocacy groups – the Sierra Club, the National Parks Conservation Association and Our Children's Earth Foundation.
- The agreements will result in lower air emissions, less dependence on coal and more reliance on cleaner power sources and greater energy efficiency – all key components of TVA's vision, Integrated Resource Plan and business strategy.
- The agreements absolve TVA from liability under New Source Review requirements for past work at its plants and provide assurance that TVA can operate its plants in the future.
- The agreements resolve disputes with the environmental groups about maintenance projects at TVA plants.
- TVA will further reduce air emissions from its coal fleet by installing controls, converting to biomass or retiring units by 2019.
- TVA will invest \$3 billion to \$5 billion to install additional emission-control equipment and upgrade existing equipment at its fossil power plants.
- Consistent with the agreements:
 - TVA plans to retire two coal-fired units at John Sevier Fossil Plant in East Tennessee, six units at Widows Creek Fossil Plant in northern Alabama and all 10 units at Johnsonville Fossil Plant in Middle Tennessee. TVA also announced plans to idle two units at John Sevier.
 - The retirements, including the 1,000 megawatts of coal-fired capacity previously slated for idling, mean TVA will have retired about 2,700 megawatts of coal-fired capacity by the end of 2017.
 - The capacity will be replaced with low-emission or zero-emission electricity sources, including renewable energy, natural gas, nuclear power and energy efficiency.

- TVA also will provide \$350 million in funding for a variety of environmental improvement projects over the next five years. The projects will support energy efficiency, renewable energy and greenhouse gas emission reduction activities. Some of the work will be done under the direction of the states.
- Also under the EPA agreement, TVA agreed to pay a \$10 million civil penalty to end costly legal proceedings and reduce the risks of much higher costs in the future related to past and potential disputes over regulatory compliance.

Other information

- Many of TVA's coal-fired units already have advanced environmental controls. TVA has invested more than \$5.3 billion to reduce emissions since 1977.
- In 2010, an EPA study found that TVA had reduced two key acid rain components – sulfur dioxide and nitrogen oxide – faster than the U.S. utility average. Currently, TVA sulfur dioxide emissions are 90 percent below peak levels, and nitrogen oxide emissions are 86 percent below peak levels.
- With the agreements, TVA expects to reduce sulfur dioxide and nitrogen oxide emissions to levels estimated to be 97 percent and 95 percent, respectively, below peak levels.
- In August 2010, the TVA board of directors adopted a new vision for TVA to be one of nation's leading providers of low-cost and cleaner energy by 2020. To achieve that vision, TVA will focus on increased nuclear generation, cleaner air and greater energy efficiency.