Message

From: Heath Lovell [hlovell@halladorenergy.com]
Sent: 3/31/2025 7:13:40 PM
To: AirAction [AirAction@epa.gov]
CC: Gardner, Will [wgardner@taftlaw.com]; Ryan McManis [RMcManis@halladorenergy.com]
Subject: Presidential Exemption: National Emission Standards for Hazardous Air Pollutants: Coal- and Oil-Fired Electric Utility Steam Generating Units Review of the Residual Risk and Technology Review: Merom Generating Station
Attachments: EPA Presidential Exemption Hallador Power 2025-03-31.pdf

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EPA Air Action:

Please see the attached request. We would kindly ask that you reply and confirm receipt.

Thanks,
Heath Lovell

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Hallador Power

Headquarters
1183 E Canvasback Drive
Terre Haute, IN 47802
Tel: 303-839-5504
halladorenergy.com

March 31, 2025

Via Email

Mr. Lee Zeldin
Administrator of the Environmental Protection Agency
U.S. Environmental Protection Agency, Headquarters
1200 Pennsylvania Avenue N.W.
Washington, DC 20004
airaction@epa.gov

Re: Presidential Exemption: National Emission Standards for Hazardous Air Pollutants: Coal- and Oil-Fired Electric Utility Steam Generating Units Review of the Residual Risk and Technology Review: Merom Station (EPA ID 6213)

Dear Mr. Zeldin:

Hallador Power Company, LLC ("Hallador") requests the President of the United States to issue a two-year exemption for the Merom Generating Station from compliance with all emission standards and associated requirements set or revised in EPA's final rule *National Emission Standards for Hazardous Air Pollutants: Coal- and Oil-Fired Electric Utility Steam Generating Units Review of the Residual Risk and Technology Review*, 89 Fed. Reg 38,508 (May 7, 2024) ("MATS Rule"). Hallador is submitting this request pursuant to the President's authority under section 112(i)(4) of the Clean Air Act and EPA's March 12, 2025, announcement of an electronic mailbox to receive these Presidential Exemption requests.

FACILITY(IES) AND/OR AFFECTED SOURCES

Hallador submits this request for the Merom Generating Station, a 1,100-megawatt coal-fired, steam-electric generating station located at 5500 West Old 54, Sullivan, IN 47882 ("Merom Station"). Merom Station's operations are currently permitted under Title V Renewal Permit No. 153-41933-00005, issued by the Indiana Department of Environmental Management.

EMISSIONS STANDARDS OR LIMITATIONS SUBJECT TO THE REQUEST

Hallador requests an exemption from compliance with all emission standards and associated requirements set or revised in EPA's final rule *National Emission Standards for Hazardous*

Air Pollutants: Coal- and Oil-Fired Electric Utility Steam Generating Units Review of the Residual Risk and Technology Review, 89 Fed. Reg 38,508 (May 7, 2024) ("MATS Rule"). Specifically, and without limitation, Hallador requests an exemption from compliance with the filterable particulate matter (fPM) standard of 0.1 lb/MMBtu used a surrogate standard for complying with the revised non-Hg HAP metals standards, thereby also requesting an exemption from compliance with the revised individual and total non-Hg HAP metals standards. *See* 40 C.F.R. § 63.9991(a)(1); Table 2 to Subpart UUUUU of 40 C.F.R. Part 63; 89 Fed. Reg 38,571-79 (May 7, 2024).

Hallador also requests, without limitation, an exemption from compliance with the corresponding requirement to install and certify a PM continuous emissions monitoring system (CEMS) by July 6, 2027, which replaced the requirement of conducting quarterly performance testing to demonstrate compliance with the fPM emission standard. *See* 40 C.F.R. § 63.10000(c)(1)(iv)(A); 89 Fed. Reg 38,564 (May 7, 2024).

LENGTH OF COMPLIANCE PERIOD BEING REQUESTED

Hallador requests a two-year exemption from the compliance standards identified above, with the exemption taking effect on the date of the compliance deadlines set forth in the MATS Rule. Specifically, Hallador requests that the Presidential Exemption take effect as of July 6, 2027, and apply for a period of two years thereafter. *See* 40 C.F.R. §§ 63.9991(a)(1), 63.10000(c)(1)(iv)(A).

JUSTIFICATION TO SUPPORT THE REQUEST

I. Functional technology to implement the standards are not available.

The EPA must regulate power plants under Section 112 of the Clean Air Act (CAA) if it finds that such regulation is "appropriate and necessary." *See* 42 U.S.C. § 7412(n)(1)(A). In so regulating power plants, "the phrase 'appropriate and necessary' requires at least some attention to cost." *Michigan v. E.P.A.*, 576 U.S. 743, 752 (2015). As such, the workability and cost of the technology used in crafting a rule has a direct relationship to the availability of that technology mandated by the rule. Adding another measurement system to replace quarterly stack testing, particularly given the challenges with PM CEMS as described below, is costly. Below are but four examples of how the MATS Rule is unworkable and costly—rendering the technology required unavailable.

A. *Calibrating a PM CEMS is challenging.*

Even with fPM limits at 0.03 lb/MMBtu, the rudimentary method of "calibrating" PM CEMS compliance meters presents significant challenges. This method requires either turning off the PM emission control technology or deliberately injecting particulate matter into the exhaust

stack flue gas to attempt to create a steady and repetitive PM emissions curve. In both methods, PM emissions are well in excess of normal emissions and cause unnecessary pollution. This reinjection option can cause an inaccurate calibration curve due to particle size changes (agglomeration) during reinjection and flight, thus not representative of normal operation PM particle sizing.

With many facilities using wet Flue Gas Desulfurization (FGD) controls, the ash reinjection method is the only option. This will require innovative methods to extract fly ash and reinject it downstream of the scrubber. The Electrostatic Precipitator (ESP), where the ash is captured, is well over 850 feet from the potential injection point, so piping the ash is infeasible. Fly ash will need to be transported via bulk tanker truck to a blower skid to be pneumatically conveyed over three hundred feet to elevated injection ports into the moist desulfurized flue gas. This reinjection for monitor calibration is far more onerous than traditional monitor calibration requirements, not to mention vastly more expensive, and includes many worker safety implications. Controlling ash injection rates to precisely reproduce a calibration as required in EPA's Performance Specification 11 (PS-11) has not been industry-proven at the 0.03 PM limit, which presents far more serious concerns for calibration at the 0.01 PM limits.

Due to the method for calculating the accuracy of the PM CEMS, data suggests that the lower PM limit can make compliance difficult and sometimes unachievable. If EPA reduces the PM limit, the QA testing requirements for PM CEMS (which EPA has mandated for all coal-fired EGUs) will become much more difficult to pass. The difficulty of passing these tests would not only place a burden on sources that would be forced to repeat the costly tests but, more critically, illustrates the uncertainty of PM CEMS and the PS-11 correlation process at low emissions levels.

B. *PM CEMS are difficult to maintain.*

PM CEMS for units with wet FGD's requires collection of wet flue gas samples. Since the water droplets show up as particulate matter in light interferometry measurements, the sample must be heated to evaporate the moisture before measuring. Collecting wet samples is notoriously problematic with scaling and buildup in instrumentation and tubing. Thus, more maintenance attention is needed to keep the PM CEMS operating and will also result in inherently longer downtimes without measurement. Extended periods of monitor downtime or inability to "calibrate" can have unit availability and forced downtime concerns. Operating without the required compliance meter will not be an option.

C. *New/emerging PM monitor technologies and methodologies are being tested in industry.*

While PM CEMS technologies present the challenges noted above, there are new/novel non-PM CEMs technologies (e.g., metal sorbent traps) that are currently in the evaluation phase.

These technologies and options should continue undergoing testing, creating the opportunity to promulgate a new Methodology to accurately measure PM. Companies have been working with the EPA and the Electric Power Research Institute (EPRI) to prove that these technologies are viable. Extending the compliance deadline is appropriate to prove the viability of these technologies and give EGU's the option to utilize a more sensible compliance system that accurately represents the emissions. These systems are expected to be less expensive and less burdensome for facility compliance.

D. *PM CEMS is prohibitively costly.*

The installation of PM CEMS is unreasonably costly, rendering the technology effectively unavailable. Installing PM CEMS at a single unit can range from $180,000 to over $400,000. *See* Comment Submitted by Class of '85 Regulatory Response Group, Document ID EPA-HQ-OAR-2018-0794-5989. Ongoing PM CEMS correlation testing, along with injecting of media in the effluent to artificially raise emission levels, costs at least $250,000 per test evolution at one source—and the MATS Rule requires testing once every three years. *Id.* Annual costs associated with a PM CEMS could range from $92,900 to over $154,600, while annual costs associated with stack testing can range from $24,000 to $32,000. *Id.* As it is, there are no technologies currently on the market that are workable without the difficulties and challenges discussed above and that are provided at a common-sense cost. Therefore, the technologies required by the MATS Rule are unavailable.

II. An extension is in the national security interests of the United States.

Merom Station provides stable, reliable electricity that is vital to national security, so the Presidential Exemption will ensure that Merom Station can continue doing so by eliminating the barriers presented in the MATS Rule. Minimizing domestic vulnerabilities is at the foundation of national security. Among the most critical domestic vulnerabilities is our energy generation and distribution system to ensure a reliable supply of electricity. In a statement issued on June 1, 2018, the White House Press Secretary noted that "President Donald J. Trump believes in total energy independence and dominance, and that keeping America's energy grid and infrastructure strong and secure protects our national security . . . from intentional attacks and natural disasters." Thus, national security requires a reliable and resilient electrical grid at home to establish strength and deterrence abroad.

In a strategy to maintain energy independence by creating a diverse energy portfolio, coal-fired power plants, like Merom Station, are essential for national security because they provide a reliable and consistent source of energy. Because coal-fired power plants house coal on site to provide many days of fuel, they are fuel-secure. Unlike other sources of energy, coal-fired power plants are not affected when pipelines are disrupted, the wind ceases blowing, or when the sun

sets. In extreme winter cold, natural gas is diverted for heating and pipelines freeze. During extreme heat waves power demand surges, but wind power plummets. While other source of energy may be intermittent, coal-fired plants operate continuously, providing baseload power. This means that even during periods of peak demand, weather disruptions, or potential energy and gas shortages, coal plants can be relied upon to provide a stable supply of electricity. Further, because coal is locally sourced for the Merom Station, it insulates the United States from the vulnerabilities presented during geopolitical conflict, trade disruptions, or natural disasters, which could affect the global supply of oil, gas, or renewable components (such as solar panels or wind turbines). Thus, plants like Merom Station are pillars of stability in creating a resilient power grid.

This reliability has been demonstrated historically. For example, in its comment on a prior iteration of the MATS Rule, Edison Electric Institute ("EEI") recounted 2005 situation where "the DOE Secretary ordered the Potomac River coal-powered generating plant in Alexandria, Virginia (now operated by GenOn Energy, Inc.) to remain open, despite environmental concerns, because of the potential for a blackout in the District of Columbia (and impacts on a major sewage treatment plant) if the plant ceased operation." EPA-HQ-OAR-2009-0234-2910 at 14. EEI quote the order: "The Central D.C. area includes offices, facilities and operations involved in all three branches of government, and that are critically important to the Nation's national security, law enforcement and regulatory functions." *Id.*

A reliable and resilient electrical grid is also critically important for national security because it supports critical infrastructure, like military operations, hospitals, and communications. Many defense and security installations, such as military bases and communication centers, require a steady and uninterrupted power supply. Coal-fired power plants can ensure that these facilities remain operational in the event of attacks, cyber events, or natural disasters that might cripple other sources of energy contributing to the power grid. Having domestic, coal-fired power plants provides resilience against these scenarios and guarantees that defense operations are not compromised by power shortages. Further, supporting the internal demand for electricity holds strategic importance to domestically secure geopolitically and nationally strategic industries such as semiconductor chip manufacturing, quantum computing, and artificial intelligence, along with research and development at our national laboratories, all of which are vital to national security.

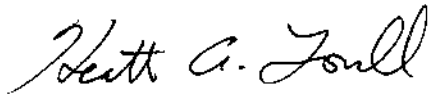
But the standards set in the MATS Rule create barriers that work against Merom Station's goal of generating reliable electricity. Instead of facilitating the seamless generation of electricity, these standards force coal-fired power plants to divert attention and resources to attempt achieving unreasonable PM limits and install unavailable and unreliable technologies. This diversion from the goal of energy reliability is a threat to national security. As a result, for Merom

Station to continue to provide stable and reliable electricity that is vital to our national security, a Presidential Exemption from the MATS Rule is critical.

* * *

Hallador appreciates EPA's attention to this important matter and urges EPA to recommend that the President issue the requested Presidential Exemption. If any additional information is needed regarding this request, please do not hesitate to contact me by email at hlovell@halladorenergy.com or by phone at 303-839-5504.

Sincerely,



Heath Lovell
President
Hallador Power Company, LLC

Cc: Will Gardner, Taft Stettinius & Hollister LLP

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