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BEFORE THE ILLINOIS POLLUTION CONTROL BOARD

JAN 04 2001

IN THE MATTER OF:)

PROPOSED NEW 35 ILL. ADM. CODE 217,)
SUBPART V, ELECTRICAL POWER GENERATION)

STATE OF ILLINOIS
Pollution Control Board
R01-16
(Rulemaking Air)

P.C. #1

NOTICE

To: Dorothy Gunn, Clerk
Illinois Pollution Control Board
State of Illinois Center
100 West Randolph, Suite 11-500
Chicago, Illinois 60601

Bob Beauchamp, Hearing Officer
Illinois Pollution Control Board
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SEE ATTACHED SERVICE LIST

Please take notice that Dominion Generation is filing with the Clerk of the Office of the Illinois Pollution Control Board the following comments, copies of which are hereby served on you.

DOMINION GENERATION

By:

Leonard R. Dupuis

Leonard R. Dupuis
Manager, Environmental Policy

Dated: January 3, 2001

Leonard R. Dupuis
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While Dominion continues to support a rate-based 0.25 lb/mmBtu approach and recognizes that the Subpart V rule is needed during the 2003 ozone season as a "stop-gap" measure, we believe it will no longer be necessary for the IEPA to continue implementation of the Subpart V rule once the more stringent Subpart W rule is implemented. As noted above, the Subpart W rule will require electric generating units in Illinois to reduce NOx emission levels well below the 0.25 lb/mmBtu rate in order to meet the state NOx emission budgets set by U.S. EPA. In fact, due to the erroneously low growth factors assumed by U.S. EPA in developing the NOx SIP budget for electric generating units in Illinois, the emission rates actually needed to comply with the budgets will be below the stringent 0.15 lb/mmBtu limit used by U.S. EPA in calculating the budgets. Therefore, the emission reductions required under the Subpart W rule will be more than sufficient to achieve the NAAQS for the Metro-East St. Louis nonattainment area. IEPA itself has recognized this and had fully intended on using the Subpart W (SIP Call) rule to achieve attainment targets for both the Metro-East and Chicago ozone nonattainment areas prior to the Court's order extending the compliance date for the NOx SIP Call. In addition, the Subpart V rule and Subpart W rules will require different compliance and reporting requirements. Since the sources subject to the Subpart V rule are also affected by the Subpart W rule, the simultaneous implementation of these rules is superfluous and will impose additional burden on sources affected by the rules. For these reasons, Dominion urges the Board to revoke the Subpart V rule once the Subpart W rule takes effect.

Another issue Dominion urges the Board to carefully consider is the availability of early reduction credits (ERC's) generated under the provisions of the Subpart W rule once the Subpart V rule becomes effective in May 2003. Dominion is concerned about IEPA's interpretation of the Subpart W language specifying the emission reductions required to attain ERC's, for eventual NOx allowances from the compliance supplement pool (CSP), in which the Agency would require reductions 30% beyond the level (rate) required under the Subpart V rule. Dominion believes that ERC's should be granted for any reductions achieved during the 2003 ozone season that are below the 0.25 lb/mmBtu rate required by the Subpart V rule, provided that both the 0.25 lb/mmBtu rate and the emission rate achieved are at least 30% below the unit's Title IV emission rate or other federally enforceable limit at the time the Subpart W rule is adopted. In other words, a source should be allowed to achieve ERC's only for that portion of equivalent tonnage reduction below 0.25 lb/mmBtu that is also 30% below its Title IV or other applicable permit level at the time the the Subpart W rule is adopted. We believe that such an interpretation would provide reasonable assurances that meaningful reductions were being achieved by sources requesting ERC's. While there is some uncertainty as to how many allowances will still be left in the state's CSP for issuance for ERC's generated in the 2003 ozone season, Dominion believes that a reasonable possibility exists that as much as 50% of the CSP allowances may be available in 2003 if U.S. EPA does not approve IEPA's SIP revision (submitted in October 2000) for the NOx SIP Call by May 1, 2001.

Should approval from U.S. EPA not occur by May 2001, reductions achieved during the 2001 ozone season will not qualify for ERC's under the Subpart W rule, and up to (but no more than) 50% of the allowances from the CSP will then be available for ERC's generated in 2002 and the remaining allowances will be available for ERC's generated in 2003.

In closing, Dominion commends the IEPA and this Board for its efforts in allowing affected stakeholders the opportunity to provide meaningful input through face-to-face meetings, public hearings and written comment throughout the development of both the Subpart W and Subpart V rules. Thank you for this opportunity to provide comment, and we again urge the Board to consider the concerns we've expressed regarding the continued implementation of the Subpart V rule once the more stringent Subpart W rule becomes effective.

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