

NATURAL RESOURCES BOARD AGENDA ITEM

SUBJECT: Adoption of AM-32-05, proposed rules revising Chapters NR 439, 446 and 484 reducing mercury air emission from coal-fired electric generating units.

FOR: JUNE 2008 BOARD MEETING

TO BE PRESENTED BY: Jon Heinrich, Policy Analyst, Bureau of Air Management

SUMMARY: Under the proposed revisions, the state's large coal-fired electric generating units, those with a nameplate capacity of 150 Megawatts (MW) and greater, must achieve a 90% mercury emission reduction through one of two compliance paths. Small coal-fired electric generating units, those with a nameplate capacity greater than 25 MW but less than 150 MW, must reduce their mercury emissions to a level defined on a case-by-case basis as Best Available Control Technology (BACT).

A public hearing was held on April 7, 2008 to receive comments on the proposed revisions and a preliminary public health and welfare finding supporting the proposed rule revisions and prepared pursuant to s. 285.27(2)(b), Wis. Stat. The comment period ended May 5, 2008. A summary of the comments received on the proposed revisions and the Department's response are contained in Attachment B of the background memo. In general, the Department made changes to clarify compliance determination requirements and streamline administrative procedures.

Environmental groups are concerned that mercury reductions should be required sooner and that stringent mercury reductions should be required of all coal-fired electric generating units regardless of size. Business organizations are concerned about increased electricity costs and the need to proceed with these revisions lacking a federal mercury regulation. Electric utilities are concerned about their ability to achieve the emission limitations within the compliance timeframe proposed.

The final rule significantly reduces the health risk from mercury and its flexibility appropriately addresses economic concerns.

RECOMMENDATION: Adoption by the Board of order AM-32-05.

LIST OF ATTACHED MATERIALS:

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|----|-------------------------------------|---|-----|-------------------------------------|----------|
| No | <input type="checkbox"/> | Fiscal Estimate Required | Yes | <input checked="" type="checkbox"/> | Attached |
| No | <input checked="" type="checkbox"/> | Environmental Assessment or Impact Statement Required | Yes | <input type="checkbox"/> | Attached |
| No | <input type="checkbox"/> | Background Memo | Yes | <input checked="" type="checkbox"/> | Attached |

APPROVED:

Acting Bureau Director, William Baumann

Date

Administrator, Al Shea

Date

Secretary, Matthew J. Frank

Date

cc: Laurie Ross - AD/8
Carol Turner LS/8

William Baumann - AM/7
Robert Eckdale - AM/7

Jon Heinrich- AM/7
Marney Hoefler- LS/8

STAFF REVIEW - DNR BOARD AGENDA ITEM

REMINDER

Have the following questions been answered under the summary section of this form?

- -Why is the rule needed?
- -What are the significant changes?
- -What are the key issues/controversies?
- -What was the last action of the Board?

LIST OF ATTACHED REFERENCE MATERIAL REQUIRED FOR RULE PROPOSALS:

Hearing authorization:

Final adoption:

Background memo (if needed)*
Fiscal Estimate
Environmental Assessment (if needed)
Rule

Background Memo (if needed)*
Response Summary
Fiscal Estimate
Environmental Assessment (if needed)
Rule

*If all the questions listed in the REMINDER section above can be adequately summarized on the Green Sheet (and a second sheet if needed), the Background Memo may be omitted.

Unit	Reviewer	Date	Comments
Environmental Analysis and Review			
Management and Budget			
Legal Services -Program Attorney -Carol Turner			
Other (if applicable)			