

November 23, 2009

Attn: Docket ID No. EPA-R06-OAR-2006-0133

Vicki Oswalt
Chair

John W. Fainter, Jr.
President & CEO

Walton L. Baum, III
Executive Vice President

Russell C. Mullins
Corporate Secretary

By Electronic & Mail Delivery

Mr. Stanley M. Spruiell
Air permits Section (6PD-R)
Environmental Protection Agency
1445 Ross Avenue, Suite 1200
Dallas, Texas 75202-2733

Re: Proposed revisions to the Texas' New Source Review (NSR) State Implementation Plan (SIP) regarding Prevention of Significant Deterioration (PSD) and Nonattainment NSR (NNSR) revisions, and Pollution Control Project Standard Permit (74 Fed. Reg. 48467 (September 23, 2009))

Member Companies

AEP SWEPCO

AEP Texas

CenterPoint Energy

Direct Energy

El Paso Electric Company

Entergy Texas

Exelon Generation

Luminant

NRG Texas

Oncor

PNM Resources

Reliant Energy

TXU Energy

Xcel Energy

Dear Mr. Spruiell:

The Association of Electric Companies of Texas ("AECT") appreciates the opportunity to submit these comments regarding the U.S. Environmental Protection Agency's (EPA) proposed SIP disapproval of the above-referenced Texas Commission on Environmental Quality (TCEQ) proposed NSR SIP rule revisions.

AECT is an industry trade association representing electric companies in Texas. Organized in 1978, AECT provides a forum for member companies' representatives to exchange information on their industry, and to communicate with state and federal governmental officials.

AECT believes that the Texas SIP, which is implemented by the TCEQ, meets Federal Clean Air (FCAA) requirements, and as a result, and SIP disapproval is inappropriate. EPA's proposed disapproval has injected uncertainty into the Texas air quality permitting program, without any promise of additional environmental protection. Uncertainty may lead to increased costs to suppliers of electricity, fuels, and products, which may in turn hurt economic growth, lead to increased electricity prices for consumers across the country during a time when consumers are in need of affordable, reliable electric generation, and negatively impact job growth.

AECT strongly encourages EPA to work expeditiously with TCEQ to address the remaining misunderstandings and disagreements about the proposed TCEQ NSR SIP rule revisions, in addition to its proposed disapprovals of the other TCEQ rules for which EPA has proposed disapproval, and to resolve these



issues without the need for SIP disapproval. In doing so, AECT respectfully requests that EPA consider the following relevant points.

Vicki Oswalt
Chair

John W. Fainter, Jr.
President & CEO

Walton L. Baum, III
Executive Vice President

Russell C. Mullins
Corporate Secretary

Member Companies

AEP SWEPCO

AEP Texas

CenterPoint Energy

Direct Energy

El Paso Electric Company

Entergy Texas

Exelon Generation

Luminant

NRG Texas

Oncor

PNM Resources

Reliant Energy

TXU Energy

Xcel Energy

- The Texas air quality permitting program (including the proposed NSR SIP rule revisions), which the TCEQ implements, is one of the most comprehensive and protective air quality permitting programs in the country.
- The Texas air quality permitting program has mandated very significant reductions in the emissions of various pollutants, which has resulted in industrial sources in Texas being some of the lowest emitting sources in the country. For example, because of the Texas air quality permitting program, electric generating units (EGUs) in Texas have already achieved significant reductions in nitrogen oxides (NO_x) and sulfur dioxide (SO₂) emissions over the past several years. As a result of these reductions, EGUs in Texas have much lower NO_x and SO₂ emissions than EGUs in other states. (See enclosed graphs and tables) According to the Acid Rain scorecard data for 2008, the average NO_x and SO₂ emissions rates (in lb/mmBtu) for EGUs in Texas were only about 50% of the average NO_x and SO₂ emissions rates for EGUs in the rest of the country.
- The significant reductions in emissions of various pollutants that have resulted from the Texas air quality permitting program have greatly improved the air quality in Texas, including greatly reducing the ambient concentrations of ozone and other criteria pollutants.
- The reductions in ambient concentrations of ozone and other criteria pollutants have occurred even though the population in Texas has grown at a high rate.
- The TCEQ-implemented Texas air quality permitting program has caused these air quality improvements without unnecessarily negatively impacting economic development in Texas. Indeed, Texas' economy has continued to be one of the most vibrant in the country. AECT believes it is critical that EPA does not take any steps in this SIP disapproval action that would negatively impact Texas' economy, without providing commensurate improvement in the air quality in Texas.
- EPA's proposed SIP disapproval of the proposed TCEQ NSR SIP revisions, as well as its proposed disapprovals of the other TCEQ rules for which EPA has proposed disapproval, is causing, and will cause, tremendous operational uncertainty for companies with permits that were issued under the proposed TCEQ NSR SIP revisions, or under the other TCEQ rules for which EPA has proposed SIP disapproval. This uncertainty could have a chilling effect on the economy in Texas. Such



Vicki Oswalt
Chair

John W. Fainter, Jr.
President & CEO

Walton L. Baum, III
Executive Vice President

Russell C. Mullins
Corporate Secretary

Member Companies

AEP SWEPCO

AEP Texas

CenterPoint Energy

Direct Energy

El Paso Electric Company

Entergy Texas

Exelon Generation

Luminant

NRG Texas

Oncor

PNM Resources

Reliant Energy

TXU Energy

Xcel Energy

uncertainty could cause companies to be hesitant to seek to expand their existing operations or to construct new operations, which would prevent the critically needed jobs and the economic growth that such expanded or new operations would create. Such uncertainty may also cause companies to not make the changes to improve the efficiency of their processes that are needed to allow them to compete in the national and international markets.

- In light of the significant air emission rule proposals currently being considered by EPA (e.g., mercury MACT, PSD Tailoring Rule), AECT is concerned that the uncertainty injected by the EPA's proposed SIP disapproval of the TCEQ's NSR SIP revisions, in addition to its proposed disapprovals of the other TCEQ rules for which EPA has proposed disapproval, may jeopardize or substantially delay the ability of electric generators to obtain necessary air permits to install pollution controls that will be necessary to comply with current and future regulations
- Prompt EPA approval of the proposed TCEQ NSR SIP revisions, as well as the other TCEQ rules for which EPA has proposed disapproval, is needed in order to provide the regulatory certainty necessary for economic development, creation of critically needed jobs, and generation of affordable, reliable electricity in Texas.

The EPA's proposed disapproval of the proposed TCEQ NSR SIP revisions, as well as the other TCEQ rules for which EPA has proposed disapproval, could discourage economic development, the creation of critically needed jobs, and the generation of affordable, reliable electric generation for American consumers and businesses, as well as harm members of the regulated community by forcing them to go through additional expensive and environmentally-unnecessary permitting processes. AECT respectfully requests that the EPA work expeditiously with TCEQ to address the remaining misunderstandings and disagreements about the NSR SIP rule revisions, and to resolve these issues without the need for SIP disapproval.

AECT appreciates the opportunity to submit these comments.

Sincerely,

John W. Fainter, Jr.
AECT President and CEO

1005 Congress, Suite 600
Austin, Texas 78701
Phone: (512) 474-6725
Fax: (512) 474-9670
www.aect.net
info@aect.net