

State of Wisconsin Heating Plant Environmental Improvement Agreement

Downtown Madison Environmental Improvement Commitments:

1. Comprehensive Feasibility Study (CFS) – The Department of Administration (DOA) and the University of Wisconsin (UW), in consultation with Department of Natural Resources (DNR), commits to completing a CFS by July 31, 2008. The CFS will identify how the Charter Street facility will come into compliance with Best Available Control Technology (BACT) and will:
 - a. Examine options to meet heating and cooling needs in Downtown Madison including the West Campus, UW Charter and Walnut Street, and Capitol Heat and Power facilities that, at a minimum, reduce coal use and minimize air emissions.
 - b. Analyze the technical feasibility, cost effectiveness, and reliability of:
 - Energy conservation and efficiency;
 - Use of alternative fuels including natural gas, biomass, or other renewables;
 - Construction of a new co-generation plant; and
 - Installation of additional air emission controls at the Charter and Capitol facilities.

In completing the CFS, DOA and UW will develop the Scoping Statement, the Alternatives Analysis, and the final Recommendations using a public participation process which mirrors that used in developing an Environmental Impact Statement.

2. Immediate Mitigation Measures for Air Emissions – Beginning in 2008, DOA and the UW shall begin implementing measures to reduce coal generated emissions of sulfur dioxide, nitrogen oxides, particulate matter, mercury, and carbon dioxide. In the period January 1, 2008, through April 30, 2008, DOA and UW shall not combust more than 38,728 tons of coal at the Charter Street facility. This four-month limit on coal combusted represents 85% of the average amount of coal combusted at Charter Street during the same four month periods in 2005 and 2006. In the period May 1, 2008, through April 30, 2009, and each consecutive 12-month period thereafter, DOA and UW shall not combust more than 108,800 tons of coal at the Charter Street facility. This annual limit represents 85% of the average annual amount of coal combusted at the facility during the period January 1, 2005 to December 31, 2006. Reduction of coal use shall be achieved through any of the following measures:
 - a. Energy conservation;
 - b. Changes to dispatching order or fuels;
 - c. Purchase or generation of energy from renewable sources; or
 - d. Other methods as identified by the DOA.

DOA and the UW, no later than the end of 2008, will install a Continuous Emission Monitor (CEM) at the Charter Street facility to monitor emissions of sulfur dioxide, nitrogen oxides, and carbon dioxide. Particulate matter and mercury shall be monitored in a manner determined by the DNR. In addition, DOA and the UW shall install an ambient air quality monitor at a location to be determined by the DNR for the purposes of monitoring localized air quality impacts.

3. Immediate Air Permit Requirements – No later than December 31, 2007, DOA and UW will request permit revisions to its operation permits for the Charter Street and Capitol Heat and Power facilities to include compliance schedules reflecting completion of the comprehensive feasibility study and other deadlines in this agreement. The air operating permits shall be modified to include:
 - The CFS completion date;

- The immediate and subsequent annual coal use reduction requirements at the Charter Street facility;
- Installation of the CEM at the Charter Street facility;
- Installation of the ambient air quality monitor;
- A requirement that no later than 120 days after completion of the CFS, DOA and UW shall submit the necessary air quality permit applications (including PSD if necessary) based on the CFS BACT recommendation. The applications will either be for PSD permits for existing boilers 1, 2, 3 and 4, or for source(s) to replace the respective boiler(s).

In any application or project at the Charter Street facility, DOA and UW shall not claim a creditable reduction in air emissions pursuant to the June 2007 version of Wis. Admin. Code § NR 405.02(24).

4. Immediate Mitigation Measures for Stormwater – By December 31, 2007, DOA and UW will meet with DNR to respond to the Department’s recommended compliance measures for stormwater at the Charter Street facility. DOA and UW commit to implementing needed mitigation measures and will apply for a site-specific permit as expeditiously as possible.
5. Consultation MOA with DNR – By February 29, 2008, DOA will execute a Memorandum of Agreement with DNR specifying that DNR will be consulted regarding environmental requirements prior to any modification or repair of existing energy producing facilities within the state system. The MOA will spell out the specific process for this consultation.
6. Expedient Permit Review and Processing – DNR will expedite review and processing of all appropriate air and stormwater permits needed to implement these environmental results objectives. DOA and UW will respond to additional information requests in a timely manner.
7. Satisfaction of NOV’s – Compliance with items #1-6 will satisfy the DNR’s Charter Street air-related Notice of Violation (dated May 30, 2007) and stormwater-related Notice of Violation (dated May 8, 2007).

State System-wide Environmental Improvement Commitments

8. PSD Evaluation – By February 29, 2008, DOA and DNR will cooperatively initially screen all projects at state-owned coal fired boilers that required approval of the State Building Commission undertaken since 1995 to determine which of those projects need further evaluation for PSD review under the federal Clean Air Act.
9. Comprehensive Feasibility Studies – For projects identified as PSD eligible as a result of Item #8 above, DOA shall undertake a CFS to be completed no later than July 31, 2009. The CFS for each facility shall, at a minimum, include analysis of the technical feasibility, cost effectiveness, and reliability of:
 - a. Use of alternative fuels including natural gas, biomass, or other renewables;
 - b. Construction of new co-generation capacity; and
 - c. Installation of additional air emission controls at the facility.

In completing the CFS, DOA and affected agencies will develop the Scoping Statement, the Alternatives Analysis, and the final Recommendations using a public participation process which mirrors that used in developing an Environmental Impact Statement.

10. Any projects identified in the PSD Evaluation process outlined in #9 above, will not result in issuance of a Notice of Violation from DNR if DOA and UW are in full compliance with the terms of this agreement.

