

BEFORE THE ILLINOIS POLLUTION CONTROL BOARD

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IN THE MATTER OF: )  
)  
PROPOSED NEW 35 ILL. ADM. CODE 217, ) R01-16  
SUBPART W FOR ELECTRICAL GENERATING )  
UNITS, AND AMENDMENTS TO )  
35 ILL. ADM. CODE 211 AND 217 )


STATE OF ILLINOIS  
*Pollution Control Board*

**NOTICE OF FILING**

To: See Attached Service List

PLEASE TAKE NOTICE that on behalf of the AMEREN CORPORATION, I  
have filed with the Clerk of the Illinois Pollution Control Board **TESTIMONY OF AMEREN  
CORPORATION**, copies of which are hereby served on you.

AMEREN CORPORATION

By:  \_\_\_\_\_  
One of their Attorneys

Dated: December 8, 2000

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BEFORE THE ILLINOIS POLLUTION CONTROL BOARD

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IN THE MATTER OF: )

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

R01-16

(RULEMAKING-AIR)

STATE OF ILLINOIS  
*Pollution Control Board*

**TESTIMONY OF AMEREN CORPORATION**

My name is Steve Whitworth and my title is Supervising Environmental Scientist for Air Quality and Operations Support in the Environmental, Safety and Health Department, Ameren Services Company, a subsidiary of Ameren Corporation. I am based at the Ameren corporate offices in downtown St. Louis, Missouri and I am responsible for providing guidance and developing strategies for compliance with air pollution control requirements throughout the Ameren system. I and other members of the Environmental, Safety and Health Department staff have followed the development of NOx control regulations at both the state and national level for the past several years. I participated in the Board hearings regarding the adoption of Subpart W of Part 217 regarding the NOx SIP Call and appreciated the Board's consideration of our point of view in that proceeding. In my testimony today, I would like again to commend the Agency for its efforts and to state Ameren's position in support of the proposal.

First, however, I would like to describe briefly Ameren and its facilities in Illinois. Ameren Corporation was formed in 1998 to be the parent company of Union Electric Company ("UE") and Central Illinois Public Service Company ("CIPS"). Ameren's newly created generating subsidiary, Ameren Energy Generating Company and Ameren UE will be affected by this rule.

Ameren has six large generating stations in Illinois, burning a variety of fuels

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including coal, oil and natural gas, with a total generating capacity of nearly 3,300 megawatts. These are identified as EGUs under Subpart W and are listed in Appendix F. These are primarily base load and intermediate facilities which provide electricity for central and southern Illinois homes and businesses. Ameren has also installed over 600 MW of new peaking capacity in Illinois over the past two years, and is planning several additional units which may be located within the state. As such, Ameren should be viewed as a company representing both extensive existing units and a significant number of new units that will be affected by this rule.

I wish to note for the record, that Ameren has been acknowledged as a leader in NOx control accomplishments at our coal-fired generating stations. Beginning in 1991, AmerenUE began a series of research projects and installed advanced combustion control technologies on several generating units. Our continuing commitment and goal to achieve the lowest possible NOx emissions on these units has resulted in unprecedented success. For the year 1999, AmerenUE operated the lowest NOx emitting large coal-fired generating unit in the country and six out of the ten lowest emitting units in the nation. Our work with the Electric Power Research Institute, in applying new technologies on one of our cyclone-fired boilers - a boiler with particularly high NOx emissions - has resulted in achieving the lowest NOx emitting cyclone coal-fired unit in the nation, and earned the company the Governor's Pollution Prevention Award in Missouri for 1998. We are currently working to install these technologies on our other Ameren generating units, including our largest units in Illinois. We also continue to participate in research and development of additional new innovative and cost-effective technologies to reduce NOx emissions.

Ameren supports the adoption of Subpart V. The modeling performed by IEPA shows that the .25 lb/mmbtu rate based rule will be sufficient to document attainment for the Metro East non-attainment area by the target date of May 1, 2003 and USEPA has acknowledged that the rate base rule is appropriate in its initial approval statement on April 17, 2000.(65 Fed. Reg. 20,404.) Indeed, as we testified in the Subpart W hearings, Ameren would support the adoption of this rate based rule as an appropriate attainment demonstration for the Lake

Michigan non-attainment area as well. We believe that the adoption of this rule will not only demonstrate compliance with the ozone NAAQS but also should be useful in demonstrating to the court in Sierra Club v. Browner that it is not necessary to order reclassification (or “bump up”) of the Metro East non-attainment area from moderate to serious.

The Board should also be aware that the Subpart V and Subpart W rules are being adopted at this time to accomplish different tasks and while the two rules do not necessarily conflict, the implementation of Subpart W will render Subpart V superfluous. Subpart W is being adopted to meet Illinois’ obligations under the NO<sub>x</sub> SIP call. Because Subpart W imposes a generally higher level of control on NO<sub>x</sub> sources than the rate based rule in Subpart V, Subpart W will be sufficient to meet the imminent attainment demonstration deadline for the Metro East non attainment area. Because the D.C. Circuit Court of Appeals delayed the effective date of the NO<sub>x</sub> SIP Call from 2003 to 2004, Subpart W would not be effective until after this deadline and Subpart V became necessary as a stop gap measure.

Once Subpart W becomes completely effective however, there will be no need for Subpart V and the Board should, at that time, consider revoking it. The Agency’s suggestion in its testimony that both rules should stay in force will impose additional burdens on the regulated community. The rules require different compliance alternatives and reporting. A compliance report under Subpart W which focuses on tons of NO<sub>x</sub> emitted will be very different from a compliance report under Subpart V which focuses on compliance with the .25 lb/mmBtu NO<sub>x</sub> emission rate during the control period. While Ameren does not suggest a sunset date be imposed in Subpart V because of the uncertainty as to the effective date of Subpart W, Ameren does suggest that the Board acknowledge that it will entertain an appropriate rulemaking proposal to revoke Subpart V once Subpart W becomes effective.

I would also like to address two issues that were raised during the hearing on November 28, 2000. First, I would like to echo the suggestions of Scott Miller from Midwest Generation regarding monitoring for low capacity existing gas turbine units. We also have one low capacity existing gas turbine, that operates as a peaker, for which Part 75 monitoring would

not be cost effective. While we want to provide the Agency with the best information possible to assure the integrity of the compliance system, we also believe we can document the operations of these low capacity units using a less stringent level of monitoring. At the very least, the rule should allow the Agency the discretion to consider alternative monitoring proposals for these types of low capacity units.

The second issue involves the availability of ERCs after the implementation of this rate based rule. We are also concerned that if ERCs are available in the 2003 control period, that they would only be available to companies that achieved early reductions to emission levels 30% below the rate based levels required here. Under one reading of the Subpart W proposal, ERCs would only be available if facilities achieved very stringent levels of control that may exceed those required even under Subpart W. While this issue relates more specifically to Subpart W rather than the language of this proposal, Ameren urges the Agency to consider carefully the impact of this issue in its interpretation of Subpart W and its coordination of the operations of the two rules.

Finally, to reiterate our testimony from the Subpart W proceeding, the Board should also understand the tremendous costs that even a rate based rule will impose on EGUs. Ameren has pursued the development of new, low cost NO<sub>x</sub> control technologies over the past nine years. To meet the NO<sub>x</sub> control requirements of the current acid rain provisions and a 0.25 rate-based rule, AEG will have spent approximately \$30 million and have reduced seasonal NO<sub>x</sub> emissions by about 12,000 tons equivalent to a 62% reduction. This results in a cost of about \$2,200 per ton of NO<sub>x</sub> removed. On the other hand, AEG will need to spend an additional \$100 million to get an additional 15% (or approximately 2,800 tons) reduction to meet the additional requirements of Subpart W. While Ameren believes that the rate based rule would be more cost effective than the Subpart W cap and trade program and believes that it would provide the environmental protection necessary to comply with the NAAQS in Missouri and Illinois, we need to emphasize the tremendous costs the adoption of this rule will impose on Illinois generators.

Thank you for allowing us to present this testimony and I will be happy to answer any questions.

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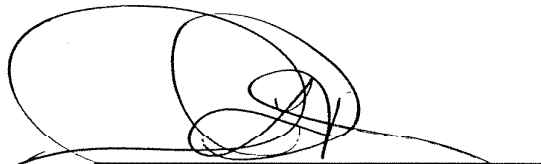
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**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that copies of the foregoing **TESTIMONY OF AMEREN CORPORATION** were served on behalf of Ameren Corporation upon:

See: Attached Service List

on or before 5:00 p.m. on this 8<sup>TH</sup> day of December, 2000, by first class U.S. mail, postage prepaid.



David L. Rieser