

ADMINISTRATIVE RULES Fiscal Estimate & Economic Impact Analysis

1. Type of Estimate and Analysis

Original Updated Corrected

2. Administrative Rule Chapter, Title and Number

NR 446 Subchapter III - Control of Mercury Emissions from Coal-fired Electric Generating Units

3. Subject

Revision of the initial compliance date under subch. III of ch. NR 446, Wis. Adm. Code, from January 1, 2015 to April 16, 2016

4. Fund Sources Affected

GPR FED PRO PRS SEG SEG-S

5. Chapter 20, Stats. Appropriations Affected

NA

6. Fiscal Effect of Implementing the Rule

No Fiscal Effect Increase Existing Revenues Increase Costs
 Indeterminate Decrease Existing Revenues Could Absorb Within Agency's Budget
 Decrease Cost

7. The Rule Will Impact the Following (Check All That Apply)

State's Economy Specific Businesses/Sectors
 Local Government Units Public Utility Rate Payers
 Small Businesses (if checked, complete Attachment A)

8. Would Implementation and Compliance Costs Be Greater Than \$20 million?

Yes No

9. Policy Problem Addressed by the Rule

Mercury emitted by coal-fired electric generating units (EGUs) in the state will be regulated under recently promulgated federal rules beginning on April 16, 2016. According to s. 285.27(2)(d), Wis. Stats, these same EGUs will be exempt from the state mercury rule requirements under subch. II and III of ch. NR 446, Wis. Adm. Code, when mercury emissions are regulated under the federal emission standards. The Department is proposing to change the initial compliance date under subch. III of ch. NR 446, Wis. Adm. Code, from January 1, 2015 to April 16, 2016 to aid the transition of regulating mercury emissions from under the state rule to the federal rules.

10. Summary of the businesses, business sectors, associations representing business, local governmental units, and individuals that may be affected by the proposed rule that were contacted for comments.

The state mercury rule affects EGUs operated by six electric utilities: Alliant Energy, Dairyland Power Cooperative, Manitowoc Public Utilities (MPU), Wisconsin Public Service Corporation, We Energies, and Xcel Energy. The Department solicited information from the affected utilities, local units of government, and individuals in finalizing the economic impact assessment. The Department received comments from three of the affected utilities, Dairyland Power Cooperative, MPU and Xcel Energy.

11. Identify the local governmental units that participated in the development of this EIA.

Manitowoc Public Utility (MPU) is owned and operated by the City of Manitowoc. MPU provided comments supporting the conclusion that the rule change will reduce compliance burden and cost.

12. Summary of Rule's Economic and Fiscal Impact on Specific Businesses, Business Sectors, Public Utility Rate Payers, Local Governmental Units and the State's Economy as a Whole (Include Implementation and Compliance Costs Expected to be Incurred)

The objective of the proposed rule change is to aid transition of mercury emission regulation from under state rule to federal rule and therein reduce potential compliance costs and burden. As a result, there is no increase in costs to the affected EGUs and electric rate payers. Likewise, there is no negative impact on the state's economy. The Department received comments supporting this conclusion from three of the affected EGUs. The Department received no other comments.

13. Benefits of Implementing the Rule and Alternative(s) to Implementing the Rule

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The proposed rule change is intended to reduce potential compliance cost and burden. The alternative is to take no action which will result in electric utilities complying with state rule requirements in subch. III of ch. NR 446, Wis. Adm. Code, on January 1, 2015 and then federal rule requirements beginning on April 16, 2015. These dual, staggered compliance requirements with both the state and federal rules will result in additional undue cost and use of resources. The proposed rule change modifies the initial compliance date for requirements in subch. III of ch. NR 446, Wis. Adm. Code, from January 1, 2015 to April 16, 2016. This approach accomplishes two goals; 1) it allows EGUs to comply first with federal requirements and thereby be exempt from the state rule requirements and 2) it ensures that mercury emission reductions still occur in the event that federal rules are delayed past April 16, 2016.

14. Long Range Implications of Implementing the Rule

According to s. 285.27(2)(d), Wis. Stats., mercury emitted by electric utilities will no longer be regulated under state rules once emissions are regulated under federal emission standards. This means that in the long-term, mercury emitted by electric utilities will be regulated under federal rules. This proposed rule change is intended to facilitate this transition to regulation under the federal rules. Therefore, the proposed rule does not change the long-term outcome for regulating mercury emitted by coal-fired electric utilities.

15. Compare With Approaches Being Used by Federal Government

This rule action is consistent with federal rules regulating electric utility mercury emissions.

16. Compare With Approaches Being Used by Neighboring States (Illinois, Iowa, Michigan and Minnesota)

Mercury emitted by electric utilities in neighboring states will also be regulated by the same federal rules affecting Wisconsin electric utilities.

17. Contact Name

Tom Karman

18. Contact Phone Number

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ADMINISTRATIVE RULES
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ATTACHMENT A

1. Summary of Rule's Economic and Fiscal Impact on Small Businesses (Separately for each Small Business Sector, Include Implementation and Compliance Costs Expected to be Incurred)

The proposed rule change does not have a fiscal impact on small business for purposes of this EIA.

2. Summary of the data sources used to measure the Rule's impact on Small Businesses

3. Did the agency consider the following methods to reduce the impact of the Rule on Small Businesses?

- Less Stringent Compliance or Reporting Requirements
 - Less Stringent Schedules or Deadlines for Compliance or Reporting
 - Consolidation or Simplification of Reporting Requirements
 - Establishment of performance standards in lieu of Design or Operational Standards
 - Exemption of Small Businesses from some or all requirements
 - Other, describe:
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4. Describe the methods incorporated into the Rule that will reduce its impact on Small Businesses

5. Describe the Rule's Enforcement Provisions

6. Did the Agency prepare a Cost Benefit Analysis (if Yes, attach to form)

- Yes No
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