

Overview and Update of Substantive Environmental Activity

**Joint Committee on Energy &
Environmental Policy
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Cross States Air Pollution Transport Rule (aka CAIR, CATR)

- Creates new SO₂, NO_x and seasonal NO_x trading programs
- August 2012 – DC Circuit Court vacated the rule in its entirety.
- October 2012 – USEPA request a rehearing before the entire court; DC Circuit Court orders briefings from States and industry petitioners regarding USEPA's rehearing request.

✓ **LIKELY IMPACT:** Vacating the Rule in its entirety alleviates Westar's reliability concerns and likely cost impacts to customers. Even if the rule is later reinstated it is not expected to create significant compliance issues for Westar.

- **NOTE:** Will continue to monitor the Court's activity regarding the rehearing request.

Mercury & Air Toxic Standard (aka MATS, Utility MACT, Utility HAPs)

- Focus is mercury, non-mercury metals, acid gases & organics
 - April 16, 2012: Final rule effective date
 - Westar has four years to comply after receiving KDHE approval of our compliance plan.
- ✓ **LIKELY IMPACT:** Will require installation of additional emission control equipment although an integrated emission control strategy assisted in Westar's preparation for the MATS rule. With KDHE granting a fourth year for compliance Westar anticipates minimal impacts on operations.

Jeffrey Energy Center Water Consent Agreement (aka JEC Water Agreement)

- Rebuilt FGD scrubbers resulted in a change to discharge water quality
- Pilot wetland system operational and largely successful
- ✓ **COMPLIANCE PLAN:** Full scale wetland with the addition of a sulfate precipitation pre-treatment system. Wetland and sulfate pre-treatment system design will begin in late 2012 with construction to start in 2013 and concluding in early 2014 meeting our consent order deadline.

Cooling Water Intake Structures/Water (aka 316(b))

- April, 2011: Proposed rule issued
- Final rule date likely in mid-2013
- For units with once-through cooling (Wolf Creek, La Cygne) it could require adoption of closed-loop cooling system

✓ **LIKELY IMPACTS:** Intake screen modifications at our once-through systems and possibly minimal changes to our closed cycle system water intakes.

Coal Combustion Residuals (aka CCR, CCW, CCB, Coal Ash)

- June 2010: Proposed rule issued
- Final rule expected early 2013
- Phased in over 5-7 years

✓ LIKELY IMPACTS:

- 1) changes or replacement of existing settling ponds,
- 2) expansions or re-design of existing landfills, and/or
- 3) new landfill construction.

Steam Electric Water Effluent Guidelines (aka Surface Water Standards)

- Specific limitations expected for FGD scrubber discharge
- EPA delaying proposed rule until late 2012
- Final rule delayed to mid-2014

✓ **LIKELY IMPACT:** Water in contact with coal combustion residuals will likely not meet the new standards requiring operational changes to minimize or eliminate this contact or require additional water treatment prior to discharge.

SO₂ NAAQS (aka SO₂ National Ambient Air Quality Standards)

- Final rule: June 2010
 - Kansas must submit SIP by June 2013
 - Actual compliance deadline is not clearly defined causing significant confusion (2014 or 2017)
- ✓ **LIKELY IMPACT:** Smaller coal-fired plants with no SO₂ control may require dry sorbent injection (DSI) to reduce emissions. Compliance with MATS requirements will assist in compliance with this NAAQS for Westar scrubbed units.

PM 2.5 NAAQS (aka PM 2.5 National Ambient Air Quality Standards)

- All NAAQS have a rolling review period required in the statute.
 - Westar is required to understand this schedule and plan accordingly
 - On June 24, 2012, EPA did propose to strengthen the annual PM_{2.5} NAAQS.
- ✓ **LIKELY IMPACT:** Westar is evaluating the impact this proposed rule may have on our operations

GHG NSPS

- EPA proposed April 13, 2012
 - First-ever CO₂ emission rate limit: 1,000 pounds per MWhr gross output
 - EPA indicates only governs new units
 - Westar's Stateline Combined Cycle Plant is only fossil-fueled plant meeting the proposed GHG rate today.
 - No projected final rule date has been set and with expected litigation it will likely be some time before this rule is implemented.
- ✓ **LIKELY IMPACT:** Exact impact is hard to evaluate until a final rule is completed, however if rule is finalized as proposed future coal generation would be at risk.