

# Cross State Air Pollution Rule (CSAPR)

EPA continues its series of regulations that affect electricity generation, with the Cross-State Air Pollution Rule (CSAPR) set to take effect Jan. 1, 2012. Under the rule, which was finalized in July and revised in October, power plants in 27 states, including Wisconsin, will be required to limit sulfur dioxide and nitrogen oxides emissions that affect air quality in other states.

CSAPR replaces the Clean Air Interstate Rule (CAIR), issued in 2005. CAIR was vacated by the United States Court of Appeals for the District of Columbia Circuit in 2008. The court instructed EPA to make revisions to CAIR and, until the revisions were made, the CAIR rules would temporarily stay in place.

During this time, Dairyland Power Cooperative (our power supplier), has made major reductions in emissions of sulfur dioxide, nitrogen oxides and particulate matter by investing in new air emission control equipment. For example, Dairyland installed fabric filter “baghouses,” designed to remove more than 99.5 percent of particulate matter from the exhaust gas stream, at Genoa Station #3 (G-3) and the John P. Madgett Station (JPM) in 2007. These baghouses remove 7,000 pounds per day more particulate matter compared to previous controls.

*Ever-changing rules are costly*



Dairyland is currently in the midst of a \$400 million air emission control plan at its electric generating facilities. When this plan is complete, Dairyland’s sulfur dioxide emissions will be reduced by over 90 percent. This will be in addition to the 80 percent reduction of sulfur dioxide emissions by Dairyland since the early 1970s. Nitrogen oxides emissions will be reduced by over 50 percent across the Dairyland system.

While I certainly embrace efforts to provide a cleaner environment, I am concerned about the overall trend of dramatically increased regulation by EPA and believe it’s important to make sure the rules proposed and enacted are reasonable measures that make sense for our members.

The new CSAPR is significantly more stringent than CAIR and allows very little time to comply. Beginning Jan. 1, 2012, CSAPR establishes emissions limits for each state and each electric generating unit (called allowances). The number of allowances provided for Dairyland’s power plants and most other affected utilities, is significantly less than needed to meet typical generation requirements.

I am very concerned that CSAPR will drive our energy costs up considerably. The air emission controls already installed at Dairyland’s plants are not enough to meet these new allowance limits. Additional air emission controls already planned by Dairyland can not be installed before the CSAPR limits are in effect. While excess allowances may be traded under the rule, there is some concern that there will not be enough allowances available.

Since it is impossible for Dairyland to install additional planned air emission controls by the 2012 start of CSAPR and allowance trading is questionable, Dairyland and other utilities may be required to reduce generation to comply with CSAPR. If we curtail production, it may require the purchase of power from a higher priced marketplace, which will likely increase our costs.

EPA claims that the Cross-State Air Pollution Rule will help avoid tens of thousands of premature deaths and illnesses, achieving billions of dollars in public health benefits. On a national level, EPA estimates the rule will cost \$800 million annually by 2014, on top of roughly \$1.6 billion per year in capital investments already underway as a result of the CAIR. The Brattle Group (Economic and Financial experts) estimates the rule could cost up to \$120 billion by 2015 and reduce the nation’s power supply by more than 55 gigawatts (almost 4 percent).

Hawkeye and Dairyland have made significant investment and effort to comply with environmental regulations. But, our co-ops have serious concerns about the cost to consumers that these recent regulations would impose.

Dairyland staff is working diligently with technical experts throughout the industry to find solutions that will minimize the impact on electricity prices for consumers. Dairyland is asking EPA and a court to stay the rule, make modifications to the rule and provide reasonable time to comply.

Hawkeye REC and Dairyland are committed to improving our environment. All we are asking for is sufficient time to make the required modifications at our power plants to meet the new rules, something which CSAPR does not provide us. We don’t think that is fair. Join with me in urging Congress to enact realistic and economically suitable energy policies that will benefit all Americans.

*Bill Berg*

**Bill Berg,  
President & CEO**

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