The National Rural Electric
Cooperative Association

Comments
On
EPA's Request for Public Comment on the Proposed
National Emission Standards for Hazardous Air Pollutants for
Reciprocating Internal Combustion Engines; New Source Performance
Standards for Stationary Internal Combustion Engines

Submitted Electronically to:
The Environmental Protection Agency Air Docket
Attention: Docket ID No. EPA-HQ-OAR-2008-0708

August 9, 2012

Ted Cromwell – Sr. Principal, Environmental Policy
(703) 907-5706 / ted.cromwell@nreca.coop
4301 Wilson Boulevard, EU 11-1131
Arlington, VA, 22203-1860

Executive Summary

The National Rural Electric Cooperative Association provides comments on EPA's June 7, 2012 *Federal Register* [77 Fed. Reg. 33812] proposed National Emission Standards for Hazardous Air Pollutants for Reciprocating Internal Combustion Engines; New Source Performance Standards for Stationary Internal Combustion Engines (RICE MACT). [Docket ID No. EPA-HQ-OAR-2008-0708]

NRECA appreciates EPA efforts to improve the RICE MACT requirements, particularly for the activities that would be considered allowable for emergency RICE units. Putting context on these proposed changes, EPA clearly indicates that emergency RICE units could be utilized for a range of operations within, and up to, the annual 100 hour limit without causing adverse health or environmental impacts. NRECA agrees with EPA's assessment and our comments on the proposal include recommendations that can further improve the proposal without increasing use of emergency RICE units beyond the 100 hour limit and therefore would continue to pose no adverse health or environmental impact.

NRECA supports EPA's decision to allow emergency RICE units up to 100 hours of operation for demand response and testing and maintenance activities. We support EPA's decision to temporarily provide these emergency RICE units up to 50 hours for load management activities until April 16, 2017 and for EPA's provision for up to 50 hours for non-emergency activities. Further, NRECA's comments will provide justification to remove the sunset provision for load management and to expand load management activities up to 100 hours. We will also provide justification for expanding the definition for triggering demand response to better address local emergency conditions.

NRECA appreciates that EPA has taken steps to provide relief for RICE units in remote areas of Alaska. Similarly, EPA proposed to establish work practice standards as Generally Available Control Technology (GACT) for RICE units meeting a definition of

"sparsely populated areas." Lastly, we support EPA's effort to provide targeted relief for RICE units already meeting previous RICE requirements – specifically the limited exemptions EPA provides for Tier 1, 2 and 3 engines.

NRECA has identified several areas of concern and has provided solutions including:

- The proposed allowance for emergency RICE to be used for up to 100 hours for emergency demand response should include situations where the "local balancing authority or transmission operator" within the local electric system determines that electric reliability including power quality is in jeopardy.

- The proposed allowance for emergency RICE to be used up to 100 hours should include all demand response, load management or non-emergency use without the 50 hour limitation and without any sunset.

- Alternatively, the proposed allowance for emergency RICE to be used up to 50 hours for non-emergency situations after the 2017 sunset should be revised to 100 hours for non-emergencies to include load management except where the RICE generation is distributed to the electric grid.

- EPA should provide appropriate compliance date relief for RICE units subject to these requirements if the final RICE regulations fail to incorporate the proposed increases in emergency RICE operational limit for non-emergency use.

- EPA should adopt work practice standards (WPS) or Generally Available Control Technology (GACT) standards for any RICE units located in remote or sparsely populated areas as defined in the proposal.

Introduction

The National Rural Electric Cooperative Association provides comments on EPA's June 7, 2012 *Federal Register* [77 Fed. Reg. 33812] proposed National Emission Standards for Hazardous Air Pollutants (HAPs) for Reciprocating Internal Combustion Engines; New Source Performance Standards for Stationary Internal Combustion Engines.
[Docket ID No. EPA-HQ-OAR-2008-0708]

NRECA members and their consumers will be directly impacted by this regulation and therefore, we have interest in a workable outcome. NRECA is the national service organization for over 900 not-for-profit rural electric cooperatives that provide electric energy to approximately 42 million consumers in 47 states or 12 percent of the nation's population. Kilowatt-hour sales by rural electric cooperatives account for approximately 11 percent of all electric energy sold in the United States. NRECA members generate approximately 50 percent of the electric energy they sell and purchase the remaining 50 percent from non-NRECA members.

The vast majority of NRECA members are not-for profit, consumer-owned cooperatives. NRECA's members also include approximately 65 generation and transmission ("G&T") cooperatives, which generate and transmit power to 668 of the 846 distribution cooperatives. The G&Ts are owned by the distribution cooperatives they serve. Remaining distribution cooperatives receive power directly from other generation sources within the electric utility sector. Both distribution and G&T cooperatives were formed to provide reliable electric service to their owner-members at the lowest reasonable cost.

In addition to providing electric service, electric cooperatives are involved in community development and revitalization projects, e.g., small business development, jobs creation, improvement of water and sewer systems, and assistance in delivery of health care and educational services. One way that cooperatives and their customers hold down costs is to make efficient use of all resources that are available to them, including small stationary emergency RICE generating units.

Many of the nation's rural electric co-op consumers are especially impacted by the recent economic downturn. The service territory average household income for electric co-ops falls almost 11% below the U.S. average household income of $74,877. The service territory average household income for all electric co-ops is $66,793. This make affordable rates even more critical for rural cooperatives and their customers.

Low population densities, together with the issues of traversing vast expanses of remote and often rugged topography, present unique economic and engineering challenges for electric cooperatives. Electric distribution lines serving cooperative customers can run well over fifty miles from a substation and regularly extend fifteen miles or longer. Cooperatives average less than seven customers per distribution line mile.

NRECA appreciates that EPA has taken steps towards reducing some of the burden of the RICE MACT on cooperatives and their consumers. NRECA is particularly interested in EPA's decisions regarding the use of emergency RICE units. The record in this rulemaking clearly demonstrates the limited use of emergency RICE to no more than 100 hours annually would provide needed flexibility particularly with respect to the nation's rural electric grid. We concur with EPA's assertion that these limited emergency RICE operations will have no adverse health or environmental impacts. In this light we urge EPA to maintain, and expand the flexibilities for emergency RICE units up to 100 hours and not be swayed to restrict or otherwise limit the use of emergency RICE units inherent in this proposal under the guise of addressing fine particulate matter ($PM_{2.5}$) and ozone (O_3) National Ambient Air Quality Standards (NAAQS) health concerns for several reasons.

First, the rulemaking record is devoid of any meaningful information that would lead to a rational conclusion that the operation of emergency RICE 100 hours annually presents identifiable health impacts from either HAPs or criteria pollutants as compared to a no exemption or a more limited emergency RICE exemption. EPA applied very conservative assumptions about the use of emergency RICE units and still reaches this conclusion. As EPA discussed in the rulemaking preamble, the national inventory of

RICE units and other non-EGU emission sources, their geographical dispersion particularly in rural areas and other factors lead to the conclusion of no meaningful health risk when operated within the 100 hour annual operation established for emergency RICE. [77 Fed. Reg. 33826 to 33827]

Second, any co-benefits derived from the RICE MACT requirements for purposes of achieving NAAQS are a windfall, but not the primary intention of the MACT. Specific efforts to address NAAQS concerns can and should be directly and appropriately addressed in other Clean Air Act sections directed at NAAQS attainment. For example, Section 110 requires states through the State Implementation Plan process to devise and carry out plans to meet NAAQS attainment goals. States have full authorities and legal mandates to require sources with their boundaries to install emission controls necessary for NAAQS compliance.

Additionally, Section 126 in conjunction with Section 110 requires states to limit their significant contribution to any downwind state's NAAQS nonattainment or maintenance issue. As EPA is well aware both Section 126 and Section 110 requirements are being implemented nationwide to address NAAQS. By design, these Clean Air Act provisions are far more effective to address NAAQS questions while taking into any account state-wide or local concerns as opposed to Section 112, the authority under which EPA has proposed this rule. Section 112's purpose is to address health risks of hazardous air emissions and not to address NAAQS regional or local nonattainment.

Within this context, we provide recommendations that further improve the proposal regarding demand response and load management activities, while assuring these actions do not exceed the 100 hour limit. NRECA also supports EPA's decisions regarding remote areas of Alaska, remote operations in rural areas, and flexibility for Tier 1, 2 and 3 certified engines in certain situations.

I. The proposed allowance for emergency RICE to be used for up to 100 hours for emergency demand response should include situations where the "local balancing authority or transmission operator" within the local electric system determines that electric reliability including power quality is in jeopardy.

NRECA supports the proposed 100 hours of annual use for emergency RICE. We believe that EPA has appropriately recognized the benefit of demand response activities when stating that RICE "…would assist in stabilizing the grid, preventing electrical blackouts and supporting local electric system reliability." [77 Fed. Reg. at 33813] After review of various requirements from Independent System Operators or Regional Transmission Organizations (ISO/RTO) nationwide, EPA determined that in some cases, to even be eligible to participate in demand response activities, the subject unit needed to be available up to 100 hours. EPA noted that the amount of availability required by ISO/RTOs ranged from 15 hours (MISO) up to 100 hours (Hawaii) and EPA appropriately established the cap at 100 hours to maximize the opportunity for support of demand response activities. NRECA supports EPA's decision and its rationale for expending the currently allowed 15 hours to the proposed 100 hours.

EPA's proposal establishes two limited conditions for use of emergency demand response including; 1) a specific EEA Alert Level 2 action from the ISO/RTO and 2) a voltage drop of 5% or more. As NRECA has previously commented in this and other RICE rulemakings, many of our distribution members do not operate under ISO/RTO governance and instead, follow state or local regulatory requirements.[1] Additionally the ISO/RTO alerts are triggered based on regional problems associated with the electricity grid. In fact ISO/RTO jurisdiction rarely if ever extends to local smaller transmission lines and never extends to distribution lines.

[1] February 3, 2012 NRECA comments on EPA's January 4, 2012 *Federal Register* (77 Fed. Reg. 282) proposed settlement agreement to address the lawsuit: *EnerNOC, et al v. EPA No. 10-1090 (DC Cir.) and EnerNOC, et al v. EPA No. 10-1336 (DC Cir.)* for the Reciprocating Internal Combustion Engine Maximum Achievable Control Technology (RICE MACT) standard and New Source Performance Standard (NSPS) [Docket ID No. EPA-HQ-OGC-2011-1030]

Approximately 42 percent of the nation's distribution lines are owned by electric cooperatives and serve rural electric consumers. While we agree that regional grid reliability is of utmost importance, the local balancing authority's day to day management of the local grid is core to providing reliable service in rural areas of the country.

In fact, in many cases day to day actions by the local balancing authorities and transmission operators that maintain local reliability contribute to the fact that that EEA Level 2 alerts so rarely occur. Thus local balancing authorities working with transmission operators to avoid reliability issues at the local levels are a cornerstone to the ISO/RTO avoiding triggering emergency alert levels.

The proposal would allow emergency RICE operation when a voltage or frequency deviation of 5 percent is present. While well intended, NRECA does not believe this proposal adequately recognizes local balancing authority challenges in avoiding local system failures and maintaining system reliability or the characteristics inherent in many rural distribution system . We recommend the proposed language be modified accordingly to reflect the realities associated with maintaining reliable electric service in rural America.[2]

Specifically, at §63.6640(f)(2), EPA focuses only on EEA Level 2 actions and the voltage drop as metrics for emergency demand response. EPA's definition for voltage drop indicates that a balancing authority or transmission operator cannot take action until at least a 5% voltage drop has occurred and that is simply too late especially for many rural electric systems having radial distribution designs. [3]

[2] During interagency review of EPA's proposal, the Office of Management and Budget also raised the question of whether EPA provided a sufficiently broad definition to address local emergencies that do not meet EEA Level 2 stating: "We don't know whether this definition is broad enough to cover all the emergency situations covered by the current regulatory language…" and suggested EPA take comment on this issue. [Docket ID No. EPA-HQ-OAR-2008-0708]

[3] The American National Standards Institute (ANSI) C84-1-2011 recommends that: "Diesel Generators may be used for voltage support when the voltage on any part of the circuit approaches the "Minimum Service Voltage" of 114 volts on a 120 volt base as described in Table 1 of ANSI C84.1

Avoiding voltage sags are but one important consideration in providing power reliability and quality in rural areas and waiting to take action until a 5% drop occurs at the substation, for example, would indicate more significant effects may well be already occurring along other segments of these long distribution lines. There is not one location or even several locations along these long lines where voltage measurements are indicative of overall line stability. The local/regional balancing authority needs the ability to rapidly address these situations to prevent the 5% voltage sag rather than wait for it to occur at a designated location along the line prior to taking action.[4]

EPA should add language that would allow local balancing authorities, transmission operators or local distribution systems to activate emergency RICE as necessary to maintain system reliability including power quality. Any such activation should follow a predetermined emergency operating plan or its equivalent and be according to the expert judgment of the relevant balancing authority or local authority. This is consistent with how the North American Electric Reliability Corporation (NERC) manages the actions of the local balancing authorities.

We want to emphasize the uniqueness of many rural systems that particularly justifies granting local authorities more discretionary but defined authorities to utilize emergency RICE for system reliability. Many rural distribution lines are not configured in a typical grid pattern, but instead are of a non-typical design with distribution lines in some cases extending for many miles from any transmission or electric supply source. Many rural consumers are literally at the end of the line. Many of the distribution cooperatives have lines running 50 miles or more from a substation. Under these unique circumstances, during periods of exceptionally heavy stress within the region or sub-region, electricity from regional power generators, whether from independent power producers or another generating entity is simply not available because of transmission constraints.

[4] Voltage and electric current are inversely related. Voltage drops result in current spikes that can present serious power quality issues causing significant damage to consumer electronics.

Transmission constraints can be caused by any number of factors such as extreme heat, extreme cold, high winds, ice, snow, human error, car accidents, animal intrusion or scheduled or unscheduled line maintenance, etc. In many cases there is only one transmission line that feeds a rural distribution system with no alternative means to transmit power into the local system.

Additionally, rural systems located on the periphery of the electricity grid within a region will always experience localized electric reliability and power quality problems not detectable or noticeable at the RTO or ISO level. This means that rural distribution cooperative reliability issues are twofold; regional concerns and local concerns. While we agree that it is appropriate to allow RICE demand response based on RTO or ISO alert level 2 declarations, EPA must recognize that limiting RICE demand response to remedy regional problems is only a 50% solution. The regulations must appropriately allow local balancing authorities reasonable discretion to utilize RICE to address emergency conditions, demand response and load management situations that are experienced at the local level.

II. The proposed allowance for emergency RICE to be used up to 100 hours should include all demand response, load management or non-emergency use without the 50 hour limitation and without any sunset.

As we detail above, it is absolutely vital that the proposed 100 hours of emergency RICE operation be construed to include local emergency response. Additionally, the proposal at §63.6640 (f)(3) would allow 50 hours of "non-emergency" response as part of the 100 hours, but after 2017 the 50 hours of non-emergency use excludes "peak shaving" or non-emergency demand response. [77 Fed. Reg. at 33838]

EPA specifically sought comment on the provisions to:

> *"…temporarily allow stationary emergency engines located at area sources to apply the 50 hours per year that is currently allowed under §63.6640(f) for non-emergency operation towards any type of non-emergency operation, including*

> *peak shaving and non-emergency demand response if the peak shaving is done as part of a peak shaving (load management) program with the local distribution system operator. The EPA is proposing that the allowance be removed after April 16, 2017. [77 Fed. Reg. at 33828]*

EPA's decision to grant up to fifty hours annually for load management until April 16, 2017 provides limited, temporary relief that at a minimum is justified because of the reliability concerns brought about by the electric utility industry need to equip numerous coal-fired units with additional controls under the UMATS regulations published on February 16, 2012.

NRECA, however, can identify no rationale based on information in the docket for limiting this provision to 50 hours with a 2017 sunset, as opposed to allowing 100 hours, and removing the sunset provision. In justifying the load management provision, EPA stated: "Including this allowance is important for small electric cooperatives and other entities located at area sources that use these engines to maintain voltage and electric reliability." [77 Fed. Reg. at 33818] NRECA appreciates that EPA recognized the significant importance and use of these engines for cooperatives, but we note that challenges and benefits of having these units available for load management will remain after April 16, 2017 and we urge EPA to remove that arbitrary sunset.[5]

Based on the record in connection with the RICE rulemakings we agree with EPA that no adverse health or environmental impacts will occur by from allowing emergency RICE use for load management up to 100 hours. In other words there is no adverse or significant impact on human health or the environment whether the 100 hours is consumed for non-emergency use or more broadly for load management including economic demand response or peak shaving.

[5] NRECA notes that in our review of the docket, the Office of Management and Budget also raised questions regarding the sunset provision and suggested that either it wasn't necessary, or that at a minimum, EPA could allow units in attainment areas to continue to utilize load management after the sunset. [Docket ID No. EPA-HQ-OAR-2008-0708]

Some stakeholders have claimed that the use of emergency RICE units for up to 100 hours in either demand response or load management would have adverse environmental impacts. We disagree. First, the significant majority of emergency RICE in the cooperative system is not located in urban areas or in NAAQS nonattainment areas. On average, NRECA members average less than seven customers per distribution line mile. Secondly, even in urban area such as the northeast, demand response is rarely dispatched. For example, in the nine years from 2003 to 2011, the total number of EEA Level 2 alerts that triggered emergency demand response included:

- 26 hours over 3 events in ISO-NE (16 of those hours were during a 2003 blackout which would be unrestricted emergency operations under EPA's RICE MACT)
- 113 hours over 16 events in NYISO (57 of those hours were from 2 events – a 2003 blackout and a 2006 distribution system failure, both of which would be unrestricted emergency operations under EPA's RICE MACT) and,
- 61 hours over 14 events in PJM

Lastly, the existing RICE regulation requires emergency RICE units to follow work practice standards, which is deemed GACT controlling emissions. Analysis by EPA and the state of California have shows that implementation of these work standards help minimize emissions.

When explaining the decision to allow up to 50 hours for load management, EPA states: "The previous estimate of emissions from stationary emergency engines is not expected to change due to this proposed limited allowance." EPA further explains the conservatism built into their emissions estimate stating: "There is a wide range in how much these engines operate (some well below 50 hours per year), but on average and to be conservative, the EPA believes that 50 hours per year is still representative and consequently the environmental impact the EPA has calculated previously remains appropriate." [77 Fed. Reg. at 33819]

In the proposed reconsideration, and the supporting regulatory impact analysis, EPA appropriately provided considerable documentation and justification in the proposed rule for allowing the various exemptions provided (e.g. demand response, load management,

remote area definition in AK, alternative compliance methods) and clearly stated no adverse health effects were associated with any of these changes. We concur.

Moreover EPA explains that "…more than 900,000 stationary CI engines will be subject to the rule in total, but only a small number of stationary CI engines are affected by the proposed amendments in the action" and Table 1 highlights that HAP, CO, PM, NOx and VOC emissions are essentially unchanged for CI engines affected by the proposed amendments. [77 Fed. Reg. at 33825] While EPA didn't quantify health benefits from reducing HAP emissions; it did evaluate these impacts using $PM_{2.5}$ as a surrogate. NRECA disagrees with using PM2.5 as a surrogate for HAPs for purposes of evaluating the benefits of a NESHAPS rulemakings. Nonetheless even using EPA's surrogate approach, the estimated change in annual $PM_{2.5}$ emissions is 26 tons per year – less than a 1% change from the March 2010 final regulation. This equates to less than three lbs of emissions per state per day. With EPA estimating over 900,000 CI engines covered by the regulation, it is clear that the small number of units potentially benefiting from the proposed allowance for load management would have no adverse environmental impact.

Additionally we point out that the potential health impacts associated with the RICE MACT relate to fine particulate (PM2.5) emissions, but there are other Clean Air Act programs that are specifically aimed at addressing these concerns mainly implemented by state or local authorities through the NAAQS and State Implementation Plan Process. As we detail above, these local authorities have CAA obligations to curtail particulate matter emissions if they present health concerns and where necessary, local constraints can be imposed on any RICE units that present such health concerns. Simply stated it is not the objective of a RICE MACT to address potential NAAQS nonattainment concerns when other CAA provisions are directly constructed to address them.

Accordingly, NRECA believes based on the information contained in the RICE rulemaking dockets that there is inadequate justification for EPA to treat load management differently than emergency units operations that justifiably receive up to

100 hours of operating time without the need for add on controls or to sunset economic demand response after 2017.

Moreover, we believe in some cases EPA wrongly associates non-emergency demand response utilization with ill-gotten financial gain or benefit. For example proposed 63.6640(f)(3) limits non-emergency use as part of a financial arrangement with another entity after the 2017 sunset. Of course every electric consumer has a financial arrangement with its electric supplier, so the language here could be construed to prohibit many forms of non-emergency use after 2017 under the proposed rule.

EPA overly emphasizes the financial nexus between the RICE consumer owner and the local utility as a justification to sunset the peak shaving allowance. It would be unreasonable to expect a consumer owner of a RICE unit to bear a financial burden that will be imposed by the RICE MACT for the benefit of other rural electric consumers. Certainly there is little if any financial gain available for RICE owners that are limited to 100 hours of annual non-emergency operation. In fact similar to the EPA's discussion related to demand response, these units typically operate well below the hour limits, often as little as one to two hours per month. [77 Fed. Reg. at 33818]

In fact, the financial benefit to the consumer RICE owners are the highest when the units are not in use. As two NRECA members presented in their data to the Office of Management and Budget (April 26, 2012), the break point where the customer starts to outright lose any financial benefit they gained from the reduced rate is around 45 – 55 annual hours; largely depending on the cost of diesel fuel.[6] While break even points between financial gain and loss vary somewhat for each RICE depending on a number of factors, consumers and the cooperatives have a disincentive to utilize RICE for extended annual operation and in fact lose money the more the units are run, not the other way around.

[6] Seminole Electric Cooperative and Minnkota Power Cooperative Load Duration Curves submitted to the Office of Management and Budget April 26, 2012 are included at the end of this comment package.

Further, we know that many rural electric cooperative customers that own RICE units are small entities such as farmers or small business owners that are likely unaware of or have very limited experience with EPA regulations. These proposed limitations on non-emergency use are vague at best and will likely lead to confusion when small entities try to apply them in real life situations. And we point out that the sunset and restrictions for use within the 100 hours are unnecessary simply because 1) no entity is likely to reap significant financial gain by operating RICE under a 100 hour annual limit and 2) no adverse environmental impacts would result from these operations.

In fact, most of the cooperative customer-owned RICE units are infrequently used; however, they are critical components of assuring reliability for our rural consumers. The only economic benefit that may result for a cooperative costumer that owns a RICE unit is the ability for them to offset the cost of their emergency generators through reduced utility bills.

Absent the continued value of reduced utility bills to the cooperative customers that own an emergency RICE unit that is infrequently used for load management, many of these customers will pull out of their contracts. Local cooperative distribution entities will need to provide additional power and transmission/distribution lines to offset this incremental but necessary generation source that are rarely used. In some cases the cost to upgrade a 15 to 50 mile long distribution line or upgrade the transmission capacity on a per consumer basis would be substantial, and such efforts certainly would not be based on health, environment or cost justification. For these legitimate reasons, the Agency should allow load management for up to 100 hours and without a sunset provision.

We are not advocating RICE load management utilization beyond what would be necessary to maintain local power needs. As EPA specifies in the proposal load management "…power can only be used at the facility or towards the local system and the engine can only be operated for peak shaving as part of a program with the local distribution system operator." [77 Fed. Reg. at 33820] NRECA supports these limitations as they are consistent with the needs we've expressed in previous comments

that our customers are not providing power back into the grid and are only using these units to address their individual load during these situations.

Additionally, the proposal states that if the unit were to exceed the 100 hour limit, it would permanently lose the ability to operate as an emergency unit. We are concerned that this "hammer" approach poses an unreasonable penalty on RICE owners that unintentionally exceed the annual operation limit. For example, a rolling average approach could allow for situations where unusually severe weather events or other unforeseen circumstances occur. Moreover, many RICE owners are unfamiliar with the kind of regulatory regime simply because they have never been under the kind of EPA regulatory umbrella that RICE regulations will impose. We think they should be accorded some leeway under these circumstances.

We suggest several equitable solutions instead. Compliance with the annual limit could be based on a two or three year rolling average. Alternatively, except for annual testing and maintenance purposes, the unit would lose its ability to operate for any other non-emergency purpose unless the unit was able to comply with adopted standards. Under this alternative the unit could still be utilized solely for emergency situations prescribed by the rule.

III. Alternatively, the proposed allowance for emergency RICE to be used up to 50 hours for non-emergency situations after the 2017 sunset should be revised to 100 hours for non-emergencies to include load management except where the RICE generation is distributed to the electric grid.

We believe as discussed above that RICE utilized for economic demand response has little if any financial benefit under a 100 hour annual cap. However, we also believe that it is axiomatic that RICE utilized to supply power to the local grid has a tangible financial benefit and generator characteristics which are different from RICE used solely to provide needed power to the entity itself. It is also likely that RICE used to supply grid power is generally of larger capacity than RICE used to power a single facility and thus grid RICE could potentially have higher emissions.

Thus, we suggest as an alternative to allowing non-emergency use within the 100 hour cap without limiting grid distributions to prohibit non-emergency RICE use for grid distribution. While we believe that not limiting RICE to grid approach would not cause any adverse health or environmental impact, but limiting RICE to off grid application would ensure EPA that financial advantages associated with RICE non-emergency use under a 100 hour cap would be significantly limited.

IV. EPA should provide appropriate compliance date relief for RICE units subject to these requirements if the final RICE regulations fail to incorporate the proposed increases in emergency RICE use.

As we have pointed out in our comments above, RICE use is essential but not extensive because it is normally the most expensive generation available. With that stated, in many situations the additional expense of installing controls on already expensive RICE units will not be economically justified. Under EPA's planned schedule for completion of this rulemaking in December 2012, entities will have between four and five months to evaluate options for going forward including eliminating RICE, equipping RICE, and selecting other alternatives. Entities having emergency RICE units that are potentially impacted by this proposal cannot perfect a plan for going forward until this rulemaking is final. EPA specifically requests comment on whether special consideration should be given if the proposal's reduced requirements are not finalized. [77 Fed. Reg. at 33824]

Importantly, compliance plans involving RICE units that would benefit from the proposed changes for both emergency and nonemergency use could be in disarray should the final rules fail to adopt the proposed changes. For customer owned RICE requiring additional expensive retrofits, in most cases the electric utility will give these owners the option of staying in the existing program and equipping RICE or leaving the program. Most cooperatives that rely on customer-owned RICE are waiting for the final regulations. But if EPA were to finalize something more stringent than the proposal a

four to five month compliance window would not afford adequate time for the local electric systems to make adequate adjustments.

For these reasons we believe EPA should extend the compliance period one additional year should the final rule adopt more stringent requirements than that contained in this proposal.[7]

V. EPA should adopt work practice standards or Generally Available Control Technology standards for any RICE units located in remote or sparsely populated areas as defined in the proposal

Through information contained in the RICE rulemaking docket EPA has established that RICE emissions concerns, if there are any, are health based. Also, it is well established the NESHAPs regulations can and often times do establish WPS or GACT in lieu of MACT standards. For this rulemaking EPA has proposed management practices or WPS for RICE located in areas "remote from human activity". [77 Fed. Reg. at 33813] For RICE not located on a DOT Class I pipeline, the proposal defines "remote" as RICE located where there are less than five building not intended for human occupancy within a .25 mile radius.

We think it is appropriate that emergency RICE located in remote or sparsely populated areas be allowed to follow WPS or GACT standards. Following the same rationale the proposal incorporates for remote RICE associated with DOT Class pipelines requiring management practices, EPA could accord any RICE located in sparely populated areas lesser requirements without creating any health concerns. It makes no sense to require

[7] NRECA notes that during interagency review, OMB raised this issue stating: "EPA should propose an additional year past May and October 2013, because it will be difficult for the affected businesses to plan and acquire financing for retrofits under an accelerated schedule." Alternatively, they suggested a blanket extension for all engines requiring retrofits. [Docket ID No. EPA-HQ-OAR-2008-0708]

RICE located in areas without significant human presence to spend vast sums of money on retrofits while at the same time achieving no conceivable health based benefit.[8]

VI. Other Issues:

NRECA supports EPA's decision to expand the definition of remote areas in Alaska. This definition will provide much needed relief for those cooperatives and their customers. In particular, we support EPA's decision to clarify the definition by removing reference to the Federal Aid Highway System (FAHS). EPA correctly recognizes that numerous remote areas accessible by the marine highway system face the same set of challenges as those areas not on the FAHS. EPA's selection of management practices as GACT is appropriate. We also support the first two criteria of the proposed definition of 'remote areas of Alaska', but we have concerns with the third criteria.

NRECA recommends that if an Alaskan generator meets the first two criteria, it should not be required to adopt a numeric emission limit. Absent that, EPA should raise the nameplate capacity to 25 MW. We don't understand the justification used by EPA to establish 12 MW as the nameplate limit, which is inconsistent with the 25 MW nameplate limit established in other NESHAPS such as UMATs.

NRECA supports the recommendations of the Kodiak Electric Association, Inc. and recommends EPA delete the third criteria for defining 'remote areas of Alaska.[9]

NRECA supports EPA's decision to provide relief for Tier 1 and Tier 2 certified engines.

NRECA supports EPA's decision to provide limited relief for Tier 1 and Tier 2 certified engines under the RICE MACT when those units are being forcibly retired by state or

[8] During interagency review commenter's suggested "… it is also appropriate to provide similar relief for remote CI engines above 300 hp at an area source of HAP emissions and request that EPA include such relief in the proposal." [Docket ID No. EPA-HQ-OAR-2008-0708]

[9] Kodiak Electric Association Inc. comments to EPA Docket ID No. EPA-HQ-OAR-2008-0708 submitted June 28, 2012

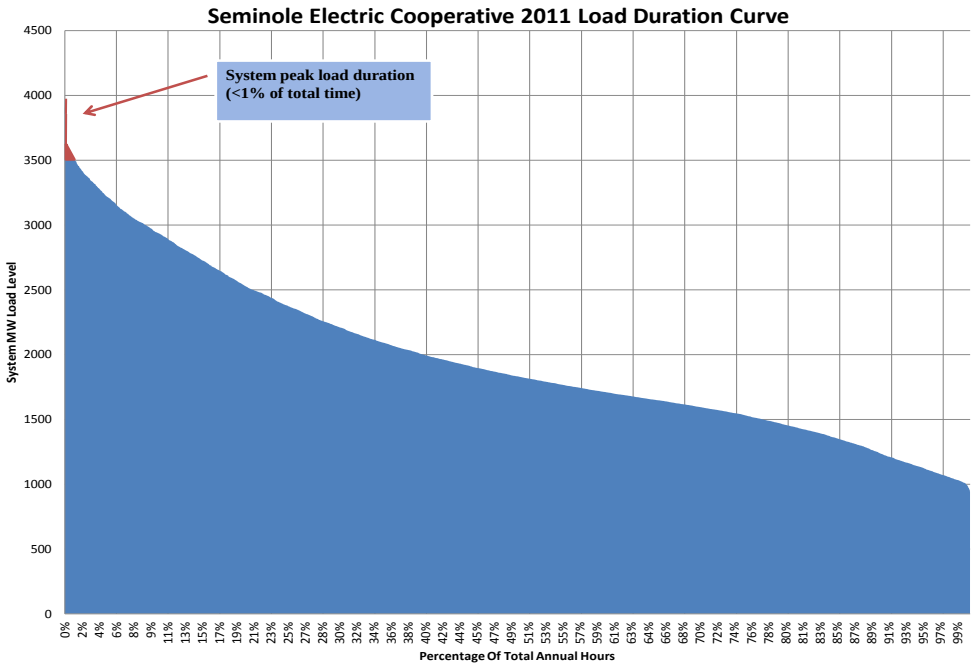
local requirements in the near future. We agree that it makes no sense to impose additional requirements on these already controlled units only to have them mandatorily retired and replaced in the near future. While EPA cites a specific situation in the San Joaquin Valley of California where units will be impacted by this decision, we appreciate that EPA chose to expand this decision to include other parts of the country where similar situations may occur. NRECA supports EPA's limited Tier 1 and Tier 2 certified unit approach for any documented situation nationwide.

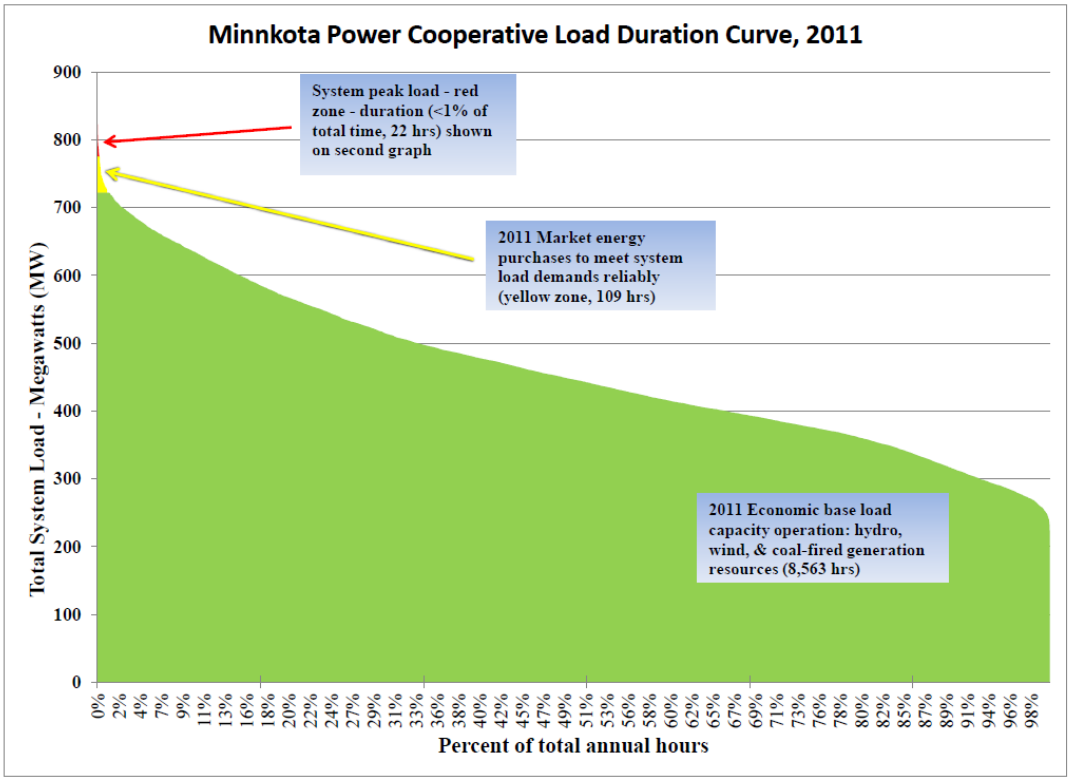
NRECA supports EPA's decision for Tier 3 certified engines.

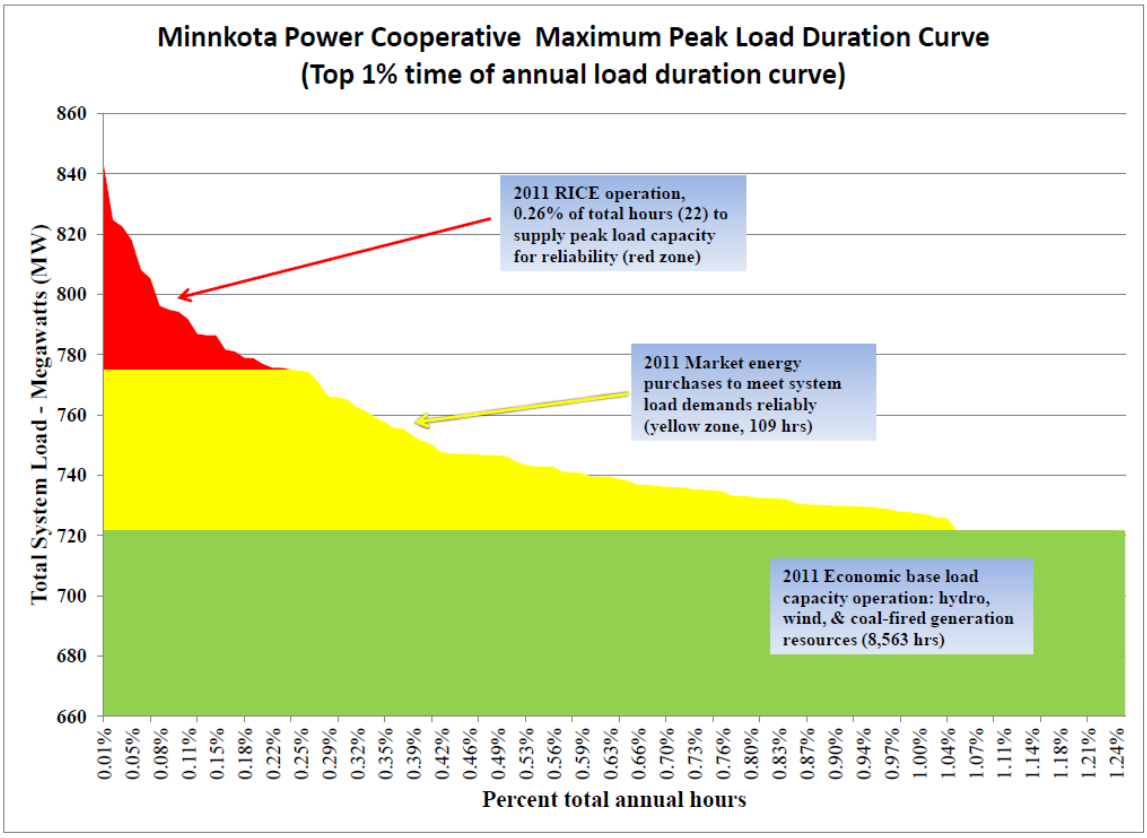
NRECA supports EPA's clarification that Tier 3 certified engines operating prior to January, 2006 are deemed compliant with the RICE MACT. As EPA discussed in the proposal, these units are already well controlled through meeting earlier requirements and the cost of retrofitting these units for the incremental emission benefits is unwarranted. NRECA agrees and fully supports this approach.

Conclusion

NRECA appreciates this opportunity to provide comment. As detailed in these comments, NRECA believes EPA should, within the 100 hours provided for emergency operations, allow all demand response, load management, testing and maintenance and remove the sunset provision for load management. EPA documented no adverse health or environmental impacts from these limited emergency operations. We also encourage the Agency to retain the improvements for Tier 1, 2 and 3 certified units and the expanded definition of remote areas of Alaska. Lastly we ask that EPA provide up to one additional year for impacted units to comply with the various RICE regulations once this proposal is finalized. Please contact me at (703) 907-5706 or at ted.cromwell@nreca.coop if you have questions.


Seminole Electric Cooperative 2011 Load Duration Curve
System peak load duration (<1% of total time)
System MW Load Level
4500
4000
3500
3000
2500
2000
1500
1000
500
0
0%
2%
4%
6%
8%
9%
11%
13%
15%
17%
19%
21%
23%
25%
27%
28%
30%
32%
34%
36%
38%
40%
42%
44%
45%
47%
49%
51%
53%
55%
57%
59%
61%
63%
64%
66%
68%
70%
72%
74%
76%
78%
80%
81%
83%
85%
87%
89%
91%
93%
95%
97%
99%
Percentage Of Total Annual Hours


Minnkota Power Cooperative Load Duration Curve, 2011
System peak load - red zone - duration (<1% of total time, 22 hrs) shown on second graph
2011 Market energy purchases to meet system load demands reliably (yellow zone, 109 hrs)
2011 Economic base load capacity operation: hydro, wind, & coal-fired generation resources (8,563 hrs)
Total System Load - Megawatts (MW)
900
800
700
600
500
400
300
200
100
0
0% 2% 4% 7% 9% 11% 13% 16% 18% 20% 22% 24% 27% 29% 31% 33% 36% 38% 40% 42% 45% 47% 49% 51% 53% 56% 58% 60% 62% 65% 67% 69% 71% 73% 76% 78% 80% 82% 85% 87% 89% 91% 94% 96% 98%
Percent of total annual hours


Minnkota Power Cooperative Maximum Peak Load Duration Curve
(Top 1% time of annual load duration curve)
Total System Load - Megawatts (MW)
860
840
820
800
780
760
740
720
700
680
660
2011 RICE operation, 0.26% of total hours (22) to supply peak load capacity for reliability (red zone)
2011 Market energy purchases to meet system load demands reliably (yellow zone, 109 hrs)
2011 Economic base load capacity operation: hydro, wind, & coal-fired generation resources (8,563 hrs)
0.01%
0.05%
0.08%
0.11%
0.15%
0.18%
0.22%
0.25%
0.29%
0.32%
0.35%
0.39%
0.42%
0.46%
0.49%
0.53%
0.56%
0.59%
0.63%
0.66%
0.70%
0.73%
0.76%
0.80%
0.83%
0.87%
0.90%
0.94%
0.97%
1.00%
1.04%
1.07%
1.11%
1.14%
1.18%
1.21%
1.24%
Percent total annual hours