



September 5, 2014

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Dear Ms. Dickens and Ms. Breuer:

**SUBJECT: EPA's Clean Power Plan Proposal / Questions and Responses**

We appreciate your interest in our perspectives on the EPA's Clean Power Plan (CPP). Dairyland Power Cooperative's (Dairyland) responses follow. We are also a contributor to the joint Wisconsin utilities group comments.

Dairyland is the only generation and transmission cooperative in Wisconsin. Headquartered in La Crosse, Wisconsin, Dairyland provides the wholesale electrical requirements for 25 distribution cooperatives and 17 municipal utilities in the Upper Midwest (18 cooperatives and ten municipalities in Wisconsin), meeting the energy needs of more than 600,000 people (over 500,000 Wisconsinites). Dairyland's generating resources include coal, natural gas, hydro, wind, biogas, biomass, and solar. We deliver electricity via nearly 3,200 miles of transmission lines and 300 substations located throughout the system's 44,500 square mile service area. Dairyland's service territory encompasses 62 counties in four states—Wisconsin, Minnesota, Iowa, and Illinois. With our members, Dairyland cooperatives employ over 1,000 people.

Dairyland faces unique challenges that must be considered in developing any state plan to comply with the 34% reduction the CPP requires. Our distinctive setup drives the investments we make and provides Dairyland with less flexibility to drastically change our generation portfolio in a short period of time. We are member-owned and member-governed—providing power not directly to consumers, but rather to our member cooperatives and municipal utilities who then sell the electricity to consumers.

A Touchstone Energy® Cooperative 

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Dairyland is heavily reliant on coal, which provides about 85% of our generation portfolio. We built our coal plants when federal energy policies essentially forbid natural gas as a fuel option. Dairyland has invested hundreds of millions of dollars in environmental controls in recent years to meet state and federal pollution control requirements, and we continue to pay for those investments. The average Dairyland consumer earns less than Wisconsin's median income and can ill afford to pay off good faith investments in existing plants, while also paying for the construction of new generation sources and infrastructure to replace coal plants that the CPP could force to close.

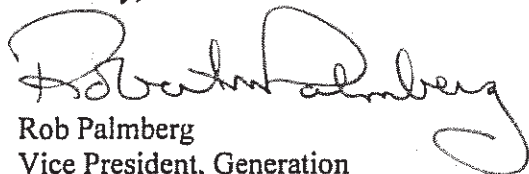
Dairyland's situation is distinctive because of our rural nature. With an average of about seven consumers per mile of line, cooperatives must invest in far more infrastructure for each consumer served than other utilities. Building new generation sites will require new transmission lines, new substations, new distribution lines, and potentially new natural gas pipelines. Access to natural gas in rural areas is almost non-existent—and where it is, natural gas capacity would need to be greatly expanded to accommodate the supply necessary for natural gas generating units.

Make no mistake, Dairyland is not simply defending the status quo. The Public Service Commission has recognized Dairyland as having made the most progress on our Renewable Portfolio Standard (RPS) of any state utility; last year over 14% of the power our consumers used came from renewable sources. We have almost 600 distributed generation systems in our area—as many or more than any other state utility per capita. Dairyland is not standing still, but going above and beyond to protect the environment.

With time, Dairyland will be able to comply with the measures the CPP will require of any Wisconsin state plan. Our unique circumstances and structure will make it impossible to operate prudently, moderate rural consumers' bills, and comply with a state plan by the beginning of the interim period slated to begin in 2020. We hope the DNR will consider these circumstances when determining how Dairyland fits into the state plan for the CPP.

We appreciate your agencies' willingness to hear our opinions on the CPP and how the state can best implement this mandate. We look forward to continuing the dialogue.

Sincerely,



Rob Palmberg  
Vice President, Generation

RMP:krm

Attachment

## WDNR and PSCW Questions on EPA's Clean Power Plan Proposal

### I. OVERARCHING ISSUES.

- a. **Electrical Reliability.** What factors or analyses need to be considered to evaluate impacts of this rule on electric reliability? Does the use of emissions averaging periods adequately ensure electrical reliability? Could other mechanisms help with this issue (e.g. MACT-type extensions, fail-safe/off ramp for emergencies, etc.)?

This question was addressed by the Wisconsin utilities' joint response (submitted September 5, 2014)

- b. **Stranded Costs.** How does the proposed rule impact previous investments in emission controls, including type and magnitude of impact? Does the proposed rule include options to avoid stranded costs? If not, what could EPA change to address this? Is a certain level of stranded costs acceptable, and if so, what level?

#### Response

The proposed rule purports to allow enough flexibility for affected states to draft their plans so that stranded costs can be avoided. Coal-fired generating stations (affected by the MATS rule, CSAPR, and/or consent decrees) are in many cases installing pollution control equipment in lieu of retirement, or have already made these investments. Dairyland had already made or committed to most of these costly investments when the proposed rule was released. These environmental improvement projects result in new with a long payback period, extending beyond the 2030 proposed rule compliance date and significantly beyond the interim compliance period. Since no state plan can be reviewed to accurately assess the operational impact of the CPP, Dairyland can only estimate the stranded costs and their impact on members' electrical rates.

Stranded costs, of any level, will increase Dairyland's members rates. One of the many outputs from EPA's 2025 IPM model lists Dairyland's John P Madgett generating station (JPM) as being retired by 2025. Dairyland has, in response to air regulations and a consent decree with the United States, recently installed, or is in the process of installing, several costly environmental control upgrades at JPM which will require a payback period well beyond the modeled retirement date of 2025. Dairyland has also made recent investments in the electrical transmission system which could also be stranded, by the retirement of JPM. The rate increase impacts from this unintended retirement could range from 10% to 200%, or higher, depending on a variety of factors, including, but not limited to, electricity, natural gas, and capacity market prices.

- c. **System versus unit-based approach.** Please comment on the EPA's consideration of the electrical system as a whole in setting BSER (best system of emission reduction), and the EPA's interpretation of what is an 'adequately demonstrated' BSER. Would an

'inside the fence line' approach be more appropriate for goal setting and/or compliance? Why or why not? Please discuss any related legal concerns.

Response

EPA's use of the entire electrical system results in compliance requirements residing outside of affected utilities' control (e.g., end-user energy efficiency). The system approach proposed by EPA is a dramatic deviation from their historical approach to reducing particular emissions from power plants. The proposal results in a significant energy policy change that historically has fallen under the purview of the legislative branch. EPA has not "adequately demonstrated" that building blocks 2, 3, and 4 can be implemented in the manner intended by the proposal (e.g., forcing NGCCs to become baseload resources which drives coal-fired resources to follow load due to intermittent renewables). An "inside the fence" approach provides affected utilities the control necessary to comply. It's also a fairer method of goal setting, as all "affected" units are under the control of utilities.

**II. SETTING STATE GOALS.**

a. **Baseline.** EPA set the BSER requirements based on a 2012 baseline.

- i. Does this baseline adequately credit, or conversely penalize, states and utilities for early action? If the latter, would a different year or type of baseline be more appropriate (e.g., use of the 3 highest of 5 years as used under CSAPR), and if so, why?

This question was addressed by the Wisconsin utilities' joint response (submitted September 5, 2014).

- ii. Please comment on EPA's legal argument that they must use 2012 as a baseline.

This question was addressed by the Wisconsin utilities' joint response (submitted September 5, 2014).

- iii. Does 2012 represent normal operating conditions?

This question was addressed by the Wisconsin utilities' joint response (submitted September 5, 2014).

- iv. Please provide your estimate of the amount of reduction due to actions between 2005 and 2012 that have not been included in the goal setting for our state, and the cost of those measures since 2005.

**Response**

Dairyland has made great progress regarding renewable energy generation (last year over 14% of the power used by our consumers came from renewable sources). Dairyland also has approximately 500 distributed generation systems in its service territory, more than any other state utility per capita.

Dairyland, and its cooperative members, have made sizable investments in renewable energy generation and energy efficiency improvements across its service territory (Wisconsin, Minnesota, Iowa, and Illinois) and should get credit for those investments. Dairyland considers much of the cost information related to these projects confidential business information and is unwilling to publicly disclose that information. Dairyland would be willing to discuss this information confidentially.

- b. **Building Blocks.** Is the building block approach to setting state goals appropriate? Do you favor an alternative approach? Should states be allowed to propose alternative building blocks based on technical and economic feasibility when preparing a plan? Did EPA use the best data for Wisconsin power plants and power sector (renewable energy and energy efficiency) programs? For each of the building blocks below, please discuss any alternative approaches EPA could take.

- i. **Building Block 1: Heat Rate Improvements.** This block calls for an overall 6% improvement in the heat rate of coal units.

1. Can Wisconsin's coal plants achieve a 4% improvement in heat rate on average through best practices? Can they achieve 2% improvement through equipment upgrades? If not, by how much could WI coal plants improve their heat rate?

This question was addressed by the Wisconsin utilities' joint response (submitted September 5, 2014).

2. What costs and timeframes would be needed to implement these heat rate improvements?

Response: Substantial heat rate improvement projects can take years to plan and schedule. Since Wisconsin will not have a state plan until just one or two years prior to the first interim year target in 2020 (without considering the impacts of litigation), Dairyland will have considerable difficulty implementing projects to meet interim reduction

targets. Flexibility, such as a smoother glide-path rather than the compliance precipice in 2020, will be needed to ensure that Dairyland will have sufficient time to prepare and complete these projects.

3. Should the goal be based on what is achievable on average across the nation or be more focused regionally or within a state?

This question was addressed by the Wisconsin utilities' joint response (submitted September 5, 2014).

4. Does EPA adequately consider possible interactions with Building Block 2 (increased dispatch of NGCC units) in determining what is achievable for heat rate improvements? For example, could decreased reliance on coal offset any benefit of efficiency upgrades because of reduced heat rate when a unit is run less or cycled more often, and by how much?

This question was addressed by the Wisconsin utilities' joint response (submitted September 5, 2014).

5. In calculating the goals, EPA assumes power plants can achieve all of the heat rate improvements by 2020. Is this feasible for Wisconsin units, or should EPA assume units can accomplish these improvements over a longer time period (e.g. by 2030)?

This question was addressed by the Wisconsin utilities' joint response (submitted September 5, 2014).

6. For utilities: please identify any heat rate improvements made since 2005 and provide specific cost and percentage change in heat rate for each unit.

Response

In addition to annual boiler and related equipment (e.g. pulverizers) maintenance, Dairyland performs routine turbine overhauls (8-10 year cycle) to maintain plant performance. These periodic inspections and overhauls generally negate the gradual degradation in heat rate in between inspections/overhauls. The general costs of these periodic activities are as follows:

Typical boiler maintenance = \$0.3-0.5M / heat rate restoration due to normal wear and tear

Typical turbine overhaul = \$3-5M / heat rate restoration due to normal wear and tear

Genoa #3

1. Combustion Optimizer (2009) = \$0.3M cost / 0.5 to 1 percentage point decrease

John P. Madgett

1. Combustion Optimizer (2009) = \$0.3M cost / 0.5 to 1 percentage point decrease

7. For utilities: identify any heat rate changes from emission control projects and provide specific cost and percentage change in heat rate for each unit. Discuss whether these changes are considered in the baseline.

Response

Any increase in station service (parasitic load), will negatively affect the heat rate as heat rate is calculated using net generation. Coal-fired utilities, in response to federal rules (e.g., CSAPR and MATS) and consent decrees, have been installing mercury, NO<sub>x</sub>, PM, and SO<sub>2</sub> controls to ensure continued compliance. Dairyland, at its Genoa #3 and John P. Madgett generating stations, has installed two (2) fabric filter baghouses (PM control), one (1) dry flue gas desulfurization system (SO<sub>2</sub> control), one (1) dry sorbent injection system (SO<sub>2</sub> control), two (2) activated carbon injection systems (mercury), and will be installing one (1) selective non-catalytic reduction system (NO<sub>x</sub>) and one (1) selective reduction system (NO<sub>x</sub>). All of these systems – driven by regulations or federal consent decrees – increase each station's parasitic load. The CPP used net generation data to calculate the interim and final state goals. As such, the baseline does not consider changes in parasitic load due to pollution control equipment.

Genoa #3

1. Fabric Filter Baghouse (2007) = \$50M cost and 0.75 percentage point increase
2. Dry Flue Gas Desulfurization System (2008) = \$75M cost and 1.46 percentage point increase
3. Activated Carbon Injection (2014) = \$4M cost and 0.1 percentage point increase
4. Selective Non-Catalytic Reduction System (2014) = \$4.5M cost and 0.1 percentage point increase

John P. Madgett

1. Fabric Filter Baghouse (2007) = \$50M cost and 0.75 percentage point increase

2. Low NO<sub>x</sub> Burners (2007) = \$6M cost and 1 percentage point increase
3. Dry Sorbent Injection (2014) = \$21M cost and 0.2 percentage point increase
4. Activated Carbon Injection (2014) \$4M cost and 0.2 percentage point increase
5. Selective Catalytic Reduction System (2016) = \$92 M cost and expected 1 percentage point increase – system not currently operational

**Building Block 2: Increased Dispatch of NGCC Units.**

1. Can the state's NGCC units operate at 70% capacity on a permanent basis? What are the equipment impacts and O&M costs of operating at 70%? What are the impacts on the electric system? Will decreasing the ability to quickly ramp up/down adversely affect intermittent renewables on the system?

This question was addressed by the Wisconsin utilities' joint response (submitted September 5, 2014).

2. Is this building block likely to create electrical reliability issues if NGCC capacity isn't available for increased dispatch upon demand? Would operating NGCC units at 70% capacity affect utilities ability to maintain the required 15% reserve capacity for reliability purposes?

This question was addressed by the Wisconsin utilities' joint response (submitted September 5, 2014).

3. Was EPA's determination that existing natural gas infrastructure could support such an expansion adequate? If not, how much additional capacity is needed and is firm gas available? Please comment on natural gas storage and hedging impacts.

This question was addressed by the Wisconsin utilities' joint response (submitted September 5, 2014).

4. EPA suggests that states could drive these changes in dispatch via either economic mechanisms (e.g., a carbon price on electricity generation) or via emissions limits in permits. Which mechanism do you think would be most effective? What are the strengths and weaknesses of each mechanism?

This question was addressed by the Wisconsin utilities' joint response (submitted September 5, 2014).



5. In calculating the goals, EPA assumes power plants can increase NGCC dispatch to 70% by 2020. Can Wisconsin units fully ramp up dispatch by 2020, or should EPA allow units to shift dispatch over a longer time period?

This question was addressed by the Wisconsin utilities' joint response (submitted September 5, 2014).

ii. **Building Block 3a: Dispatch of At-Risk Nuclear Capacity.**

1. Is it appropriate and meaningful for EPA to count 5.8% of Point Beach's generation as "at risk"? Is this methodology reasonable, and if not, is there another approach you would propose to consider nuclear facilities? How would this approach impact a non-regulated, merchant-owned plant like Kewaunee?

This question was addressed by the Wisconsin utilities' joint response (submitted September 5, 2014).

2. How does this effort to keep "at-risk" nuclear plants open interact with licensing requirements which may require the plants to close at a certain date? For example, Point Beach's units are licensed through 2030 and 2033.

This question was addressed by the Wisconsin utilities' joint response (submitted September 5, 2014).

3. Should EPA include other existing nuclear generation (e.g., the remaining 94.2% of Point Beach's generation) in setting the goal? If so, how?

This question was addressed by the Wisconsin utilities' joint response (submitted September 5, 2014).

iii. **Building Block 3b: Increased Generation of Renewable Energy.**

1. Is it possible for Wisconsin to expand renewable generation to 11% of total generation with only in-state resources, and if so, what is the estimated cost of doing so? Is this achievable using a combination of in-state and out-of-state renewable energy purchases (which EPA intends to allow), and what are the likely costs of complying? How close are utilities to reaching the 11% goal if the requirement was for in-state resources?

This question was addressed by the Wisconsin utilities' joint response (submitted September 5, 2014).

2. Is it appropriate for EPA to exclude out-of-state renewables in setting a state's goal? If it is not appropriate, can you suggest a mechanism by which EPA could account for the many different contracts for renewable electricity purchases across state lines?

This question was addressed by the Wisconsin utilities' joint response (submitted September 5, 2014).

3. Is it appropriate for EPA to determine the target and growth rate on a regional basis? Are there other ways (state-specific, nationally, based on technical renewable generation potentials) that would be better?

This question was addressed by the Wisconsin utilities' joint response (submitted September 5, 2014).

4. Is the use of state Renewable Portfolio Standard targets appropriate for a regional goal?

This question was addressed by the Wisconsin utilities' joint response (submitted September 5, 2014).

5. Is it appropriate for EPA to apply a growth rate that is a percent of existing capacity?

This question was addressed by the Wisconsin utilities' joint response (submitted September 5, 2014).

6. EPA describes an alternative renewable energy approach based on technical and market potential for renewable energy within different states. Do you believe this is a better approach? Do you agree with how they calculated renewable energy potentials? Please discuss why or why not. What would this mean for Wisconsin, specifically? Would an approach that is based on potential within in a state rather than RPS goals consider current or future out-of-state obligations?

This question was addressed by the Wisconsin utilities' joint response (submitted September 5, 2014).

iv. **Building Block 4: Increased Energy Efficiency.**

1. Is it achievable for Wisconsin to sustain 1.5% incremental savings per year through 2030 and beyond? If so, should it be done through the Focus on Energy program or via some other means? If 1.5% incremental savings is not achievable, is there a different target that would be more appropriate?

This question was addressed by the Wisconsin utilities' joint response (submitted September 5, 2014).

2. Is the growth rate of 0.2% of sales per year appropriate? If not, what is the appropriate growth rate?

This question was addressed by the Wisconsin utilities' joint response (submitted September 5, 2014).

3. Is EPA's choice of measure lifetime (used to define the duration of energy savings) for the goal appropriate?

This question was addressed by the Wisconsin utilities' joint response (submitted September 5, 2014).

#### **Other Building Block 4 Issues**

- a. As part of an effort to reduce load during peak periods, Dairyland has a load management program, or demand side management, which helps to reduce electric demand by curtailing the electricity supply to certain appliances or pieces of equipment during periods of high market price, peak demand, or during system emergencies. A portion of this "managed" load results in a net generation reduction. Wisconsin's state plan should provide the flexibility to account for the unconsumed electrical energy under Building Block 4.
- b. Some utility-run energy efficiency programs, such as Dairyland's, minimize heating fuel (i.e., propane, natural gas, and fuel oil) consumption through home energy efficiency efforts, such as home energy audits and home insulation programs. The state plan should provide opportunities for these energy saving programs to be credited, as un-emitted CO<sub>2</sub>e, toward the EE target.

#### **c. Alternative Approaches Discussed by EPA.**

- i. EPA presents alternate targets for each building block that are less stringent and have shorter compliance periods. Please comment on each of these targets and whether you believe they are more or less appropriate than those proposed by EPA.

This question was addressed by the Wisconsin utilities' joint response (submitted September 5, 2014).

- ii. EPA also discusses a different approach to setting the goals based on Building Block 1 (heat rate improvements) coupled with reduced utilization of fossil EGUs. Do you believe this is a better approach? Please discuss why or why not.

This question was addressed by the Wisconsin utilities' joint response (submitted September 5, 2014).

### III. COMPLIANCE WITH THE RULE.

- a. **Compliance Flexibility.** Do you have any concerns with the compliance flexibility proposed in the rule? Are there other flexibilities that should be considered (e.g. use of CHP, non-electric energy efficiency, etc.)? If EPA allowed too much flexibility, how could they narrow the scope of what is allowed for compliance?

This question was addressed by the Wisconsin utilities' joint response (submitted September 5, 2014).

- b. **Responsible Parties.** EPA says this rule should allow states to comply via either an emission limit approach (in which limits are applied to units which may or may not be able to purchase and trade credits) or a portfolio approach (which may combine emission limits with other enforceable measures and may be utility-driven or state-driven). Does anything in the rule as written preclude the use of any of these approaches? Which parties (utilities, states, etc.) should bear the obligation for the different aspects of compliance?

This question was addressed by the Wisconsin utilities' joint response (submitted September 5, 2014).

- c. **Rate and mass based standards.**
  - i. Does the rule structure adequately allow for use of either a rate or mass based standard? If not, how could the rule be modified to do so?

This question was addressed by the Wisconsin utilities' joint response (submitted September 5, 2014).

- ii. EPA does not prescribe a methodology for determining mass based limits. What factors should be considered in establishing a mass cap?

This question was addressed by the Wisconsin utilities' joint response (submitted September 5, 2014).

- iii. EPA presumes that states may establish mass caps when developing a plan. Should these values be fixed or be adjustable going into the future?  
This question was addressed by the Wisconsin utilities' joint response (submitted September 5, 2014).
- iv. Should EPA determine mass caps for each state? Should states be required to use EPA's determined limit or allowed to calculate their own mass cap (subject to EPA approval)?  
This question was addressed by the Wisconsin utilities' joint response (submitted September 5, 2014).
- v. Would it be appropriate and feasible for Wisconsin utilities to adopt different approaches such that one utility could comply with a mass-based standard while another meets rate based goal?  
This question was addressed by the Wisconsin utilities' joint response (submitted September 5, 2014).
- d. **Use of new facilities for compliance.** EPA states that it intends to allow new units (such as new NGCC plants) to count towards compliance with the existing source rule. Do you see any potential issues with regulating these plants under both 111(b) and 111(d)?  
This question was addressed by the Wisconsin utilities' joint response (submitted September 5, 2014).
- e. **Expansion of renewables.** For utilities: how much additional renewable generation and what type do you anticipate using to comply with this rule? Are you likely to build this capacity in state or out-of-state? Please provide any costs estimates. if you have them, for this additional capacity, whether it is generation or transmission costs.

**Response:**

Dairyland is continuously seeking out new renewable projects that fit into its least cost integrated resource plan. Since the proposed rule will not be finalized until next year and an approved state plan will not be available until, at the earliest, 2016, Dairyland has made no rule-driven inquiries into additional renewable generation projects. While Dairyland has no new rule-driven specific renewable energy compliance plans at this time, maximizing compliance flexibility is necessary to minimize impact on cooperative members. Wisconsin, as a state, has less available wind resources, which will push most new wind power projects out-of-state (e.g. Minnesota, Iowa, or North Dakota). Dairyland has also successfully located many of our renewable projects in our own service

territory in Iowa, Illinois, and Minnesota. Although out-of-state, Dairyland believes generated renewable power located, at a minimum, in its service territory in others states be included in Wisconsin's compliance portfolio. Dairyland is also concerned that adequate transmission may not be in place to accommodate large shifts in the Midwest resource mix nor has it been adequately considered in the CPP. Dairyland would encourage the use of least cost planning when looking at the different ways to implement the new rules.

Dairyland has historically utilized a "least cost" model when initiating a renewable resource project; estimating costs under any other model would be very difficult.

- f. **Interstate effects - RE.** EPA states that renewable electricity purchased from out-of-state could count towards compliance if the states ensure that this electricity will not be double counted. Is this appropriate? Can you suggest any way to structure the program to ensure that such electricity is not double-counted?

This question was addressed by the Wisconsin utilities' joint response (submitted September 5, 2014).

- g. **Interstate effects - EE.** EPA proposed to scale down energy efficiency savings for states that are net importers of electricity and took comment on whether they should scale up EE savings for net exporter states to account for the cross-border savings from in-state programs. Are these each appropriate approaches? Is there a better way to handle this issue?

This question was addressed by the Wisconsin utilities' joint response (submitted September 5, 2014).

h. **Trading program.**

- i. EPA allows states or regions to create plans based on emissions averaging and trading. Is this appropriate?

This question was addressed by the Wisconsin utilities' joint response (submitted September 5, 2014).

- ii. Should EPA provide a default national trading program that states or sources can opt into for compliance purposes?

This question was addressed by the Wisconsin utilities' joint response (submitted September 5, 2014).

- iii. Are there types of credits or trading programs that may be barred from the rule as proposed?

This question was addressed by the Wisconsin utilities' joint response (submitted September 5, 2014).

- iv. Would it be appropriate to have separate systems for trading pounds of CO<sub>2</sub> and avoided megawatt-hours of generation?

This question was addressed by the Wisconsin utilities' joint response (submitted September 5, 2014).

- v. Should a trading program be state-wide, region-wide, or nation-wide?

This question was addressed by the Wisconsin utilities' joint response (submitted September 5, 2014).

- vi. Who should manage emission trading systems?

This question was addressed by the Wisconsin utilities' joint response (submitted September 5, 2014).

- i. **Displacement of generation/emissions.** EPA does not specify a methodology for states to use in determining what kind of generation (and how large its associated CO<sub>2</sub> emissions) would be displaced by renewable electricity and energy efficiency measures. What would be the best way to determine this?

This question was addressed by the Wisconsin utilities' joint response (submitted September 5, 2014).

- j. **Federal enforceability of compliance measures.** If a program is explicitly used as a compliance measure under this program, EPA has stated that that program must become federally enforceable. Do you foresee any issues with having existing state programs (such as the RPS and Focus on Energy) become federally enforceable?

**Response:**

**RPS:** Dairyland does not have any issues having the current Wisconsin RPS being federally enforceable under this program.  
**Focus on Energy:** Participation in Focus on Energy is not required for all WI utilities. Wisconsin law allows Dairyland members the opportunity to run their own commitment to community programs. Therefore, Dairyland disagrees with Focus on Energy being federally enforceable. While Dairyland does not disagree with using Focus on Energy as one approach to quantifying energy

efficiency gains, Dairyland requests that Wisconsin's state plan provides an option to use utility-run programs as a compliance measure.

- k. **Regional approaches to compliance.** Do you have any thoughts on whether Wisconsin should participate in a regional compliance approach? What type of regional approach would be most appropriate? Which other states would you like to see as partners?

This question was addressed by the Wisconsin utilities' joint response (submitted September 5, 2014).

- l. **Treatment of biomass.** EPA stated that they assume states will use biomass for compliance with the regulation, but also referred to their not-yet-released biomass accounting framework when discussing how biomass would be treated under this rule. How should biomass be treated? Should different types of biomass-based generation be treated differently? For example, should ag digesters receive credit for methane reduction as well as for displacing carbon emitting generation?

This question was addressed by the Wisconsin utilities' joint response (submitted September 5, 2014).

#### IV. OTHER TOPICS.

- a. **Potential to trigger New Source Review requirements.** Do you agree that sources undertaking efficiency improvement projects under 111(d) should not trigger NSR permitting requirements for criteria pollutants? Can you provide any technical or legal analysis or justification for why sources complying with the state 111(d) plan should not (or should) trigger NSR permitting requirements?

This question was addressed by the Wisconsin utilities' joint response (submitted September 5, 2014).

- b. **Permit interaction under multiple federal rules.** Do you have concerns about how the different requirements under different rules (i.e., the CO<sub>2</sub> NSPS, the modified and reconstructed source proposal and the existing source proposal) interact for permitting purposes? How should EPA and WDNR handle these interactions?

This question was addressed by the Wisconsin utilities' joint response (submitted September 5, 2014).

#### V. MODIFIED AND RECONSTRUCTED SOURCE PROPOSED RULE.



a. **BSEER.** The baseline for modified steam boilers and fossil fuel gasification units is based on each unit's best historical annual emission rate plus an additional 2% emission reduction. Is this an appropriate baseline? Should EPA use an averaging period in determining a historic emission rate? Is it reasonable to require an additional 2% emission reduction?

This question was addressed by the Wisconsin utilities' joint response (submitted September 5, 2014).

b. **Proposed emission limits.** Are the emission limits that EPA proposes for modified and reconstructed units appropriate?

This question was addressed by the Wisconsin utilities' joint response (submitted September 5, 2014).