



January 28, 2011

The Honorable Lisa Jackson  
Administrator  
U.S. Environmental Protection Agency  
Mail Code 1101A  
Ariel Rios Building  
1200 Pennsylvania Avenue, N.W.  
Washington, DC 20460

Dear Administrator Jackson,

On behalf of the Edison Electric Institute (EEI), I am pleased to transmit to you the enclosed final report, "Potential Impacts of Environmental Regulation on the U.S. Generation Fleet." This study highlights the results of recently completed EEI modeling conducted by ICF International that analyzes the potential impacts of various environmental regulatory scenarios.

To meet our responsibility to our customers, the electric power sector is committed to achieving regulatory compliance in the most cost-effective manner possible, and in a fashion that allows for a coordinated and orderly transition of the generation fleet. As you know, the sector faces an unprecedented number of new environmental regulations over the next several years. Understanding the combined effect that pending regulations for air quality, coal combustion residuals, cooling water intake structures and greenhouse gases will have on the electric industry is a crucial issue for EEI and its members.

This study is the culmination of a year-long effort and represents a collaborative attempt to synthesize alternative approaches suggested by EEI's membership for the selection of modeling inputs. These inputs include expected natural gas prices and the costs for new technology; scenarios about the potential regulations themselves (*i.e.*, what regulations will apply, and the timing and stringency of those regulations); and sensitivities for modeling, including variations in natural gas prices, technology choices and regulatory requirements. The report summarizes the potential impacts for unit retirements, capacity additions, pollution control installations, and capital expenditures at the national and regional levels under a variety of potential future scenarios.

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Over the course of the study's development, we have provided several status updates to EPA staff. We appreciate that staff from the air, water and solid waste offices met with us regarding our work. We hope this final report is useful to you and your team as we continue our dialogue.

If you have any questions about the report or wish to arrange for a detailed briefing on the methodology and results of the study, please contact EEI President Tom Kuhn at 202-508-5555 or EEI Vice President, Environment Quin Shea at 202-508-5027.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard C. Kelly". The signature is fluid and cursive, with the first name "Richard" and last name "Kelly" being the most prominent parts.

Richard C. Kelly  
Chairman, Edison Electric Institute  
Chairman and CEO, Xcel Energy Inc.

Enclosure