

**Wisconsin Department of Natural Resources Public Hearing
May 23, 2007 (Madison, Wisconsin)**

**Wisconsin Power and Light Company (WPL) Comments
Proposed Clean Air Mercury Rule (CAMR) Board Order AM-32-05**

Good afternoon and thank you for this opportunity to provide comments on the impact of the Department's proposed Clean Air Mercury Rule (CAMR) on Wisconsin Power and Light Company and its customers. My name is Kathy Lipp. I am the Chief Environmental Officer for Alliant Energy and Wisconsin Power and Light (WPL) Company.

My company serves more than 15% of all the households and businesses in the state. We also provide electricity to municipal and wholesale utilities in the state for their customer needs. Our sources of electric generation come from a diverse fleet of generating facilities; however, our predominant source of electric generation is from coal. This rule directly effects the operations of our electric utility at four power plant locations in Wisconsin, where we operate nine generating units.

WPL's commitment to customers can be summarized by these three measures of performance:

1. Energy reliability;
2. Cost effectiveness; and
3. Environmental responsibility.

No single standard is sufficient. We consider all of these factors in developing our emissions compliance plan for generation.

WPL's position presented today on this rule proposal will highlight key concerns we have on the proposed NR446 rules. Our company is continuing to review the implications of the Department's rule proposal and will also be submitting detailed written technical comments by the June 11 close of public comment period.

First let me share with you the actions WPL is specifically taking to prepare for mercury emissions reductions at our power plants.

WPL is installing mercury continuous emissions monitors (CEMs) at all of our coal-fired power plants to be fully operational before the 2009 compliance date for emissions reporting. These monitors will provide for long-term understanding of the mercury emissions levels from our plants and are required for compliance reporting to the EPA. WPL started installations of mercury CEMs in July 2006 at our Edgewater facility in Sheboygan County. We have accelerated the implementation of these monitors to provide needed operational experience and understanding of current mercury emissions and control options.

This has not been a minor effort for our company; the emission monitoring requirements are more demanding, requiring much more than merely installing another probe and data collection equipment. There are significant structural modifications needed, such as construction of stack access platforms, elevators to address frequent CEMs maintenance needs, de-ionized water supply, electrical and computer technology connections. Significant labor resources are needed during these years of installation and testing.

Following initial equipment installation and certification, WPL expects that each plant will require at least one additional full-time person to perform necessary compliance tasks such as extensive mercury CEMs calibrations, testing certifications, routine maintenance and QA/QC checks. These monitors must be able to achieve measurements down to the parts per billion levels.

My point here is to admit that there is a significant learning curve that needs to be addressed with respect to mercury. The technology is literally changing on a day-to-day basis. Beyond measuring mercury, WPL engineering staff is also actively compiling critical plant configuration data necessary for designing mercury emissions control systems, including the selection of sorbents for pilot-testing to determine those best-suited for WPL power plants and fuel characteristics. The problem of mercury emissions control is not a one size fits all type of solution and can be impacted by a variety of plant-specific factors. Moreover, solving our mercury air emissions problems cannot be done in a vacuum, but must also recognize the resulting waste stream impacts to land and water.

Our company is a leader in beneficial reuse of our coal combustion products (CCP). In 2006, over 250,000 tons of CCP were beneficially re-used by WPL - this is a rate of about 70% overall, significantly above the national average of 42%. The reuse of CCP saves energy and natural resources while avoiding disposal in landfills. It also reduces greenhouse gas emissions at an equivalent rate of approximately one ton of CO₂ for every ton of fly ash substituted for cement. Unfortunately, at this time the most tested option for mercury control, activated carbon injection, alters the composition of our CCP and makes it unusable. WPL is actively seeking alternative mercury control approaches, but the feasibility and effectiveness of these options simply are not known.

WPL appreciates that these technical details are complex and believes it is important to share them with you today in order to provide better understanding of the challenges that utilities face - both in measuring and determining how to reduce power plant mercury emissions.

Second, I would like to share with you our company's concerns regarding the proposed NR446 regulations.

The rules fail to address several critical issues that cause it to be unduly burdensome. As proposed, the NR446 rule does not align with Federal rules. It also presents challenges with respect to technical feasibility for compliance and increased costs for WPL customers.

WPL's major concerns on the proposed NR446 rule are that it:

- Does not allow inter-state or intra-state trading;
- Does not permit banking of early mercury reductions;
- Creates an unworkable and overly complex allocation methodology;
- Inappropriately concludes that 90% control is possible at each coal-fired unit.

WPL believes that the proposed rule needs to accept trading as the Federal EPA rule allows, because there is significant uncertainty regarding the level of mercury reduction achievable, especially in the near-term. Furthermore, the Department's elimination of banking creates disincentives to implementing early mercury reductions. Simply put, there are not sufficient compliance options in the proposed rule; if a utility cannot achieve the annual mercury cap, the remaining choices include: (1) fuel switching to natural gas; (2) revising dispatch to more expensive purchase power; or, (3) de-rating or shutting down the unit. These are unworkable options for WPL.

WPL does not challenge the need to control mercury emissions from its power plants. WPL remains supportive of the additional investments required to reduce mercury from its power plants. However, these must follow - not lead - the pace of technology development. With more field experience, we will understand the emission levels that these mercury control technologies can sustain over time. WPL is committed to energy reliability, cost-effectiveness and environmental responsibility and believes that alignment with Federal policy is the best approach for our company to deliver to those commitments.