
Revisions to the State Mercury Rule Affecting Coal-fired Power Plants - Hearing Authorization

Natural Resources Board Meeting

March 28, 2007

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Presentation Overview

- Background
- How were significant issues addressed in the proposed revisions to the state mercury rule?
- Mercury Allowance Allocation
Methodology for New and Existing Units
- Public Hearing Recommendations

Background

- January 2007 Informational Presentation to the Board
- Consistency Commitment
- Governor's Directive
- CAMR Options - National Trading Program Participation and Allowance Allocation Methodology
- Citizen Petition - requesting 90% to 95% mercury emission reduction from coal-fired power plants by January 1, 2012, without participation in EPA's national trading program

Addressing Significant Issues - *Consistency Commitment*

- Proposes adoption of federal CAMR emission standards and reduction schedule - NSPS and State Mercury Emission Budget
- Proposed revisions to mirror the federal administrative requirements including monitoring, reporting and recordkeeping

Addressing Significant Issues - *Governor's Directive*

- Commits to rule development to achieve a 90% reduction in mercury emissions from all coal-fired electrical generating units
- Rules to be adopted by June 30, 2010, that require reductions by January 1, 2020
- Incentives to be developed to encourage early achievement of 90% reduction by January 1, 2015

Addressing Significant Issues - *CAMR*

Options

- Proposes revisions to achieve compliance with the CAMR without participating in EPA's national trading program
- Complies with the CAMR in Wisconsin by requiring each utility with affected units to meet an annual mercury emission cap
- Proposes an energy output-based methodology to allocate mercury emission allowances to existing coal-fired electrical generating units

Addressing Significant Issues - *Citizen Petition*

- Meets the consistency commitment in the current state mercury rule
- Declines participation in EPA's national trading program
- Requires coal-fired power plants affected by the CAMR to achieve a 90% reduction in mercury emissions

State Mercury Emission Budget

- Wisconsin's annual mercury emission budget established by EPA in the CAMR

Baseline – 2,264 pounds

2010 through 2017 – 1,780 pounds

2018 and thereafter – 702 pounds

Mercury Allowances Available Under the State Emission Budget

- **Main Allocation Pool – 95%**

 - 2010 through 2017 - 1,691 pounds

 - 2018 and thereafter - 667 pounds

- **New Unit Set-aside – 5%**

 - 2010 through 2017 - 89 pounds

 - 2018 and thereafter - 35 pounds

Mercury Allowance Allocation

Methodology - Main Allocation Pool

- 95% of state emission budget
- Units with an established operating baseline
- Set annually four years in the future based on operating information from six and seven years in the past
- Energy output based allocation with no preference for coal type
- Written notification by October 31st followed by administrative order within 45 days

Main Allocation Pool System-wide Allocations for 2010, 2011 & 2012

Mercury Emission Cap – Pounds per Year	2010	2011	2012
Alliant Energy	541.125	541.125	541.125
Dairyland Power Cooperative	209.5	209.5	209.5
Xcel Energy	5.125	5.125	5.125
Madison Gas & Electric Company	20.5	20.5	20.5
Manitowoc Public Utilities	12.375	12.375	12.375
Mid-American	1.0625	1.0625	1.0625
WE Energies	661.625	661.625	661.625
Wisconsin Public Service Corp.	239.625	239.625	239.625

Mercury Allowance Allocation

Methodology - New Unit Set-aside

- 5% of state emission budget
- Not intended to cover all the mercury emissions from new units - pro rata distribution if over subscribed - allowances not allocated are retired
- Available to units commencing operation after January 1, 2001
- Annual request by May 1st - DNR notification by June 30th followed by administrative order within 45 days
- Limitations - distribution for that operating year and only covers emissions from the new unit - unused allowances cannot be transferred to another unit

Interaction Between New Unit Set-aside and Main Allocation Pool – Weston 4 Example

- Weston 4 begins operation in 2008
- Expected annual mercury emissions at 80% capacity are 60 pounds
- Requests from the new unit set-aside for mercury allowances can be made for the years 2010 through 2014
- Weston 4 would be eligible for allowances from the main allocation pool in 2015 and could no longer obtain allowances from the new unit set-aside
- Notification of the 2015 allocation from the main allocation pool would be provided by October 31, 2011, based on operating data from 2008 and 2009

Public Hearing Recommendations

- Conduct public hearings by June 2007
- Four hearings suggested - Madison, Milwaukee, Green Bay and Eau Claire