5/1/02 Mercury CAC Retreat Notes

Issue A – Baseline Determination

- Alternative #2 had significant support, no objection. (Includes cap program and 1998, 1999, 2000 for baseline)
- Order of alternatives: 2, 4, 1, 3

Issue B – State v Federal

- No clear preferred alternative.
- For the write-up summary, need to include the strong opinions regarding alternatives. (Annotation: see consensus agreement on Issue C – the differences surrounding Issue B includes what "reconciliation" means.

Issue C – Periodic Rule Evaluations

- Consensus on rewritten Alternative #2: Instead of having two reviews of the rule at certain dates, have reviews occur immediately after proposal of MACT standard or passage of federal legislation on mercury. Subsequent reviews no more than 18 months after the last review.
- Instead of MACT, say "rule reduction activity".

Issue D – Reliability

- Consensus: Consider revising rule with TAG input to address short-term compliance issues (maintenance or compliance margins for new technology); e.g., consider three-year rolling average. Also consider revising variance provision for long-term, one-time occurrences – keep a variance provision.
- Variance for non-major-utility facilities – no objections.

Issue E – Emission Caps

- Split support between keeping rule requirement versus eliminating rule requirement.
- No consensus on other alternatives but may be workable.
- Interest for option of an energy efficiency plan in lieu of a cap (needs further discussion).
- Interest in caps per unit instead of per facility.
- Interest in eliminating the cap requirement unless a facility chooses to opt in to generate emission credits.

- Keith's list of 6 options: rule requirement/eliminate rule requirement/allow opt-in/production per unit of energy/energy efficiency/study

Issue F – Growth

- Bookends are an offset of 1.5 to1.0 and no offsets.
- Potawatomi – favor offset applied upon promulgation of rule instead of at 4-year effective date.
- Utilities and industry only favor Alternative #2; disagree with all others; want no offsets.

Issue G – Reductions

- No agreement on reduction percentages.
- Bookends are 0% and virtual elimination.

- Alternative #7 (install control technology on one unit instead of percent reduction) has plusses and minuses for all sides. The Department needs to consider and flush details of this alternative for first phase. There is not enough information to change from the utility/industry position of 10% and 40%, or from the 30%, 50% and 90% proposed in the rule.

- Comments on Alternative #7: GLIFWC wants assurance that reductions would be made in first phase, and want significant reductions in phases 2 and 3; WEPCO expressed that this alternative should be a choice for the utility.

Issue H – Trading

- Some support for Alternative #4 with modifications: Eliminate small source trading (mercury product collection) provision; leave large source trading provision as is. Give credit to sources that made reductions after the baseline years but before rule promulgation.
- Support for other alternatives is dependent on other parts of the rule.
- Support for trading to take effect with baseline years.

Notes written by Anne Bogar and Marty Burkholder 5/8/02.