**MEMORANDUM**

DATE: June 25, 2014

TO: Carbon Power Plan for Existing Power Plants; Docket Id: OAR–2013-0602

FROM: Ben Machol, EPA/R9

SUBJECT: 6/16/14 Conversation With AEPCO Regarding Proposed Carbon Power Plan for Existing Power Plants

**SUMMARY**

A phone call was held between EPA and the AEPCO on June 16, 2014 to discuss the proposed Carbon Power Plan for Existing Power Plants. The Carbon Power Plan for Existing Power Plants was proposed on June 2, 2014. The AEPCO representative raised the following points:

* Arizona was one of the states hardest hit by these proposed rules
* Apache is their only asset. They don’t have the flexibility to redispatch to natural gas. They are very concerned they’d end up with a stranded asset. They now have a $300M USDA RUS loan and they are a non-profit cooperative.
* There is so much natural gas combined cycle capacity in the state because many merchant generators built units thinking they could sell to the CA market. These units are now under capacity.
* Even with the state flexibility built into the proposal, AZ does not have much flexibility; they’d have to redispatch all coal to meet the proposed state goal.
* It’s hard for everyone at their coop to get up to speed on the rules.

**ATTENDEES**

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| EPA:  Ben Machol, R9 (by phone)  AEPCO  Michelle Freeark, mfreeark@ssw.coop (by phone) |  |
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