

Gelnett, Wanda B.

2547

From: Jewett, John H.
Sent: Monday, November 13, 2006 4:38 PM
To: Gelnett, Wanda B.
Cc: Smith, James M.; Kathy Cooper; Wyatte, Mary S.; Wilmarth, Fiona E.; Leslie A. Lewis Johnson
Subject: FW: Mercury comments

This email and its attachment should be filed in "final comments" under #2547.

Thanks!

-----Original Message-----

From: Pacoal1@aol.com [mailto:Pacoal1@aol.com]
Sent: Monday, November 13, 2006 4:34 PM
To: Alvin Bush
Cc: Jewett, John H.; Smith, James M.; IRRC
Subject: Mercury comments

Attached are the Pennsylvania Coal Association's comments re: Environmental Quality Board - Standards for Contaminants - Mercury (#7-405).

George Ellis
PA Coal Association
212 N. Third St., Suite 102
Harrisburg, PA 17101

Phone: 717-233-7900
Fax: 717-231-7610
Email: paccoal1@aol.com

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Pennsylvania Coal Association

212 North Third Street • Suite 102 • Harrisburg, PA 17101

(717) 233-7909
(717) 236-5901
FAX (717) 231-7610

November 13, 2006

Honorable Alvin C. Bush
Chairman
Independent Regulatory Review Commission
33 Market St., 14th Floor
Harrisburg, PA 17101

Re: Environmental Quality Board – Standards for Contaminants – Mercury (#7-405)

Dear Chairman Bush:

The Pennsylvania Coal Association (PCA) would like to offer these additional comments on the above-referenced final Environmental Quality Board (Board) regulation reducing mercury emissions from power plants now before your Commission for action.

PCA is a trade organization representing bituminous coal operators – both underground and surface – as well as other associated companies whose businesses rely on a thriving coal economy. PCA member companies produce over 75 percent of the bituminous coal annually mined in Pennsylvania.

We are encouraged by the addition of language in the final rule that provides a credit for the pretreatment of coal. However, the overall differences between the final and proposed rulemaking do not sufficiently address PCA's fundamental concerns with the state-specific mercury rulemaking.

These fundamental concerns, all relating to our objective of preserving, to the maximum extent possible, mining jobs and Pennsylvania's share of the electric generation market, include:

- The rulemaking's ban on allowance trading and banking. This could force electric utilities to prematurely retire those older and smaller coal fired power plants in which investments in control technology would be uneconomic or switch to out-of-state coals with a much lower mercury content than Pennsylvania coals as compliance options.

Regarding the first option, a study prepared for PCA and others, referred to as the Marchetti Study (a copy of the study was submitted to IRRC along with a copy of PCA's written comments to the EQB on reg #7-405), found that the rule could put 5,800 mw or 28 percent of the state's total coal-fired capacity "at-risk" of retirement. If this happens, the study projects that the Commonwealth could lose 85 million tons of its coal production between 2010 and 2018, about a 15 percent drop in the state's annual coal production. This figure doesn't include the potential displacement of Pennsylvania coal that could occur if utilities switch to out-of-state coal.

- The lack of mercury-specific control technology for full-scale commercial use with Pennsylvania's high sulfur bituminous coal to meet the regulation's emission limits.
- No demonstration that the additional costs associated with the state rule and its potential negative effect on coal production and jobs will provide public health benefits beyond those occurring under a federal rule.

Today, 56 percent of Pennsylvania's electric generation comes from its fleet of coal-fired power plants. From a cost and reliability perspective, this enables the Commonwealth to operate from a position of strength in attracting new industries and retaining existing ones. It seems foolish to jeopardize this position by adopting a rule that has no measurable public health or environmental benefits beyond those that would be gained from the federal Clean Air Mercury Rule.

For these reasons, PCA opposes adoption of the state mercury regulation.

Please call me if you have any questions. I will also be available to provide brief remarks and answer questions at the November 16 IRRC meeting.

Sincerely,

George Ellis

George Ellis
President
Pennsylvania Coal Association