

MICHAEL E. BORN
mborn@slk-law.com
(614) 463-9441

March 8, 2005

Michael Koerber
Executive Director
Midwest Regional Planning Organization
2250 East Devon Avenue, Suite 250
Des Plaines, Illinois 60018

Re: Comments on Interim White Paper – Source Category: Electric Generating Units

Dear Mr. Koerber:

These are the comments of the Environmental Committee of the Ohio Electric Utilities
and the following specified member companies:

Buckeye Power, Inc.
Columbus Southern Power Company dba AEP
Cinergy Corp
Dayton Power & Light Company
Ohio Power Company dba AEP
Ohio Valley Electric Corporation

hereinafter, the “Ohio Utilities.”

The Ohio Utilities have several comments related to the Midwest Regional Planning
Organization’s (“MW RPO”) January 14, 2005 Interim White Paper on control measures for
electric generating units (“EGU”).

The MW RPO is to be commended for its efforts to aid state agencies in their planning and SIP development. The planning tools developed and regional analysis that the MW RPO has conducted to date are the types of support the states clearly need. The inventories, base case analysis and regional control scenarios for existing and "on the way" controls will be critical to states in the development of attainment demonstrations for ozone and particulate matter NAAQS, as well as controlling regional haze.

However, the Ohio Utilities have significant concern with MW RPO's overall plans for future modeling scenarios. MW RPO's current plans to model broad, mandatory control strategies is unlikely to create the scenario necessary for individual states to demonstrate attainment with ozone and fine particulate NAAQS. The Interim White Paper proposes modeling of controls on electric generating units beyond the current NOx SIP Call and anticipated CAIR rule requirements. This modeling would assume these controls on a regional basis in an attempt to create a regional solution to fine particulate and ozone NAAQS attainment.

For any of the broad region-wide "beyond CAIR" and NOx SIP Call control strategies to be reliable and useful, all the states involved will have to adopt exactly the control measures modeled regionally. Any deviation by any of the authorities in the region would undercut and undermine the assumptions of the broad regional control strategy. Given political, legal and practical considerations, it is unreasonable for MW RPO to assume that any modeled control strategy that goes beyond the current NOx SIP Call and the anticipated CAIR rule, will be adopted by all of the states and authorities involved in a timely manner.

Unlike the Ozone Transport Assessment Group ("OTAG") process, in which U.S. EPA waited until the regional modeling was completed and then promulgated a region-wide control

program (the NOx SIP Call program), U.S. EPA has already determined its regional/generally applicable control requirements in the CAIR rule and the NOx SIP Call rules. At the end of the modeling process by MW RPO, there will be no federal rulemaking to require all the participants adopt the selected control strategies. The MW RPO modeling of the additional controls listed in the Interim White Paper for EGUs on a broad regional basis will not significantly aid individual states in the development of their attainment SIPs for ozone or fine particulate. The states will have to rely on their own state-specific modeling. MW RPO should, instead, focus its efforts on aiding the states' activities, rather than trying to develop a broad regional control strategy that will never be implemented.

With respect to the Interim White Paper for control measures for EGUs, the Ohio Utilities offer these specific comments:

- In the "Source Category Description" it would appear appropriate to indicate the megawatt hours of electricity produced by coal-fired units as related to the other generation sources in the Midwest, as any impact on these units that generate the vast majority of the electricity in the Midwest will significantly impact electricity rates, as well as the economy of these states.
- In the "Candidate Control Measures" section, only the "Emission Control Technologies" bullet point seems pertinent to this paper. The other three bullets, however well intentioned, add little to the discussion of retrofitting existing EGUs and controlling new EGUs.
- As for the recommended emission reduction control measures proposed by STAPPA/ALAPCO in the "Candidate Control Measures" section, they appear arbitrary,

as they have not been adequately analyzed for feasibility or cost. The adoption of broad regional emission caps that are based upon a few individual utility agreements must include the consideration of the impact on an area as large as the MW RPO, especially in such a short time frame.

- The “Cost Effectiveness and Basis” section contains estimates of NOx reduction costs well below the current allowance market price of \$3,000 to \$4,000. Requiring controls on units that are less cost-effective in reducing emissions will drive the price even higher as marginal costs increase.
- The use of the Institute of Clean Air Companies’ assertions, in the “Timing of Implementation” without consideration of utility industry’s opposing comments filed under the CAIR and CAMR rulemakings, tends to undermine the credibility of the whitepaper’s claim.

Conclusion

The Ohio Utilities appreciate the opportunity to provide comments on the MW RPO’s Interim White Paper on EGUs. We have undertaken the preliminary steps necessary to model Ohio for attainment of the ozone NAAQS and have been sharing our results with Ohio EPA in an effort to find the most cost-effective way to attain the standard. Much of our efforts to date have relied on the MW RPO data and analyses and we hope to continue to rely upon your support. The source apportionment modeling we have conducted for Ohio shows local controls of area and mobile sources may be of far greater importance after the “on the way” emission reductions are implemented for large point sources. We believe that any support the MW RPO

Michael Koerber
Midwest Regional Planning Organization
March 8, 2005

- 5 -

could provide states in more localized control strategies would be extremely helpful. If you have any questions, please feel free to contact me.

Very truly yours,

Michael E. Born

MEB/md
O23415-043591
cc: The Ohio Utilities