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JUL -5 2012

STATE OF ILLINOIS  
Pollution Control Board

ILLINOIS POLLUTION CONTROL BOARD  
July 5, 2012

AMEREN ENERGY RESOURCES, )  
)  
Petitioner, )  
)  
v. )  
)  
ILLINOIS ENVIRONMENTAL )  
PROTECTION AGENCY, )  
)  
Respondent. )

PCB 12-126  
(Variance - Air)

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**HEARING OFFICER ORDER**

A hearing in this matter remains set for August 1-2, 2012. On August 1, 2012, Ameren will present its case, and witnesses will be present to address issues pertaining to general policy and economic impact. On August 2, 2012, a witness will be present to address technical issues. Public comment will be taken on both days.

While the Board may have additional questions at a later date, petitioner is directed to respond the following questions. Written responses prior to hearing are strongly preferred, but petitioner has advised the hearing officer that this may not be possible due to unavailability of the witness.

**QUESTIONS FOR PETITIONER**

**104.204(d)**

1. PC 6 suggests that Ameren Energy Resources (AER) could address two other compliance alternatives: (1) reducing capacity at its plants with higher SO<sub>2</sub> emission rates and (2) seeking financing from its parent company to complete the Newton FGD Project. PC 6 at 4. PC 6 cites to Ameren's Q4 2011 Earnings Call Transcript (February 23, 2012) where Ameren mentioned "ratchet[ing] down" generation from uncontrolled generating plants as a compliance option should it not install scrubbers at Newton. PC 6 at 5.

Please comment on the compliance alternatives of curtailing generation and seeking alternative financing.

**104.204(f)**

2. Ameren's petition on pages 8 to 10 contains the proposed variance compliance plan. In part, Ameren proposes:

...AER expects to maintain a continuous program of construction at the Newton Energy Center so as to be in a position to have the Newton [Flue Gas Desulfurization (FGD)] Project completed and operational to meet

compliance obligations. All major equipment components required to complete the Newton FGD Project has been procured and will be stored on site during the variance period. Site preparation, foundation work and duct work fabrication will all be expected to continue over the next few years. Assuming power prices rebound, field construction activities including the mobilization of skilled craft labor and the procurement of commodity items could take approximately 24 months to complete once the project ramps back up. (Pet. at 9.)

AER has incurred \$237 million on the Newton FGD Project to date and intends to continue the various engineering and construction activities it can fund so as to be positioned to complete the FGD Project in time to comply with the 2015 MPS SO<sub>2</sub> annual emission rate by January 1, 2020 and the 2017 rate by January 1, 2021. By the end of 2012, AER will have spent over 50% of the project cost. (Pet at 19.)

Based on the proposed compliance deadlines of January 1, 2020 and January 1, 2021, please provide additional details in the compliance plan proposed on pages 8-10 of the petition. Please provide an estimated timeline for phases of the compliance plan: engineering, site preparation, foundation work, duct work fabrication, field construction activities, startup, and any other significant phases. Also, please include the estimated costs for each phase.

**104.204(g)**

3. PC 6 states, “[T]he closure of Meredosia and Hutsonville plants –and the consequent decrease in emissions from Ameren’s coal fleet – *would occur regardless of whether the variance is granted.*” PC 6 at 9, (emphasis in original). Ameren’s petition Exhibit 2 lists the SO<sub>2</sub> emissions in rate and tons per year for each power station. Ameren’s petition on page 9 notes that committing to the voluntary SO<sub>2</sub> emission rate of 0.38 lb/MMBtu during the variance period will impose significant operational restrictions on AER. Ameren’s petition on page 26 contains a table showing the projected SO<sub>2</sub> emissions through 2021 if the variance were not granted, projected SO<sub>2</sub> emission under the variance, and the cumulative SO<sub>2</sub> reduction under the variance if the cessation of operations at Hutsonville and Meredosia are considered.
  - (a) Please state the overall annual SO<sub>2</sub> emission rate from the Ameren MPS Group prior to, and after the closure of Meredosia and Huntsville plants. Comment on whether reduction beyond what was achieved with closure of Meredosia and Huntsville plan would be needed to meet the proposed SO<sub>2</sub> emission rate of 0.38 lb/MMBtu.
  - (b) Please state the amount of SO<sub>2</sub> emissions if the requested variance is granted, compared to that which would result if immediate compliance is required. In particular, please readdress Table 1 on page 26 of the petition to provide a specific estimate of the net difference between the projected SO<sub>2</sub> emissions under the current rule and under the proposed variance if Meredosia and Hutsonville are not considered in the system-wide analysis.

104.204(j)

4. Does Ameren suggest any conditions to the requested variance?

The parties are reminded to participate in a telephone status conference with the hearing officer at 1:30 p.m. on July 11, 2012. The status conference shall be initiated by the petitioner.

The decision deadline is currently September 20, 2012.

IT IS SO ORDERED.



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CERTIFICATE OF SERVICE

It is hereby certified that true copies of the foregoing order were mailed, first class, on July 5, 2012, to each of the persons on the service list below.

It is hereby certified that a true copy of the foregoing order was hand delivered to the following on July 5, 2012:

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