

# Presentation to the Wyoming Environmental Quality Council

December 5, 2017

Basin Electric Power Cooperative, Inc.

Rulemaking Docket # 17-2101 (R-28)

# Laramie River Station



## The Proposed Regulation Will Enable Basin Electric to Reduce Haze Pollutants More than Required by EPA's Proposed Federal Implementation Plan at a Fraction of the Cost, Protecting the Environment and Preserving Jobs – a “Win-Win”

1. The change is not substantive – it only prevents “double-counting” of sulfur dioxide emissions
2. The change is source-specific to Basin Electric
3. It allows Basin Electric to report baseline SO<sub>2</sub> emissions rather than lower actual emissions for the Laramie River Station under the Section 309 SO<sub>2</sub> trading program

# The BART Litigation

2011 – WY Regional Haze SIP for NO<sub>x</sub> at the Laramie River Station

OFA and Low NO<sub>x</sub> Burners were required for Laramie River Station Units 1, 2, and 3 (Have Been Installed)

2014 – EPA Disapproved Wyoming's SIP

Ordered all three Units to also install Selective Catalytic Reduction Controls (estimated additional cost: \$1 Billion)

# The BART Litigation

- Basin Electric Filed Petition for Review in the Tenth Circuit Court of Appeals, alleging EPA's decision unlawfully interfered with Wyoming's SIP

*Basin Electric Cooperative v. EPA*, No. 14-9533

- Wyoming also filed a Petition for Review in the Tenth Circuit

*Wyoming v. EPA*, No. 14-9529

# The BART Settlement

Basin Electric approached EPA to discuss a settlement through the Tenth Circuit's Mediation Office

Basin Electric proposed 1 SCR on Unit 1, and SNCR controls on Units 2 and 3 (Estimated cost \$400 Million)

EPA then requested additional reductions in SO<sub>2</sub> as part of a "Better than BART" resolution under the regulations

Basin Electric ran modeling of the proposed settlement

Model results showed better visibility results than EPA's challenged FIP, at a fraction of the cost

# The BART Settlement

EPA and Basin Electric requested that Wyoming approve the settlement. After careful consideration, the AQD and Governor Mead agree to support the settlement.

Basin Electric, Wyoming and EPA signed the Settlement on December 21, 2016. After seeking public comment, EPA agreed to confirm the settlement agreement.

# The BART Settlement

Basin Electric agreed to accept lower SO<sub>2</sub> emissions for Units 1 and 2 than are currently required under its Air Permit with DEQ:

From: 0.159 lb/MMBtu for Laramie River Unit 1 and 0.162 lb/MMBtu for Laramie River Unit 2

To: 0.12 lb/MMBtu averaged annually across the two units

But EPA wanted federally enforceable assurances that these SO<sub>2</sub> reductions would not also be counted as reductions under Wyoming's separate Section 309 Backstop Trading Program for SO<sub>2</sub> reductions - no "double counting"



# The BART Settlement

To avoid “double counting,” Basin Electric will need to report its SO<sub>2</sub> emissions to the AQD for the Section 309 Program using its historical emission rates, not the new, and lower, emissions rates required by the Settlement

However, Chapter 14 of the AQD’s Rules and Regulations, as well as Wyoming’s Section 309 Regional Haze SIP, require sources to report their actual emissions.

So Basin Electric needs legal authority to report its historical emissions rather than actual emissions

# Proposed Change to Section 14 of AQD's Regulations

New subsections (d) and (e) to Section 3 (Sulfur dioxide milestone inventory) of Chapter 14 (Emission Trading Program Regulations):

(d) Notwithstanding any other provision of this Chapter 14, Basin Electric Power Cooperative's Laramie River Station shall report its annual sulfur dioxide emissions as follows: for Laramie River Station Unit 1, Basin Electric Power Cooperative shall report its sulfur dioxide emissions based on an emission rate of 0.159 lb/MMBtu multiplied by the actual heat input during the year; for Laramie River Station Unit 2, Basin Electric Power Cooperative shall report its annual sulfur dioxide emissions based on an emission rate of 0.162 lb/MMBtu multiplied by the actual heat input during the year. Annual sulfur dioxide emissions for Laramie River Station Unit 3 shall be reported as otherwise provided in this Chapter.

(i) Basin Electric Power Cooperative shall report sulfur dioxide emissions as calculated per Section 3(d) as of the year that Basin Electric Power Cooperative commences operation of Selective Catalytic Reduction at Laramie River Station Unit 1.

(e) The Division of Air Quality shall use the annual sulfur dioxide emissions reported by Basin Electric Power Cooperative in Section 3(d) for all purposes under this Chapter.

# Proposed Addition to Section 309 SIP

New Subsection D4 to Section C:

## **D4 Laramie River Station Units 1 and 2**

Notwithstanding any other provisions of this WYRHSIP, Basin Electric Power Cooperative shall report its annual sulfur dioxide emissions for Laramie River Station Unit 1 based on an emission rate of 0.159 lb/MMBtu and for Laramie River Station Unit 2 based on an emission rate of 0.162 lb/MMBtu multiplied by the actual heat input during the year for each unit. Annual sulfur dioxide emissions for Laramie River Station Unit 3 shall be monitored and reported as otherwise provided in this Section C.

Basin Electric Power Cooperative shall first report sulfur dioxide emissions as set forth in the previous paragraph as of the year that Basin Electric Power Cooperative commences operation of selective catalytic reduction (SCR) at Laramie River Station Unit 1. For example, if SCR is installed in 2019, Basin Electric Power Cooperative shall report its 2019 sulfur dioxide emissions consistent with the previous paragraph.

This monitoring and reporting requirement applies for all purposes in this Section C and the calculated emissions for Laramie River Station Units 1 and 2 shall be substituted for the actual sulfur dioxide emissions for Laramie River Station Units 1 and 2 where required by this Section C and this WYRHSIP.