CLUB 20 Comments regarding EPA Notice of Intent to Issue a Clean Air Act Title V Operating Permit
Nicolle McCown
to:
Mike Owens, R8AirPermitting
06/12/2014 09:38 AM
Cc:
Bonnie Petersen, "john.swartout@state.co.us"
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From: Nicolle McCown <nicolle@club20.org>

To: Mike Owens/R8/USEPA/US@MSO365, R8AirPermitting@EPA

Cc: Bonnie Petersen <bonnie@club20.org>, "john.swartout@state.co.us" <john.swartout@state.co.us>

5 Attachments

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CLUB 20 Comments regarding EPA Notice of Intent to Issue a Clean Air Act Title V Operating Permit.pdf

ColoradosCoalIndustrySupportforEN103.pdf

June 12, 2014

Michael B. Owens

Air Program (89P-AR)
U.S. EPA, Region 8
1595 Wynkoop Street,
Denver, Co 80202-1129

Dear Mr. Owens:

CLUB 20 is opposed to the modification of the Bonanza Power Plant PSD permit requiring substantial new technology through the issuance of a Title V Federal Operating Permit.

Development of the coal resources in this region is an economic engine that has provided benefit after benefit to our communities and to citizens across the entire State of Colorado. As stated in CLUB 20's resolution EN-10-3 (attached), "the coal deposits in Western Colorado compare favorably to other energy resources in reduction of greenhouse gas emissions and other air pollutants." Further, the resolution states, "there are several thousand coal mining jobs in Western Colorado that provide stable, long-term jobs, with high-paying wages and benefits, and … the coal industry provides substantial revenues to the state and local governments in property taxes, severance taxes, and royalties." It is recognized that the coal mining industry is a critically important cornerstone of many Western Colorado communities.

CLUB 20, "acknowledges the economic and social contributions of the coal industry and its employees to the Western Slope communities, economy, and environment.' CLUB 20, "Supports a viable coal industry on the Western Slope…" CLUB 20, "Affirms that, in the interest of energy security, our nation has the responsibility to fully develop our domestic energy resources, including coal, using the most efficient and environmentally friendly technology available."

The Deserado Coal Mine in Rio Blanco County, Colorado, has one customer only and that is the Bonanza Power Plant southeast of Vernal, Utah, where the United States Environmental Protection Agency (EPA) has issued a notice of intent to Issue a Clean Air Act Title V Federal Operating Permit.

When the PSD permit was issued for this plant some 15 years ago, no Title V permit was required. In good faith, the operators of the Bonanza Power Plant, Deseret Power, went beyond permit requirements and installed additional equipment to ensure air quality standards. At that time, air control equipment was designed to help operators, like Bonanza, to repay the cost of the equipment over an extended period of time; the company is not yet halfway through those payments. Now EPA proposes to modify, after-the-fact, a PSD permit that has been relied upon for many years. This action, which may well be outside any provision or regulation provided for under the Clean Air Act, could have a substantial negative impact on the economic viability of a significant region covering Northeastern Utah and Northwestern Colorado.

The Bonanza Power Plant utilizes low emission coal found in Western Colorado and has complied with air quality regulations over the last 15 years. Some assert that the power plant has escaped accountability to clean air laws which is a blatant falsehood. A recent report from

the Uintah Basin Ozone Study (2013 Field Study Update) states that, "The Bonanza power plant plume does not appear to contribute any significant amount of nitrogen oxides or other contaminants to the polluted boundary layer during ozone episodes; the thermally buoyant Bonanza plume …penetrates through the temperature inversion layer. As a result, emissions from the Bonanza plant are effectively isolated from the boundary layer in which the high ozone concentrations occur."

It seems clear that challenging the power plant's ability to operate is a secondary approach by opponents to the expansion of the Deserado coal mine located in Rio Blanco County, Colorado. The Bureau of Land Management (BLM) NEPA analysis indicated that the mine expansion poses no significant impact and opponents to coal use in the United States seek to find other ways to end the use of coal in power generation.

The real economic impact in a decision requiring premature installation of more pollution controls at the Bonanza power plant will be borne by a dwindling middle class and economically disadvantaged residents in the area. A decision of this magnitude could cost the region more than 300 well paying, middle class jobs, when there are few air quality advantages to be gained beyond the existing pollution controls. If the plant remains operational, the cost to retrofit new controls or change to a natural gas platform will result in power cost increases of approximately 40% to customers in the region, many of whom are ill equipped to handle cost increases of this magnitude. Rio Blanco County and the State of Colorado stand to lose more than $10 million annually in taxes related to mining operations alone. Loss of these jobs will add to a substantial reduction in property tax revenue, will impact funding for schools and could have a crippling effect on the entire region.

There is no other energy source for people in the Northeastern Utah region. If onerous requirements are placed on the Bonanza power plant and it should cease to operate, where will these residents and businesses obtain power, let alone, affordable power? We oppose the issuance of a Title V permit and the retroactive nature of this proceeding. We urge you to consider the efforts already undertaken by the power plant operators and the arrangements made in good faith to address air quality concerns from the time the PSD permit was issued. Honor the emissions limits established under the PSD and do not allow others to destroy the communities, homes and livelihoods of hard working citizens in Utah and Colorado.

Thank you for your consideration of our comments. If you have any questions, please feel free to contact me.

Sincerely,

Bonnie Petersen
Executive Director

Bonnie Petersen

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Smith, Claudia

From: Stuart Sanderson <ssanderson@coloradomining.org>
Sent: Monday, June 16, 2014 1:59 PM
To: Owens, Mike; R8AirPermitting
Cc: Stuart Sanderson
Subject: Comments on Deseret Bonanza Power Plant Draft Title V Permit
Attachments: 2013 Coal Report 6.10.14.pdf

Dear Mr. Owens:

On behalf of the Colorado Mining Association (CMA) and its more than 1,000 members, I am writing to urge the EPA not to rescind or impose onerous new requirements on the existing permit for the Bonanza Power Plant. Deseret Power Electric Cooperative, who owns and operates the Deserado Mine, has applied with the Environmental Protection Agency (EPA) for a Title V comprehensive operating permit for the existing Bonanza Power Plant under the Clean Air Act.

Rescinding a vital permit granted to Bonanza almost 15 years ago would raise costs to energy consumers, and likely result in the shutdown of both the plant and Deserado Mine in Colorado. If EPA follows through and "undoes" the construction permit years after the authorized construction was completed, it could lay a groundwork for the EPA to impose severe new emission restrictions on Bonanza. EPA's action could also threaten to remove a reliable source of electricity generation, costing consumers substantially and harming the economy of the region. Coal accounts for 65% of the electricity generated in Colorado and more than 82% of the electric power in Utah.

Bonanza was one of the first of its kind to fully incorporate Best Available Pollution Controls. Other plants enjoyed "grandfathered" status and have escaped upgrading for decades. Forcing Bonanza to implement additional upgrades "ahead of its turn" is unfair and unnecessary. A 2013 study shows emissions from Bonanza do not contribute substantially to the ozone Issue concerning residents in the Uintah Basin or surrounding counties.

> Quote: "The Bonanza power plant plume does not appear to contribute any significant amount of nitrogen oxides or other contaminants to the polluted boundary layer during ozone episodes; the thermally buoyant Bonanza plume rises upwards from the 183 m (600 ft) stack and penetrates through the temperature inversion layer. As a result, emissions from the Bonanza plant are effectively isolated from the boundary layer in which the high ozone concentrations occur." *Cite:* 2013 UINTAH BASIN OZONE STUDY *Prepared by researchers and air quality managers at Utah State University, University of Utah, National Oceanic and Atmospheric Administration, ENVIRON, University of Colorado, Utah Department of Environmental Quality and EPA*.

Bonanza has not paid off the existing controls that were required to be installed at the time of its construction – there remains another 15 years on the original mortgage. If forced to modernize years before the existing equipment is paid, the cost of new equipment has to be added to the existing costs. The residents of Rio Blanco County and tribe members on the Uintah and Ouray Indian Reservation served by Bonanza, could see power rates permanently rise *as much as 40% and possibly more* just to pay for this upgrade alone. If the plant waits and modernizes after the existing debt has been significantly reduced, it could accommodate massive new capital infusion without disrupting rates and wreaking economic damage to the tribal and rural communities it serves.

Because of Deserado Mine's isolated location with no rail delivery available, the mine depends on the long-term viability of the Bonanza Plant. If the plant is forced to comply with severe new emission restrictions, or forced to upgrade to the best available pollution controls that could include switching the fuel source from coal to natural gas, it will cause the premature closure of the coal mine and have severe adverse impacts on the surrounding communities.

By way of background for your comment, some primary contributions made by Deserado and Deseret Power in the Western Slope area are highlighted in the following statistics:

- Employment of 165 coal miners and 105 Bonanza Power Plant personnel
- Royalty taxes paid $1,136,816
- Estimated Sales and Use tax $1,001,528 (includes both DG&T & BME)
- Support of the Rangely hospital $308,638
- Property tax $3,620,183 (includes both DG&T & BME and excludes hospital)
- Excise taxes $6,265,898
- Severance tax $282,274
- Reclamation tax $223,619
- Total taxes 2013 $12,838,956

Colorado coal mines also generate more than $31 million in royalties, hundreds of millions in additional revenue, and account for more than 23,700 jobs in the general economy. (See attachment) If the mine is forced to close, it will also reduce royalties that support state government and the public school system. There is no environmental or economic reason for imposing costly new requirements.

Stuart A. Sanderson
President
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