



MANITOWOC PUBLIC UTILITIES

1303 South 8th Street P.O. Box 1090 Manitowoc, WI 54221-1090 920-683-4600 FAX 920-686-4348 www.mpu.org

Robert Eckdale
Wisconsin Department of Natural Resources
Bureau of Air Management
P.O. Box 7921
Madison, Wisconsin 53707-7921

June 11, 2007

Subject: Clean Air Mercury Rule AM-32-05
Relating to the establishment of provisions for major electric generating units in Wisconsin to comply with the Clean Air Mercury Rule (CAMR) promulgated by the U.S. Environmental Protection Agency.

Dear Mr. Eckdale:

Manitowoc Public Utilities (MPU) appreciates the opportunity to provide comments regarding the Clean Air Mercury Rule. This rule relates to the establishment of provisions for major electric generating units in Wisconsin to comply with the Clean Air Mercury Rule (CAMR) promulgated by the U.S. Environmental Protection Agency. The proposed rule will revise chapter NR 440 and NR 446 mercury emission regulations.

Under the EPA's cap and trade approach, mercury allowances can be freely traded nationwide among electric utilities to meet annual mercury reduction requirements. This cap and trade approach has been very effective in reducing other emissions. The rule revisions proposed in NR 446 decline participation in the national trading program. These rule revisions also include provisions that commit the Department to adopting rules by June 30, 2010 that would require all coal-fired electrical generating units affected by the CAMR to reduce their mercury emissions 90% by January 1, 2020. MPU is a small municipal cogeneration facility and we offer the following comments for consideration:

- A. MPU recommends revising NR 446 to adopt the federal CAMR program for the following reasons:
 1. Mercury monitoring is a new technology and we believe the rule making is ahead of the monitoring technology. Most utilities do not have extensive experience with mercury monitoring and data anomalies are to be expected as unanticipated operational issues are discovered. The minute quantities being measured could lead to sampling errors and erroneous lab results.
 2. Utilities that discover that their actual emissions will exceed their applicable caps will have no option other than to shut down. This action would result in higher electric rates and will compromise electrical reliability in the state of Wisconsin.

3. Trading would provide an option for obtaining required emission allowances in the event of an emission deficiency. Previously implemented trading programs have been very effective and provide emissions reductions while maintaining an affordable electrical system.
- B. The March 6, 2007 CAMR memo from Scott Hassett stated under the “Compliance” paragraph on page 3, “A compliance report for the previous year is required to be submitted to the Department by March 1.” Detailed compliance records will be controlled and maintained by the CAMD program and this requirement is unnecessary and redundant.
- C. The proposed Wisconsin rule on pages 28-29 defines the terms of Equation 5. It appears that the “P” should actually be a “T” in the definition.
- D. MPU is very concerned that the new unit set aside may not be adequate for the new generating units that will be coming online.
1. According to a preliminary rule analysis, the available allocation pool for new units will be oversubscribed through 2018, and possibly longer.
 2. MPU has a new unit that will be affected by CAMR. Because we are a small utility we are very concerned that the new unit set aside may not be adequate. Our unit is small compared to the projects currently under construction and the new unit set aside may not provide sufficient allowances to cover the actual (permitted) emissions.
 3. Since the proposed Wisconsin rule prohibits both inter- and intra-state emissions trading, then MPU’s new unit will be penalized the most - through more stringent control requirements.
 4. The proposed Wisconsin rule restricts MPU compliance options. MPU would only be able to obtain emissions allowances from its own small system, thus, if the new source set-aside is oversubscribed, then the only compliance option available to MPU would be to rely on reductions from the existing units at MPU to cover their outstanding compliance share or to restrict generation in order to stay under the cap. Restrictions on generation will penalize the MPU ratepayer by exposing them to volatile market pricing.
- E. The proposed Wisconsin rule will have additional impacts that need to be considered.
- The proposed Wisconsin rule is more stringent than the federal rule – and discourages the addition of cleaner new generation.
 - The state choosing not to participate in the federal trading program will increase the costs of the rule. Utilities will not have the opportunity to purchase lower cost emission allowances that are likely to be available in a federal market.
 - The state’s proposed rule creates a disincentive to retiring old coal plants, since allocations to retired plants are eliminated.
 - The state’s proposed rule creates inconsistent and defacto state energy policy.
 - The state’s proposed rule will increase energy supply costs and decrease reliability compared to participation in the federal program.

Thank you for your consideration of this request. Please feel free to contact me at 920-686-4351 if you need additional information or clarification. Again, MPU sincerely appreciates the opportunity to provide DNR with its thoughts, comments and proposals. MPU stands ready to assist DNR in any way possible to craft a responsive, cost effective program for controlling Hg emissions from electric utility steam generating units.

Sincerely,



Nilaksh Kothari, P.E.
General Manager
Manitowoc Public Utilities

This letter emailed on June 11, 2007 to Robert Eckdale, robert.eckdale@wisconsin.gov and to everyone copied on the following list.

Copies to:

Representative Scott Gunderson, Chair
Committee on Natural Resources
Room 7 West
State Capitol
P.O. Box 8952
Madison, WI 53708
Rep.Gunderson@legis.wisconsin.gov

Representative Robert Ziegelbauer
Room 207 North
State Capital
P.O. Box 8953
Madison, Wisconsin 53708
Rep.Ziegelbauer@legis.wisconsin.gov

Senator Mark Miller, Chair
Committee on Environment and Natural Resources
Room 409 South
State Capitol
P.O. Box 7882
Madison, WI 53707-7882
Sen.Miller@legis.wisconsin.gov

Senator Joseph Leibham
Room 5 South
State Capital
P.O. Box 7882
Madison, Wisconsin 53707-7882
Sen.Leibham@legis.wisconsin.gov

Mayor Kevin Crawford
City Hall
900 Quay Street
Manitowoc, WI 54220-4543
kcrawford@manitowoc.org

William Skewes, Executive Director
Wisconsin Utilities Association
44 E. Mifflin Street, Suite 202
Madison, WI 53703
bskewes@mailbag.com

cc: MPU - Red Jones, MPU - Tom Reed, MPU - Don Duenkel, MPU - Dale Koch, MPU - Jerry Ahlswede, MPU - Engineering Files