Regulatory Updates

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Agenda

01 // POWER SECTOR UPDATES

02 // GHG ENDANGERMENT FINDING REPEAL

03 // FUTURE OF PERMITTING DATA CENTERS

- **Power Sector**
  - Continues to expand very rapidly due to data center energy needs
  - According to ICF, electricity demand in the U.S. is expected to grow 25% by 2030 and 78% by 2050 compared to 2023 levels
  - Gas-fired power
    - High demand continues and will continue to grow at compound annual growth rate (CAGR) of 5.4% from 2025-2030 (citation: Grandview Research)
    - Turbines are being permitted as fast as the supplier lead time allows
  - Current administration is following a deregulatory approach ("Unleashing American Energy" initiative)
    - For the power sector, this has mostly come in the form of significantly reducing regulations that were proposed or planned during the Biden Administration
      - The most impactful example of these will be discussed now

- **Combustion Turbine NSPS Revisions - KKKKa**
  - Published in the Federal Register on January 15, 2026 (effective now)
  - Impacts CTs constructed, modified, or reconstructed after December 13th, 2024 and is significantly less stringent than the version proposed in 2024
  - What are the important headlines to this revision?
    - New requirement for large new CTs (>850 MMBtu/hr base load rating) to operate with SCR for NOx control if the 12-month capacity factor exceeds 45 percent
      - SCR is determined to be the “best system of emissions reduction” (BSER) for large, new combustion turbines with a high utilization rate (>45 percent)
      - Continued use of combustion controls is the BSER for limiting NOx emissions for all other subcategories
      - Establishes a performance standard of 5 ppm of NOx corrected to 15 percent O_2 when firing natural gas (some CTs may be able to meet the 5 ppm standard without SCR)

- **Combustion Turbine NSPS Revisions – KKKKa (cont'd)**
  - What are the important headlines to this revision?
    - New Subcategories – EPA abandoned the proposed 250 MMBtu/hr threshold for small CTs and established subcategories to be more consistent with NSPS KKKK.
    - Each new size-based subcategory has respective NOx standards for both natural gas and non-natural gas fuels (there are also separate subcategories for modified and reconstructed CTs among others)
    - There are now just two utilization-based subcategories for large and medium turbines aimed at distinguishing between simple cycle and combined cycle turbines (high utilization = >45%; low utilization = <45%)
    - CT Size Subcategories
      - Large (>850 MMBtu/hr)
      - Medium (>50 MMBtu/hr (or >20 MMBtu/hr for modified or reconstructed CTs))
      - Small ($\leq$50 MMBtu/hr (or $\leq$20 MMBtu/hr for modified or reconstructed CTs))
    - Final rule clarifies that operation during system emergencies would not be included when determining the utilization-based subcategorization.

- **Combustion Turbine NSPS Revisions – KKKKa (cont'd)**
  - What are the important headlines to this revision?
    - **Temporary Combustion Turbines**
      - Adds new subcategory for small and medium CTs used in temporary applications at a single location for up to 24 months.
        - The clock starts after the turbine commences operation at a location and continues regardless of whether the turbine operates for the entire 24-month period
      - Temporary applications (e.g., to provide power during outages or maintenance at permanent units)
      - BSER for temporary CTs is combustion controls with an associated standard of 25 ppm NOx when combusting natural gas and 75 ppm NOx when burning non-natural gas fuels
      - Must have been performance tested at least once in the prior 5 years meeting this NOx emission standard (have records on file showing that the NOx limit of 25 ppm has been met)
      - These temporary CTs do NOT have to be portable
      - Finally, relocating the unit within a single site does not restart the clock

- **Implications for projects**
  - Review your projects that began construction after December 13, 2024
    - You may need to re-evaluate performance limits, BACT determinations, CEMS requirements, and other permitting strategies based on these revisions.
  - Project developers planning new, large, baseload-type gas turbines should consider whether their turbines must treat combustion controls plus SCR as the default design basis where it might be applicable
  - Owners of smaller, peaking, or intermediate-duty turbines will generally meet the revised limits through combustion controls, but should confirm subcategory assignments (size, capacity factor, efficiency, etc.)
  - Utilities and developers relying on short-term power solutions should consider the use of the new temporary turbine subcategory to streamline monitoring and permitting

Greenhouse Gas Endangerment Finding Repeal

- **GHG Endangerment Finding Repeal**
  - On February 12, 2026, EPA finalized the rule rescinding the GHG endangerment finding and motor vehicle emission standards (rule published on Feb. 18, 2026)
  - This action removes the endangerment finding that allowed regulation of GHG for mobile sources so regulation of GHG for mobile sources has been removed
  - However, this does not mean that GHG can be ignored when completing stationary source air permit applications, at least not yet!
    - There are some crossover implications that we are starting to see hit the air world

- **GHG Endangerment Finding Repeal**
  - GHG Reporting Rule Delayed
    - EPA announced on February 25, 2026, that Part 98 remains in effect and that the reporting deadline for RY2025 was extended from March 31, 2026, to October 30, 2026.
    - EPA may pursue elimination of this reporting program, but as of today it is still in effect.
    - Check out this website for current information on this action:
      - https://www.epa.gov/ghgreporting/rulemaking-notices-ghg-reporting
  - Changes to Permitting
    - As of today, EPA's PSD/Title V GHG permitting framework still exists in EPA guidance and in the current regulatory text
      - For example, the PSD rules in 40 CFR 52.21 still contain GHG-specific provisions
    - As with the rule above, EPA may pursue permitting-related changes soon, but no such federal permitting changes have been proposed or finalized yet

- **GHG Endangerment Finding Repeal**
  - NSPS Changes
    - On June 11, 2025, EPA proposed to repeal 40 CFR Part 60 Subparts TTTT, TTTTa, and UUUUb
      - The proposal was published in the Federal Register on June 17, 2025. The main proposal would repeal Subpart TTTT, Subpart TTTTa, and Subpart UUUUb.
      - EPA also proposed an alternative, narrower repeal that would repeal UUUUb and only selected portions of TTTTa, while leaving TTTT in place. Check this website for current information on this action: https://www.epa.gov/stationary-sources-air-pollution/greenhouse-gas-standards-and-guidelines-fossil-fuel-fired-power
    - On November 26, 2025, EPA published an interim final rule for NSPS Subparts OOOOb and OOOOc to extend deadlines and modify emissions guidelines for existing oil and gas sources.
      - Check this website for current information on this action: https://www.epa.gov/controlling-air-pollution-oil-and-natural-gas-operations/2025-interim-final-rule-extend-compliance

The Future of Permitting Data Centers

- **The Future of Permitting Data Centers**
  - Rising Demand = industry challenges
    - The Generative AI arms race has the top companies spending massive amounts of money to try and become the leader in the AI space
    - Data centers play a key role in this
    - As demand rises, so do the challenges of permitting
    - Data centers are increasing in size, and sometimes now require onsite “behind the meter” power
    - Communities are becoming nervous about the environmental impacts or perceived environmental impacts that data centers will have on their neighborhood
      - Not just in environmental justice areas

- **The Future of Permitting Data Centers**
  - Regulation Changes
    - Pay attention to your attainment status – this can significantly impact your permitting strategy and future expansion strategy
      - Greater Chicago area was redesignated in January 2025 to serious nonattainment for ozone, which lowers the major source threshold for NOx from 100 tpy to 50 tpy
      - These types of changes can force a data center to make a decision to reduce their operational flexibility to avoid major source requirements, or to potentially become a major source
      - May affect size and future expansion plans
    - Pay attention to Environmental Justice (EJ) areas
      - If you are building a data center in an EJ area in Illinois, there may be additional modeling or offsets required that may not be required in non-EJ areas
        - Keep this in mind for potential extended permit issuance timelines
    - Power – the intersection of data centers and the power industry
      - If you are permitting turbines, keep on top of the latest updates to air regulations (as shown in my previous slides on NSPS KKKKa)
        - Review the new temporary CT category which may be a good option for your project

- **The Future of Permitting Data Centers**
  - Other considerations
    - Noise
      - Monitoring and modeling
    - Public outcry
    - Water – limited use restrictions in some areas
    - Ongoing compliance
      - Reporting
      - Testing
      - Permit renewals

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Thank You