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Mr. J. Wick Havens, Chief
Division of Air Resources Management
Bureau of Air Quality
P.O. Box 8468
Harrisburg, PA 17105-8464

Dear Mr. Havens:

Thank you for the opportunity for PPL to provide comments in response to the Department's request in the April 29, 2006 Pennsylvania Bulletin. PA DEP has requested input regarding various Ozone Transport Region Measures under consideration by the Ozone Transport Commission and the Mid-Atlantic/Northeast Visibility Union on the implementation of potential strategies to address the sulfate, nitrate and organic component of regional haze.

PPL is providing these comments because this matter is important to PPL and its customers and we believe that measures that PPL and other generators are already taking or will take to comply with EPA's Clean Air Interstate Rule (CAIR) will achieve significant environmental benefits for Pennsylvanians.

First, we see no need for PA to support CAIR-Plus which would require even more from the large electric generators than the substantial requirements already imposed by CAIR. We believe the large electric generators are already doing their fair share by complying with CAIR and no further requirements should be imposed on these sources without a careful analysis of the incremental benefits and the incremental costs to them and to the Commonwealth of the more stringent program.

A study has shown that the OTC CAIR-Plus proposal will impose costs on Pennsylvania that are substantially larger than those costs that would result from CAIR. A report prepared for the Center for Energy and Economic Development and sent to the PA DEP and other members of the OTC on January 9, 2006 showed that the cost of CAIR Plus to the Commonwealth would be several times the cost of CAIR. It is not clear what if any incremental benefit in ozone improvement beyond what would result from CAIR would come about as the result of CAIR-Plus.

EPA modeling of CAIR shows that all of Pennsylvania except for a small area in western Pennsylvania affected by local sources comes into attainment with the fine particulate standard by 2010. This shows that the stringent SO₂ reductions being considered by the OTC are unnecessary and provide no additional health benefit. Furthermore, given that EPA has said that



it will not administer an SO₂ allowance other than the trading program under CAIR, it is not clear how a different program could be administered.

Second, we are troubled by the OTC's continued interest in developing model rules to regulate electric generating peaking units. We urge the Department to oppose any such rule, and should the OTC develop such a model rule, not to impose it on Pennsylvania. Our views on this matter were expressed in a February 17, 2006 letter to Mr. Christopher Recchia, Executive Director of the OTC, a copy of which was sent to Ms Joyce Epps, Director of the Bureau of Air Quality. To the extent that such units are already regulated by CAIR, no further regulation should be required.

Also, regulations of those units should not proceed absent a modeling demonstration showing that those units have a significant adverse effect on ozone levels. We do not believe such an effect exists because of the relatively low level of emissions and the short operating times associated with those units. In addition the OTC's own estimate of the cost effectiveness of emission reductions from peaking units, i.e. \$44,000 per ton of NO_x removed is clearly unreasonable. It appears that that estimate is based on units that operate 500 hours per year, and if so the costs for units such as those operated by PPL that operate around 50 hours would be even higher. In the event that it is decided that electric generating peaking units are to be regulated, it is imperative that an exemption be granted for units that have low capacity factors.

If you have any questions regarding these comments, please direct them to Thomas G. Keller at 610-774-5029 or tgkeller@pplweb.com.

Sincerely,

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