

Institute of Clean Air Companies

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Agenda



- National Energy Policy Priorities
- Environmental Performance and Challenges

National Energy Policy Priorities



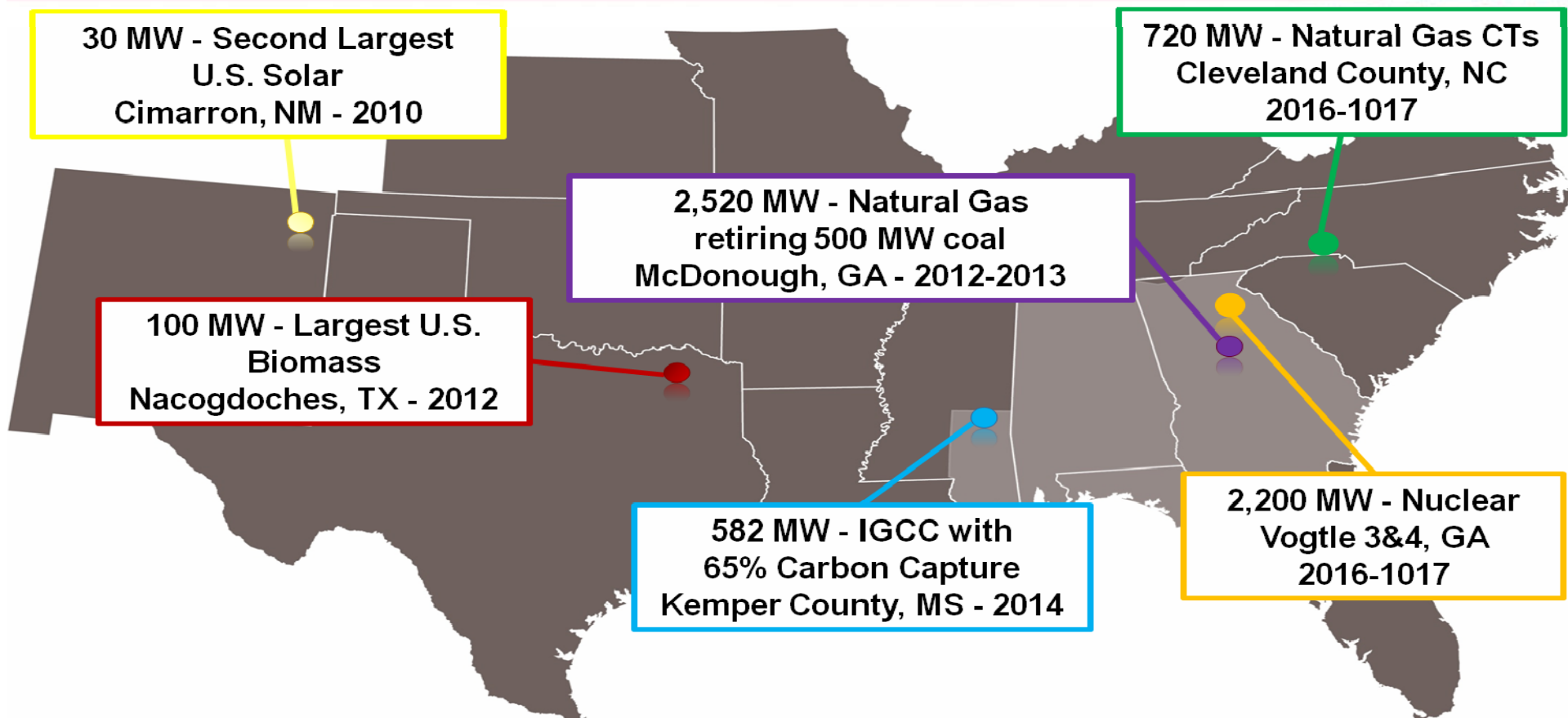
- Need a full portfolio of energy resources.
 - Nuclear
 - 21st Century Coal
 - Natural Gas
 - Renewables
 - Energy Efficiencies
- Need a national, robust research and development effort to create new technologies for our future.

Why 21st Century Coal?



- Half of U.S. energy production is from coal.
- U.S. has 28% of the world's coal resources.
- Must have diversity of energy sources for lower costs and lower risks.
- We can develop solutions that preserve coal with a sense of balance with regards to reliability, economic consequence and environmental impact.

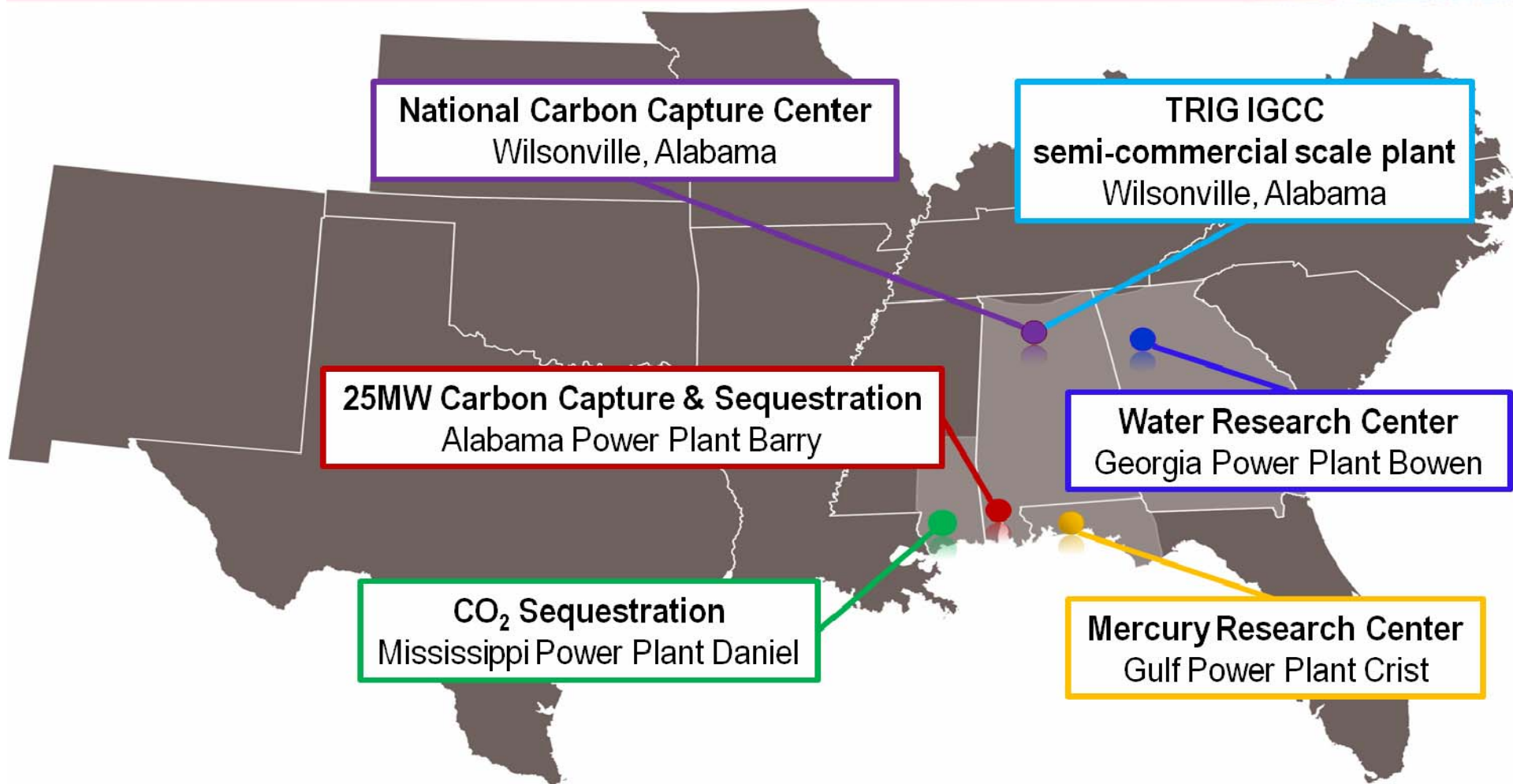
Southern's Fleet in Transition



- **Energy efficiency programs**

- Reduced demand by 3,400 MWs to date
- Plan to reduce another 1,000 MWs by 2020 at a cost of \$1 Billion
- Over 3 million AMI meters installed – 4.6 million (100% conversion) by 2012

Southern's R&D Program



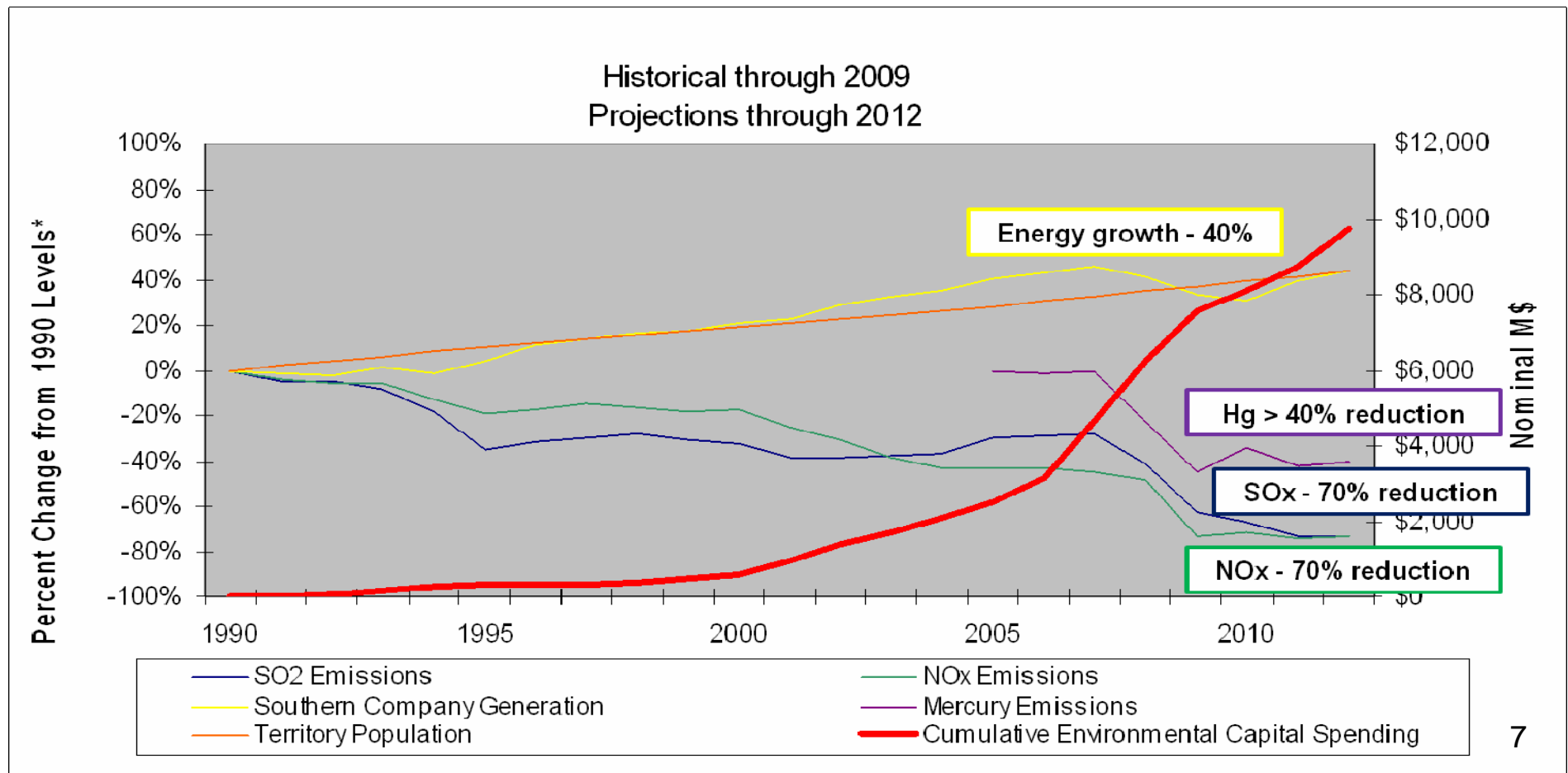
- Numerous pilot solar projects in AL, GA, and Gulf Coast
- Continue to evaluate off-shore wind

Environmental Performance & Challenges

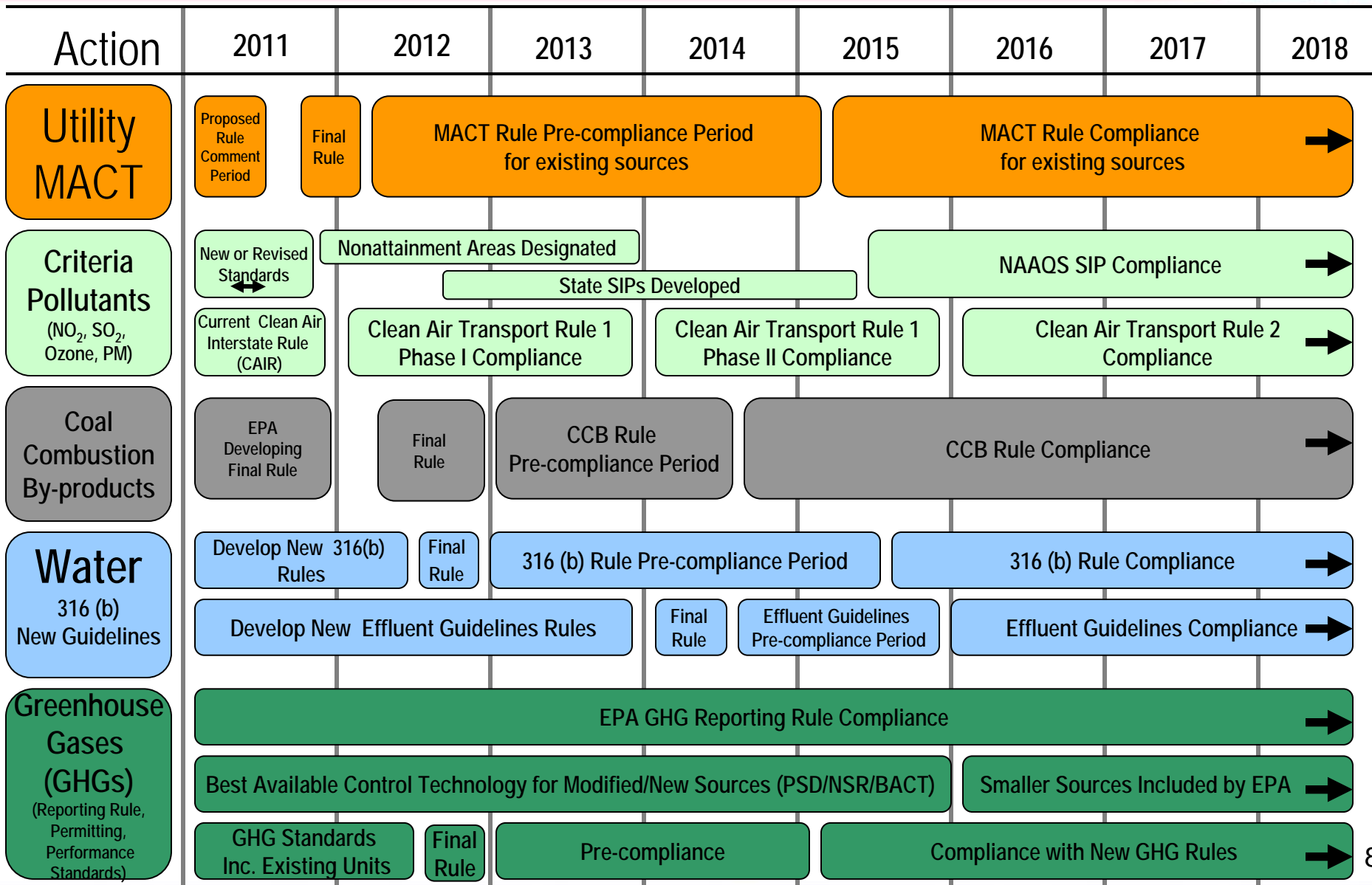
SOUTHERN COMPANY

Controls installed to date:

- 11,200 MWs of scrubbers
- 10,800 MWs of SCRs
- 1,000 MWs of baghouses w/ACI
- Numerous low-NOx combustion systems



EPA New Regulatory Actions Timeline



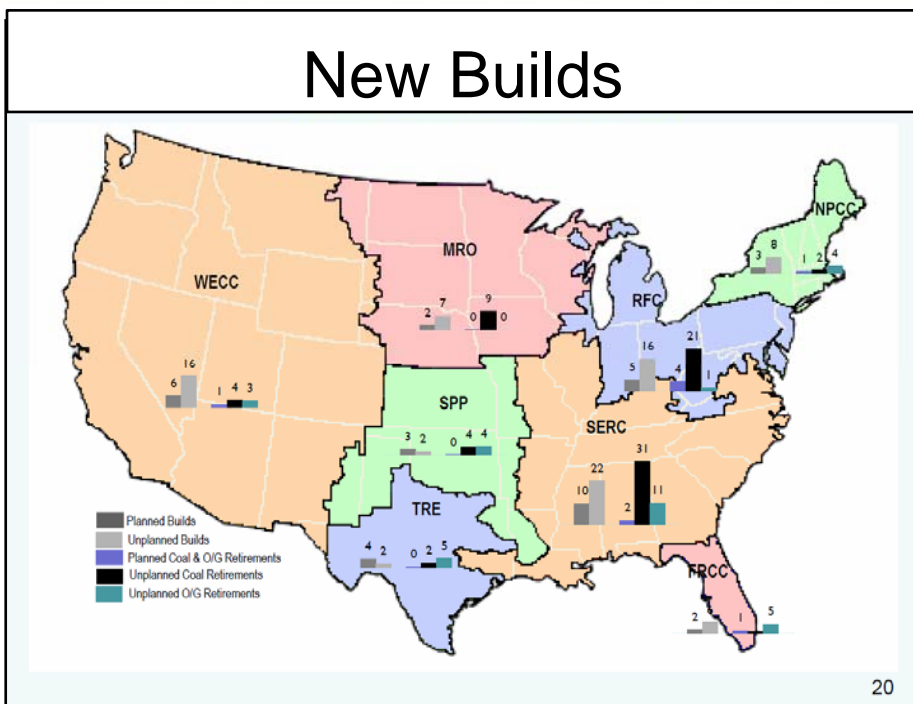
EI Analysis – Cumulative Environmental Regulatory Impacts



New Builds

\$300 Billion in Retrofits and New Builds

- Retail Rate Increase by 2020
 - U.S. – 20%
 - Southeast – 25%

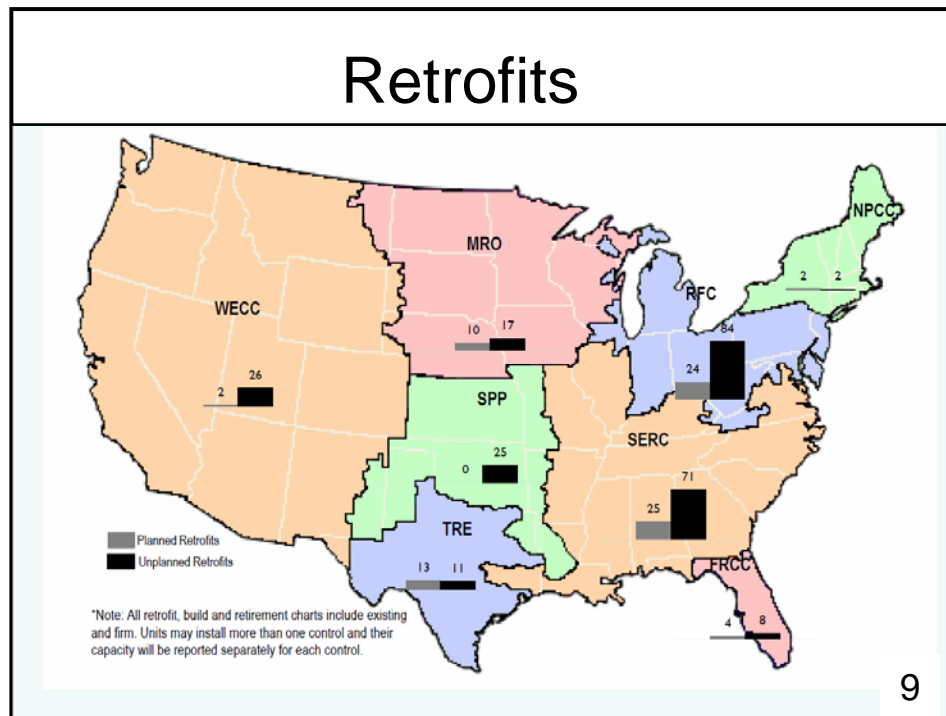


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➤ Reliability Risk

By 2015, over 150 GWs of the total of 311 GWs of coal are at risk for being unavailable due to retirements or the inability to install controls.

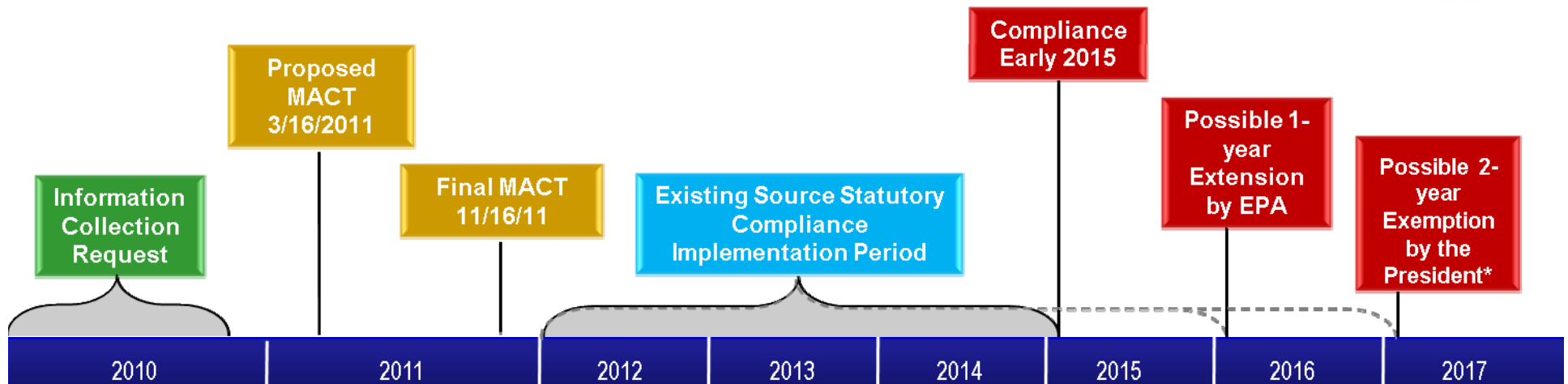
Retrofits



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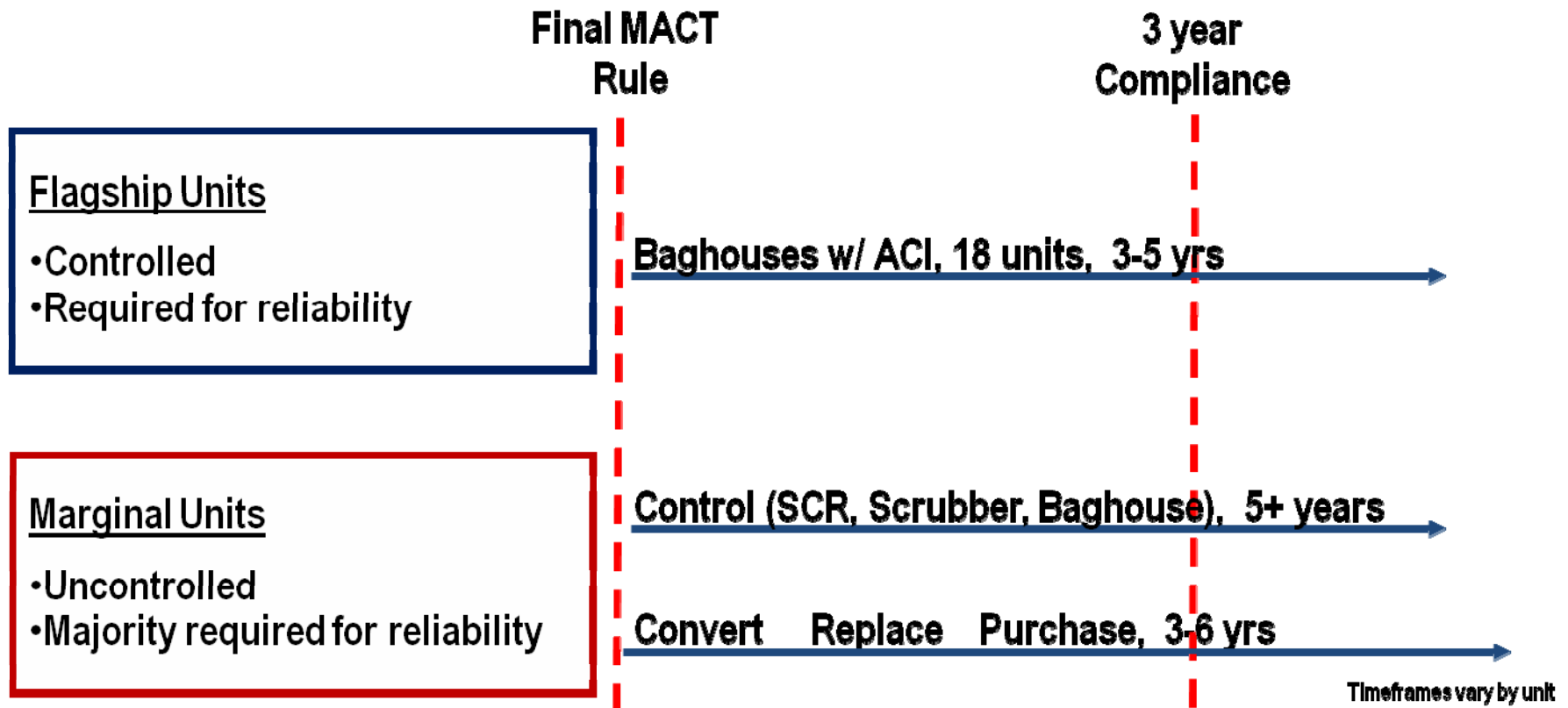
Utility MACT

Unit-by-unit emission control limits for Hazardous Air Pollutants



- 60-day comment period is insufficient to review 1,000 page rule and over 1,500 pages of supporting technical documents. Typically, EPA has allowed 120-180 days for less complex rules.
- 8 months is insufficient time to fully consider comments and finalize rule.
- Industry-wide compliance in 3 years is unrealistic.
- The rushed compliance timeline will create cost escalation and will impact electricity affordability.
- New source standards will prevent deployment of new coal technology.

Southern's Reliability and Construction Reality



- Time required for certification, permitting, engineering, construction and startup.
- Firm electric transmission or firm gas transportation for replacement generation is not available today. Expansion – 4+ years

Summary



- The Utility MACT proposal, on its current schedule and in its current form, puts reliability, affordability, and job growth at risk in the United States.
- These risks can be reduced while continuing to improve environmental performance by:
 - extending the rulemaking schedule;
 - refining the proposed rule; and
 - providing a reasonable compliance timeline for a more orderly transition of the fleet.

Questions?