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From: Rigney, Peter [PeterRigney@cogentrix.com]
Sent: Monday, December 21, 2009 4:44 PM
To: EP, RegComments
Cc: Howell, Monica; Grubb, Rick; Brown, Tom; Neff, Rick; Brown, Tom
Subject: Cogentrix - Scrubgrass and Northampton Comments on
Attachments: 20091221163536250.pdf

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DEC 23 REC'D

Dear EQB,

Attached please find our comments regarding the fee increases proposed by DEP. INDEPENDENT REGULATORY REVIEW COMMISSION

Sincerely,

Peter E. Rigney
General Manager
Scrubgrass Generating Plant

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INDEPENDENT REGULATORY
REVIEW COMMISSION

Scrubgrass Generating
2151 Lisbon Road
Kennerdell, PA 16374
814-385-6661
Fax 814-385-6704

Environmental Quality Board
P.O. Box 8477
Harrisburg, PA 17105-8477

Re: Proposed PADEP Air Quality Fee Structure

Dear WQB Board Members:

Cogentrix Energy appreciates the opportunity to submit these comments on the proposed PADEP Air Quality Fee Structure rulemaking. Cogentrix Energy has ownership interests in two Pennsylvania circulating fluidized bed generation facilities: Northampton Generating Plant, a 110 MW waste coal-fired facility in Northampton County, Pennsylvania and Scrubgrass Generating Plant, an 85 MW waste coal-fired facility in Venango County, Pennsylvania. Cogentrix Energy offers the following comments regarding the proposed rulemaking.

The preamble to the Title V Rules of the 1990 Clean Air Act stated an objective that was straightforward and simple in principle. The intent was to consolidate and clarify in one operating permit applicable clean air requirements established under all Federal programs. The program was to be funded through an established base fee per ton of pollutant needed to develop and administer the program. The base fee would increase annually by the percentage of the Consumer Price Index. The expectation was that costs to sources would be relatively modest. In reality the Title V program costs far exceed original estimates and provide no tangible environmental benefit. Title V is an administrative program versus an emission reduction/control regulation. We recognize that the program was not established on a benefit to cost basis, however, with the increasing costs of the program an economic analysis is warranted.

The increasing cost of this fee presents economic impacts to the Northampton and Scrubgrass facilities. Both facilities sell power to FirstEnergy pursuant to long-term power purchase agreements (PPAs) which do not allow these facilities to recover the cost increases associated with new regulatory changes or increased compliance fees. Long term contract generators are faced with a multitude of increasing environmental costs which affects our competitiveness and financial security. Because we are unable to recover costs, a more equitable fee structure should be considered. We ask you also to consider what tangible benefits the proposed regulations will render and the financial viability of our continued operation.



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In addition, Pennsylvania is seeking to increase non-fossil electric generation through the use of biomass. The Scrubgrass and Northampton facilities are continually seeking alternative fuel sources. The increase in fees associated with test burn applications and oversight seem in direct contradiction with Pennsylvania's stated goals. These efforts should exempt from further regulatory burdens.

Cogentrix appreciates the opportunity to comment on these new proposed rules and continued support of PADEP in these matters. Please contact Peter E. Rigney at 814 385-4360 or Thomas Brown at 610 261-3099 with any questions or comments.

Respectfully,

Peter E. Rigney

General Manager

Scrubgrass Generating Plant

Kennerdell, PA