

**BEFORE THE
DEPARTMENT OF NATURAL RESOURCES**

Notice for Public Comment

**Proposed Allocation of
2009 New Unit Set-Aside NO_x Allowances
as required under Wis. Adm. Code ch. NR 432
"Allocation of Clean Air Interstate Rule NO_x Allowances"**

NOTICE IS HEREBY GIVEN that pursuant to ss. 285.11(1) and (6), Wis. Stats., and ss. NR 432.03(3) and (4) and NR 432.05(3) and (4), Wis. Adm. Code, the Department of Natural Resources is requesting public comment on the proposed allocation of 2009 new unit set-aside NO_x allowances for purposes of fulfilling requirements of Wisconsin's Clean Air Interstate Rule (CAIR). The final allocation of new unit set-aside NO_x allowances will be made as proposed by this notice unless the allocation is adjusted based on public comment or new information which affects the determination of allocations using the methods established under ss. NR 432.03(3) and (4) and NR 432.05(3) and (4), Wis. Adm. Code.

Background

In July 2007, the Department promulgated ch. NR 432, Wis. Adm. Code, to administer the allocation of NO_x allowances as required under the Federal Clean Air Interstate Rule. This Federal rule reduces NO_x emissions through a cap and trade program of NO_x allowances applicable to sources capable of generating 25 megawatts or more of electricity. Under this program, each state has a set number of ozone season and annual NO_x allowances (budgets) for allocation to generating units subject to CAIR. To comply with the CAIR rule, the owner or operator of an affected unit must hold a number of NO_x allowances equal to the NO_x emissions of the unit. If necessary for compliance, the owner of an affected unit may purchase additional NO_x allowances through the Federal CAIR cap and trade program.

Under ch. NR 432, Wis. Adm. Code, the Department of Natural Resources is required, each year, to allocate NO_x allowances to new generating units subject to the CAIR rule. A generating unit is considered "new" if it was constructed on or after January 1, 2001 and in operation for less than five calendar years at the time that the existing CAIR units were allocated their current year NO_x allowances. The NO_x allowances for new units are allocated from a reserved pool of allowances, known as the "new unit set-aside" which represents 7% of Wisconsin's total budget of NO_x allowances.

As set forth under ss. NR 432.03(3) and 432.05(3), Wis. Adm. Code, the allocation of allowances to a new unit is not to exceed the unit's actual NO_x emissions during the previous calendar year. If necessary, the allocation of allowances to each new unit is reduced proportionally in order to not exceed the total number of allowances in the new unit set-aside. Or conversely, after allocation to the new units, any remaining balance of NO_x allowances in the new unit set-aside is further allocated to existing CAIR units, as provided under ss. NR 432.03(4) and NR 432.05(4), Wis. Adm. Code.

Proposed Allocation of New Unit Set-Aside NO_x Allowances

NOTICE IS HEREBY GIVEN that the Department of Natural Resources has received requests for the allocation of CAIR NO_x allowances from the 2009 new unit set-aside. Accordingly, the Department is proposing the allocation to new units of 2009 NO_x allowances as indicated in the following table:

Proposed Allocation of NO_x Allowances from the 2009 New Unit Set-aside
(tons of NO_x allowances)

Owner / Operator	ORIS Code	Unit Location	Unit Number	Ozone Season Allocation	Annual Allocation
Combined Locks Energy Center	55558	Combined Locks	1	1	2
Dairyland Power Cooperative	007863	Elk Mound	1	0	1
Dairyland Power Cooperative	007863	Elk Mound	2	1	1
GE Energy Financial Services	56031	Fox Energy	CTG1	7	14
GE Energy Financial Services	56031	Fox Energy	CTG2	8	17
WPPIEnergy	55836	Island Street	1A	4	8
WPPIEnergy	55836	Island Street	1B	4	8
Manitowoc Public Utilities	4125	Manitowoc	9	115	266
Wisconsin Public Service Corporation	4072	Pulliam	32	5	10
Calpine	55641	Riverside	CT-01	6	38
Calpine	55641	Riverside	CT-02	8	27
Calpine	55391	RockGen	CT-01	3	4
Calpine	55391	RockGen	CT-02	2	3
Calpine	55391	RockGen	CT-03	2	4
Wisconsin Power & Light (Alliant Energy)	56166	Sheboygan Falls	1	2	2
Wisconsin Power & Light (Alliant Energy)	56166	Sheboygan Falls	2	2	2
Wisconsin Public Service Corporation	4078	Weston	4	163	281

NOTICE IS HEREBY GIVEN that the number of NO_x allowances in the 2009 new unit set-aside exceeds the number of allowances requested in total for new units. Therefore, the Department of Natural Resources is proposing the further allocation of excess allowances in the new unit set-aside to existing CAIR units. The resulting allocations to existing CAIR units can be viewed at <http://dnr.state.wi.us/air/rules/NUalloc.html>. The proposed allocations will constitute the final allocation of excess allowances to existing CAIR units unless changes are made to the allocation to new units of NO_x allowances from the new unit set-aside as a result of this comment process.

Written Comments and Copies of Documents

Written comments on the proposed allocation of allowances from the new unit set-aside may be submitted to Mr. Tom Karman, Bureau of Air Management AM/7, P.O. Box 7921, Madison, WI 53707 no later than **July 13, 2009**. Comments may be submitted electronically to thomas.karman@wisconsin.gov.

Information pertaining to the allocation of NO_x allowances from the ch. NR 432 new unit set-aside may be accessed at <http://dnr.state.wi.us/air/rules/NUalloc.html> or a hard copy may be obtained from:

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Reasonable accommodation, including the provision of informational material in an alternative format, will be provided for qualified individuals with disabilities upon request.

Dated at Madison, Wisconsin June 5, 2009

STATE OF WISCONSIN
DEPARTMENT OF NATURAL RESOURCES

By Thomas F. Stordal for
Matthew Frank, Secretary