



2016 ARKANSAS CLEAN AIR SOLUTION

A Common Sense Compromise for Clean Air and Cost Savings



A CHALLENGE AND AN OPPORTUNITY

The U.S. Environmental Protection Agency (EPA) will soon finalize a plan to clean up harmful air pollution in Arkansas. The EPA's plan will fulfill Congress's directive to improve visibility in our national parks and wilderness areas by reducing air pollution from some of our worst polluters. In particular, the plan focuses on the two largest and dirtiest coal-burning power plants in Arkansas—Entergy's Independence and White Bluff plants. Independence and White Bluff have operated for more than three decades without modern pollution controls for two dangerous pollutants: sulfur dioxide and nitrogen oxides.

Simultaneously, some have raised concerns about the potential costs associated with the EPA plan. While some cost estimates are clearly overblown, we believe it's time for Arkansans to come together and get behind a compromise that's good for everyone. We shouldn't punt decisions about our environment to lawyers, judges and lawsuits.

Accordingly, the Sierra Club offers the 2016 Arkansas Clean Air Solution. We believe it will make it possible to comply with clean air standards that eliminate pollution and—at the same time—avoid the hundreds of millions of dollars that would be necessary to prop up aging coal plants. This compromise plan is good for the environment, good for Entergy, and good for residential, commercial, and industrial customers across Arkansas.

THE PROBLEM

Sulfur dioxide and nitrogen oxide pollution from power plants is clouding the skies at national parks and wilderness areas across the country and contributing to health problems for Arkansans. Congress's regional haze program aims to reduce that pollution. Under that program, if states don't act, the EPA can step in to put together a plan. The commonsense safeguards proposed by the EPA in April 2015 protect the Buffalo National River, Ouachita National Forest and Caney Creek Wilderness in Arkansas, as well as portions of the Mark Twain National Forest and the Mingo Wildlife Refuge in Missouri.

At the core of the EPA plan is a cut to emissions from some of Arkansas's dirtiest smokestacks at the Entergy White Bluff and Independence coal plants, largely by requiring these plants to install pollution control equipment known as "scrubbers." The EPA plan will be finalized by August 2016.

Arkansas families regularly visit the Buffalo River—the country's first national river—and other wild places in our state for hiking, camping, fishing and other recreation. Just as importantly, many small towns in Arkansas depend on the tourism these natural attractions bring to our communities.

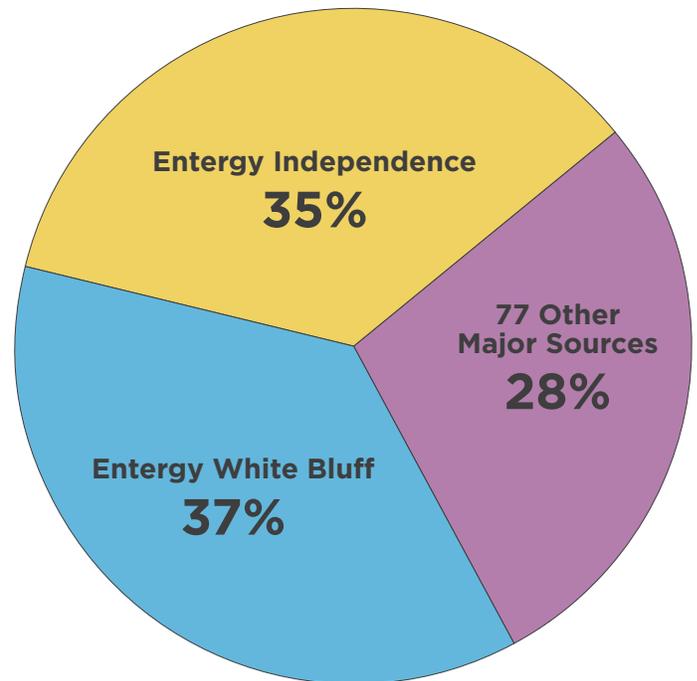
Entergy has an important decision to make. It can continue to operate its two 1980s-era outdated

AN ARKANSAS SOLUTION

The EPA should be commended for requiring the Independence and White Bluff plants—by far the largest sources of air pollution in Arkansas—to reduce their emissions and triggering a robust discussion in our state about how we modernize our electricity. We strongly believe that limits on harmful air emissions from these plants are long overdue.

We also think the time is right to put a creative solution in place—a solution that envisions an end to high levels of harmful emissions and avoids installing costly scrubbers. Especially since the costs of

Entergy's Two Coal Plants Emit the Vast Majority of Sulfur Pollution in Arkansas



plants, or it can help transition our state to cleaner forms of power. It's time for Arkansas to get in the clean energy game and move to high-technology, renewable, homegrown energy solutions as many neighboring states already have.

scrubbers would be paid for by Entergy's customers, hardworking Arkansans.

Under its plain terms, the EPA's clean air plan appears to require installation of scrubbers at both plants by 2021. But the EPA can also bypass scrubbers if Entergy and other stakeholders are willing to come together on a compromise plan. There is an opportunity to secure these clean-air protections at low cost. In fact, the EPA has approved agreements that avoid scrubbers in numerous states around the country, including right next door in Oklahoma.

The Sierra Club is proposing that Arkansas move forward with a regional haze compromise centered on the following five elements:

1. Entergy Arkansas will propose a plan to state and federal regulators that avoids the significant capital investment of building scrubbers at the White Bluff and Independence plants, saving residential and business customers the millions of dollars of costs of paying for these upgrades.
2. The Sierra Club agrees to support this five-point compromise and work toward its approval instead of pushing for scrubbing the two large coal plants. Most importantly, the Sierra Club will support Entergy's operation of Independence and White Bluff from today to 2025/2027 without having to install scrubbers or asking its customers to make any other significant capital expenses at either plant.
3. Instead of installing scrubbers at White Bluff, Entergy will phase out the use of coal at the plant over the next nine years (by 2025). Instead of installing scrubbers at Independence, Entergy will phase out the use of coal at the plant over the next 11 years (by 2027).
4. Entergy will present a long-term plan between 2020 and 2022 to the Public Service Commission that considers repowering opportunities at the two plant sites with a focus on local job opportunities, new construction, and zero carbon and low carbon alternatives.
5. Entergy and the Sierra Club will work with state regulators to replace at least half the capacity of the White Bluff and Independence plants with renewable sources of power, like solar, wind, and geothermal energy.

The thousands of Sierra Club members across Arkansas would normally be pushing for pollution reductions from large coal plants like White Bluff and Independence as quickly as possible. However, we recognize that as part of a compromise that saves ratepayers money, funds that would have gone towards scrubbers can be better spent by investing in the electricity generation of the future—clean renewable energy.

This model has been successfully adopted in other states as the best way to ensure air-quality improvements while not sinking large investments into coal plants at time when the industry in general and Entergy in particular should be transitioning away from that outdated fuel.

This path forward is win-win for all of Arkansas.

