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April 18, 2007

VIA EMAIL AND US MAIL

Ms. Elena Guilfoil
Air Toxics Coordinator
Air Quality Program
Washington Department of Ecology
P.O. Box 47600
Olympia, WA 98504-7600

Re: Comments on Draft Mercury Regulation Applicable to Coal-Fired Power Plants in Washington

Dear Ms. Guilfoil:

Thank you for this opportunity to comment on the Washington Department of Ecology's ("Ecology") draft rules addressing mercury emissions from coal-fired power plants located or planning to locate in the State of Washington. This firm represents Wallula Resource Recovery, LLC ("WRR"), a company that is investigating development of an integrated gasification combined cycle ("IGCC") in southeastern Washington. We appreciate the tremendous effort that has gone into this rulemaking and are submitting our comments in the hopes to ensure that Washington's regulations allow for responsible development of future power resources.

1. Quantity of Allowances Available in 2013

The draft WAC 173-406-090(2)(a)(ii) states that the total amount of mercury allowances distributed will be limited those allowances distributed in a permit or site certification agreement issued by December 31, 2012, not to exceed 2,256 ounces per year. By email dated March 24, 2007, we had noted that the cap should be 2,496 ounces (156 lbs) as opposed to 2,256 ounces (141 lbs). We understand from your March 25, 2007 response email that you will make this adjustment.

Oregon
Washington
California
Utah
Idaho

We also believe that the language in the draft WAC 173-406-090(2) should be modified to reflect that the state budget will be equal to 2,240 ounces per year or the total amount of mercury emissions authorized to be emitted by all mercury budget sources in a permit or site certification agreement issued by December 31, 2012, not to exceed 2,496 ounces per year. We do not believe that it is correct to state that the air permits or site certificates distribute allowances. They authorize a particular maximum emission rate. We understand distribution to occur annually based on the procedure in draft WAC 173-406-110.

2. Maximum Allowable Emission Rate for New Sources

WRR is concerned as to whether the 0.0066 lb/GWh standard is the appropriate limit for new sources. The draft rule anticipates that the state's sole existing pulverized coal plant would be subject to one mercury standard (0.008 lb/GWh) while new plants would be subject to a more stringent standard (0.0066 lb/GWh). The new source standard is supposed to establish a floor with individual facility BACT (best available control technology) determinations enabling the permitting authority to establish a more stringent standard as technology advances. We believe that it is important that the initial new source standard reflect what is realistically available today in terms of control technology and not represent a materially less stringent standard. This will give the public greater confidence in the rule and enhance the permitting process for the initial sources. WRR has worked extensively with its equipment vendors to determine what constitutes the current state of the art for mercury control for IGCC facilities. This work suggests that the mercury emission limit for new sources should be set at a value demonstrably lower than 0.0066 lb/GWh. WRR's work has not yet reached the stage where we can recommend a definitive number. However, we believe that there is a material prospect that a lower number is achievable. WRR commits to work with Ecology to determine the lowest reasonably achievable mercury emission rate so that the standard can be set at the appropriate value. WRR believes it is not appropriate to leave the standard at 0.0066 lb/GWh if a lower value can reasonably be achieved. We hope that in the upcoming months we can work closely with Ecology to determine how far the 0.0066 lb/GWh standard can be revised downward.

3. WAC 173-406-120(1): Clarify Averaging Period

Closely related to this comment, we believe that the emission limits in WAC 173-406-120 should be clearly stated as annual averages. While this is strongly inferred by other parts of the rule, it is nowhere stated. This is a key point that should be made explicit in the rule.

I hope you consider these points as you revise the draft rule We look forward to ongoing collaboration with you.

Sincerely,

Thomas R. Wood

TRW:nh
cc: Robert Divers
Stephen LeClerc
Jay Manning
Jim Luce
Keith Phillips
Matt Steuerwalt
Sarah Rees