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**DEP Mercury Rule Could Reduce Available Electric Generating Capacity to
Respond to Heat Waves**
20 Percent of Coal-Fired Generating Capacity Could Be Prematurely Retired

Harrisburg, Pa. (July 26) – Electric generators met the record demand for electricity caused by the heat wave last week, but that may not be the case in the future if a rule proposed by the Department of Environmental Protection is not changed to prevent the premature retirement of power plants needed to meet that demand, according to Douglas L. Biden, President of the Electric Power Generation Association (EPGA).

Biden presented comments at a hearing today by the Environmental Quality Board in Harrisburg on a rule proposed by the Department of Environmental Protection to reduce mercury emissions from coal-fired power plants.

“People used air conditioners and fans to cope with the heat wave last week,” said Douglas L. Biden, President of the Electric Power Generation Association. “Now imagine trying to meet that record demand with 20 percent less coal-fired generating capacity. That’s how much capacity is threatened with closure because of the way DEP wants to reduce mercury emissions from power plants.”

“The issue is not whether to significantly reduce mercury emissions, but how to do it,” said Biden. “We, and a coalition of labor and business organizations, support a change in DEP’s rule to include the mercury reduction plan in bipartisan Senate and House legislation that would reduce mercury emissions from power plants by 86 percent through a cap-and-trade program, while protecting the public health and the environment.

“The legislation reduces and then caps mercury emissions,” explained Biden. “It provides incentives to power plant owners to over-control mercury emissions at plants where it would be cost-effective and trade the extra mercury reductions to other plants where maximum reductions may not be economically feasible.”

The rule proposed by the Department of Environmental Protection does not include a trading program, but mandates mercury reductions in a way that threatens some plants with closure because it requires all plants to achieve the same level of reductions.

“Pennsylvania has more than 30 smaller generating units that are at risk of premature retirement because it may not be economically feasible to install advanced mercury controls at these facilities,” said Biden. “Unfortunately, these plants represent 20 percent of Pennsylvania’s coal-fired generating capacity and are the same plants that give

electric generators the ability to produce more electricity during periods of peak demand, like the heat wave last week.

“Without this capacity, there is considerable doubt whether we could have met the record peak demand experienced during the heat wave without emergency load curtailments,” said Biden. “Because it can take five years or more to replace coal-fired generation, these are serious reliability and public safety issues that have not yet been addressed by DEP.”

Public Utility Commission Chairman Wendell F. Holland has also expressed concerns about the cost implications of DEP’s rule saying the proposed rule has the potential to cause a reduction in electric generating capacity in the state which could have a negative effect on an already volatile energy market.

PJM, the operator of the regional electricity grid, made similar comments when it noted that “new limits on mercury emissions from coal-fired power plants now under consideration ... may be an important factor in potential future (plant) retirements.”

“In the last few months, Pennsylvania electric generators have announced they will install almost \$3 billion worth of air pollution controls to reduce sulfur dioxide, mercury and other pollutants,” said Biden. “All we are asking for is a responsible mercury reduction plan that allows us to make cost-effective investments in advanced controls without jeopardizing electric reliability, and without causing significant electric cost increases or the loss of family-sustaining jobs. These goals can be achieved without compromising public health or the environment.”

Pennsylvania power plants have already reduced mercury emissions by 33 percent between 1999 and 2004, according to the U.S. Environmental Protection Agency.

For a copy of Biden’s testimony and more information on reducing mercury emissions from power plants, visit www.PaEnergyNews.com.

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