

Proposal for Mercury Rule Workgroup

Background: By March 2005, USEPA is expected to finalize a rule requiring reductions of mercury emissions from electric power plants. States will be required to adopt rules at least as strict as the federal rules. In June 2004, the Hoosier Environmental Council submitted to the Indiana Air Pollution Control Board a citizens petition requesting that the board hold hearings and direct the Indiana Department of Environmental Management to begin a state rulemaking establishing mercury emission limitations for electric power plants.

Proposal for Process: In order to prepare interested stakeholders for the state mercury rulemaking process, beginning in September 2004 IDEM will facilitate the presentation of information relevant to this policy issue and discussions of policy options among all interested stakeholders.

The goals of this process are to:

- 1) Become familiar with proposed federal regulation and federal rulemaking docket
- 2) Develop information specific to Indiana needed by the Board and stakeholders to develop a state mercury reduction rule for utilities once USEPA issues a final federal rule.
- 3) Make recommendations to the Board on public process.

This process will present information on:

- 1) control options for the utility sector;
- 2) health and environmental benefits of different levels of control;
- 3) costs and feasibility of control technologies for Indiana's power plant fleet;
- 4) pros and cons of a regional cap and trade program vs. plant by plant requirements;
- 5) mercury contamination in Indiana and other federal and state programs intended to address it;
- 6) mercury programs that have been adopted or are being considered by other states.

Because several states, in addition to USEPA, have recently gone through a rulemaking or investigative process, significant information already exists on this issue. IDEM proposes building on this work by circulating key documents in advance of the meetings for review and later discussion and supplementing as necessary with Indiana-specific information.

For the remainder of 2004, IDEM proposes monthly sessions between September and December, with a goal of completing initial sessions by the end of 2004 and providing a summary report to the Air Board in January. Additional meetings in 2005 would be held to discuss the information presented, additional issues, and further developments in the federal rulemaking schedule. The sessions would generally be scheduled from 1 to 4:00, with time for presentations and discussion. The meetings would be open to all interested parties. Attachment A contains a list of key stakeholders IDEM believes should be

invited and encouraged to participate as well as more detail on the types of information to be discussed.

IDEM's proposal for topics at these sessions is as follows:

	Topics	Possible Speakers
September	*Overview of mercury contamination in Indiana and other programs underway to reduce it *Background on how utilities produce mercury emissions	IDEM Staff, others to be identified
October	*USEPA's proposed rule	USEPA Staff
November	*Presentation(s) on evaluations conducted by other states ¹ *Summary of other states' rules/laws *Further discussion of technology options	Representative from another state IDEM Staff Speakers to be identified
December	*Cost estimates of options *Cap and trade vs. plant by plant (Hot spot issue)	State Utility Forecasting Group USGS Staff, others as may be identified
January February March	*Discussion of information presented at previous sessions *Discussion of final USEPA rule *Formulation of options for mercury rule	

IDEM seeks input on the above list of topics and possible speakers.

Proposal for Board hearing(s): There is a pending request by HEC for the Air Board to hold several public hearings around the state at times and in places that are convenient for the public. IDEM suggests that the Board might want to consider the following approach to respond to this request:

September Board meeting: IDEM will present its proposed workgroup process to the board.

October Board meeting: The Board holds a public hearing on the HEC petition and also invites comment on IDEM's proposed process.

¹ Several states have recently undertaken evaluations of options for reducing utility mercury emissions, some in the context of (or in anticipation of) law or regulation development (e.g. Michigan and Illinois) and others in the context of reviewing a permit application for a proposed coal-fired power plant (e.g. Wisconsin).

November-December: IDEM updates the Board regularly on the progress of meetings.

January Board meeting: IDEM presents summary of workgroup process to date. Board considers at that time the need for additional public hearings, how many and potential locations. IDEM would be prepared to make a presentation on the workgroup process at the beginning of any public hearing.

Attachment A

General Description of Type of Information Needed:

- 1) **Control Technology:** Review federal docket/assumptions; review industry group information, research academic, other state and any other sources of information.
Explore:
 - availability of each technology option
 - effectiveness of each technology option
 - demonstrated use to date and prospects for future use
- 2) **Costs:** explore technology costs, costs to consumers and cost and benefits of different levels of reduction within Indiana.
- 3) **Implementation Issues:** Explore options for schedules, compliance monitoring, trading and flexibility and other timing issues.
- 4) **Local Impacts:** Review available information relative to disparate reduction of mercury in Indiana and its possible environmental effects. Explore environmental impacts of regional cap and trade vs. facility specific limits vs. cap and trade with some limitations.
- 5) **Monitoring systems:** Review available instrumentation and methods to monitor compliance and monitor effects of mercury control program.
- 6) **Incentives:** Explore incentives to encourage:
 - a) early reductions
 - b) increased efficiency
 - c) innovative coal technologies
- 7) **Multipollutant approaches:** Understand "cobenefit" issue, cost implications, etc. of using a multipollutant approach.

Proposed Participants:

Meetings would be open to the public but specific participants could include:

Hoosier Environmental Council
Indiana Utility Regulatory Commission
Office of Utility Consumer Counselor
State Utility Forecasting Group
Indiana Energy Association and utilities
Indiana Coal Council
Center for Coal Technology Research
Indiana Department of Commerce
Indiana Chamber of Commerce
Indiana Manufacturing Association
Indiana Public Health Association
Indiana State Department of Health
IU School of Public Health
Indiana Wildlife Federation
Sierra Club
Izaak Walton League

Other interested environmental and citizens' groups

United States Geological Survey

Bill Beranek

Indra Frank

Jack Lemley

Representatives from Purdue University, Ball State and other interested institutions