Energy Northwest Comments on Mercury Rules - Message (HTML)

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Sent: Wed 4/18/2007 10:14 AM

To: Guilfoil, Elena (ECY)

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Subject: Energy Northwest Comments on Mercury Rules

Attachments: EN markup-EGU-public Mar draft.doc (244 KB)

Following is a summary of comments that Energy Northwest has on the March revision of the mercury rules and the economic analysis. We have also provided a redline version of the rules, with suggested edits and comments.

- New sources are only being allocated 318 ounces per year (5 percent of the state's allocation) through 2012. While Energy Northwest understands that this is based on the example method provided by EPA, EPA also stated that individual states "… may want to adjust this initial 5-year set-aside amount to a number higher or lower than 5 percent …." Energy Northwest believes that a higher new source allocation should be provided, to allow for more than one new source.
- Clarification is needed on where allocations are given and/or reserved – in the Air Operating Permit, SCA, etc. and how this differs (or not) from the actual allocation received at the end of an operating year. "Reasonable" needs to be defined.
- Energy Northwest recommends that trading be allowed in 2013 and beyond, in the federal cap and trade program, at least to the extent that allocations could be sold in the federal program (assumes EPA would allow such a scheme).
- We have proposed that both new and existing sources be given the same emission limit of 0.0080 lbs/GW-h.
- The cost-benefit analysis appears to have been over-simplified.
- The cost-benefit analysis should include more on "hot spots." Allowing participation in the federal cap and trade program could reduce hot spots; this is not considered in the analysis, and could change the proposal not to participate in the federal program.
- Additional analysis is needed on the costs of other forms of generation. The analysis should not rely on the Department of Energy studies, which are not accurate. Other sources should be used, including the Northwest Power and Conservation Council forecasts. We think that the cost of natural gas is more volatile than indicated, and the economic consequences of the price going up could be substantial. Price for wind may be understated; an Energy Northwest proposed wind project's estimated costs are $90/MWh.
- In the cost-benefit analysis, the description of PMEC on page 7 needs to be changed; this may affect your numbers:
    - Energy Northwest has indicated that the PMEC will generate approximately 680 MW of electricity from two 300 MW generators and two 40 MW duct burners, using integrated gasification combined cycle (IGCC) technology. It will sit on land leased from the Port of Kalama on the Columbia River.

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