

BEFORE THE ILLINOIS POLLUTION CONTROL BOARD

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JAN 05 2001

IN THE MATTER OF:

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

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R01-16
(Rulemaking Air)

STATE OF ILLINOIS
Pollution Control Board

P.c.#3

NOTICE

TO: Dorothy Gunn, Clerk
Illinois Pollution Control Board
James R. Thompson Center
100 West Randolph
Suite 11-500
Chicago, IL 60601

Bobb A. Beauchamp, Esq.
Hearing Officer
Illinois Pollution Control Board
James R. Thompson Center
100 West Randolph
Suite 11-500
Chicago, IL 60601

SEE ATTACHED SERVICE LIST

PLEASE TAKE NOTICE that I have today filed with the Office of the Clerk of Pollution Control Board the Comments of Midwest Generation, a copy of which is herewith served upon you.

Respectfully Submitted,
Midwest Generation EME, LLC

By: *Cynthia A. Faur*
One of its Attorneys

Dated: January 5, 2001

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THIS FILING IS BEING SUBMITTED ON RECYCLED PAPER

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**Comments of Midwest Generation on the
Proposed Amendments to 35 Ill. Adm. Code Part 217, Subpart V**

Midwest Generation EME, LLC ("Midwest Generation") hereby submits the following comments on the proposed amendments to 35 Ill. Adm. Code Part 217, Subpart V for Electric Generating Units ("EGUs"). The purpose of these comments is to supplement the statements made by Scott B. Miller at the Illinois Pollution Control Board's (the "Board's") November 28, 2000 hearing on the proposed Subpart V rule.

As the Board is aware, Midwest Generation is a new company to Illinois with its headquarters in Chicago. It is a subsidiary of Edison Mission Energy, which is one of the largest independent power producers in the world with an installed capacity of over 27,000 megawatts of electrical generation. On December 15, 1999, Midwest Generation purchased the fossil fuel fired assets of Commonwealth Edison ("ComEd"). These assets included coal-fired power plants located in Chicago, Waukegan, Romeoville (Will County), Joliet, and Pekin (Powerton), Illinois. Midwest Generation also acquired from ComEd a gas/oil-fired power plant near Morris, Illinois and several natural gas units. Midwest Generation has an installed capacity of 10,000 megawatts in Illinois. It also has operations in Pennsylvania.

When Midwest Generation purchased ComEd's fossil assets, it made a commitment to reduce nitrogen oxide emissions from those plants by 50% on both a rate based and annual

emissions basis by the end of 2002. This commitment was not based upon future regulatory requirements or the prospect of early reduction credits, but was based upon a desire to improve air quality in Midwest Generation's operating area.

Midwest Generation has begun work to fulfill its commitment. Earlier this year, Midwest Generation retrofitted three tangentially fired boilers at its Joliet, Waukegan, and Will County stations with low NOx burners that utilize both close-coupled and separated overfire air ports known as the ABB TFS-2000 system. All three units have achieved NOx reductions as low as 0.130 lbs/mmBTU and collectively will reduce NOx emissions by 4,500 tons in this year's ozone season and 9,000 tons annually. The newly achieved emissions rate at all three units is greater than a 50% emission reduction on those units.

In 2001, Midwest Generation plans to install NOx controls at five additional units. These controls will reduce NOx emissions by an additional 7,000 tons during the ozone season and 14,000 tons annually.

In addition to Midwest Generation's coal-fired power plants, the Company also owns and operates 12 small combustion turbines at two locations.¹ The rated capacity for these 12 turbines ranges from 25 MWe to 38 MWe. Midwest Generation operates these turbines to meet peak electricity demand, and the turbines only operate a few hundred hours per year. In fact, the operating hours for each of these small turbines were only in the range of 103 hours to 332 hours during 1998 and 1999. Midwest Generation's actual NOx emissions from these 12 peaking units were 223 tons in 1998 and only 100 tons in 1999.²

¹ Eight of the units are located at Midwest Generation's Fisk Generating Station and four of the units are located at its Waukegan Station.

² Midwest Generation notes that controlling NOx emissions from these peaking units would be cost prohibitive given the fact they operate only a few hundred hours a year. For informational purposes the cost of NOx controls for the Fisk peakers (total of 8) range from \$5.4 million (\$27,000/ton) to \$25.2 million (\$62,800/ton). The cost of NOx controls for the Waukegan peakers (total of 4) range from \$3 million (\$25,300) to \$12.6 million (\$62,800/ton). These are in 1992 dollars.

Midwest Generation generally supports the proposed Subpart V rule. As Mr. Miller indicated in his questioning of the Agency at the November 28 hearing, however, Midwest Generation was concerned that the rule, as originally proposed, would require the owners and operators of small combustion turbines, like the 12 owned by Midwest Generation, to implement costly and onerous monitoring and recordkeeping requirements that were not justified by amount of time those units are operated and their emissions.

The basis for Midwest Generation's concern was that under § 217.710, as originally proposed, small combustion units would have been required to comply with the monitoring and recordkeeping requirements of 40 CFR Part 75. While these small units would not have been required to install continuous emission monitors ("CEMs"), under the rule as originally proposed, these small peaking units would have been required to use an alternative monitoring method that was equivalent to the use of a CEM. These small peaking units would also have been required to satisfy the recordkeeping requirements of 40 CFR Part 75. 40 CFR Part 75 requires extensive records to be kept in a specific electronic format - even for small units.

Midwest Generation estimates the costs of installing the Part 75 monitoring at its 12 small combustion turbines, at approximately \$200,000, or approximately \$100,000 per site. More specifically, Midwest Generation estimates that purchasing data loggers and DAHS computers, and configuring that equipment would cost approximately \$60,000 per site, and it estimates that the cost of installing the computers and the necessary wiring from the turbines to the computer system would cost approximately \$40,000 per site. While most of the costs would be for wiring fuel and operating signals from the peakers to the Part 75 computer and software upgrades to the Part 75 computer, Midwest Generation also estimates that the annual costs

associated with maintaining the equipment and compiling the required information would range from \$10, 000 to \$20,000 for all 12 units.

On December 21, 2000, the Agency proposed an amendment to the proposed rule which would provide alternative monitoring and recordkeeping requirements for certain small combustion turbines. See Motion to Amend, dated December 21, 2000. Specifically, the Agency proposed that owners or operators of small combustion turbines that operate less than 350 hours during the ozone season be able to determine NOx emissions using certain default emission factors and a heat input derived from either metered fuel usage or a calculation based upon the turbine's maximum hourly heat input and its hours of operation. See Proposed 35 Ill. Adm. Code § 217.710(c) (as amended). The Agency further proposed amendments to the recordkeeping provisions of Subpart V consistent with the proposed revisions to the monitoring requirements. See Proposed 35 Ill. Adm. Code § 217.712(b) (as amended).


Midwest Generation strongly supports the Agency's proposed revisions to Subpart V, discussed above. The use of conservative default factors will tend to overestimate emissions from the smaller peaking units and require other units in an averaging plan with the small peaking units to meet more stringent emission levels than would be required if the smaller units used Part 75 monitoring data. The use of the default emission factors proposed by the Agency, however, will enable smaller sources to demonstrate compliance with the requirements of Subpart V in a cost-effective manner.

In conclusion, Midwest Generation supports the proposed Subpart V rule, as amended by the Agency on December 21, 2000. As the owner of 12 of the 14 existing small combustion turbines affected by Subpart V, Midwest Generation believes that the proposed revisions to §§ 217.710 and 217.712 of that proposed rule will enable it and the other owners of small

combustion turbines to comply with the emission limitations of the proposed Subpart V rule in a cost-effective manner. Accordingly, Midwest Generation requests that the Board adopt the Agency's proposed revisions to 35 Ill. Adm. Code § 217.710 and § 217.712.

Midwest Generation thanks the Board for the opportunity to comment on this rulemaking.

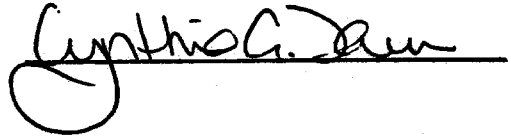
Respectfully Submitted,
Midwest Generation EME, LLC

By: 
One of its Attorneys

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CERTIFICATE OF SERVICE

The undersigned, an attorney, certify that I have served upon the individuals named below true and correct copies of Comment of Midwest Generation by Messenger, as indicated or First Class Mail, postage prepaid on January 5, 2001.

A handwritten signature in cursive script, reading "Cynthia C. Jew", is written over a solid horizontal line. The signature is positioned to the right of the center of the page.

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