

October 30, 2008

Ms. Mary Ann Dolehanty
Acting Permit Section Supervisor
MDEQ Air Quality Division
P.O. Box 30260
Lansing, Michigan, 48909-7760.

Dear Ms. Dolehanty:

I am writing on behalf of the staff, board, and 2,500 members of the Michigan Land Use Institute to oppose the draft air permit that your agency issued on Sept. 23 to the Wolverine Clean Energy Venture, a coal-fired power plant proposed for Roger City.

The Institute opposes this project because of the harm it will do to local and regional air and water quality, as well as to prospects for reversing climate change.

We also object to this project on economic grounds. Neither Michigan nor the region need a new coal plant, and building such an expensive, outdated project will harm, not help the local, regional, and state economy. The few jobs it creates will be far outweighed by the economic damage the project does to ratepayers, local government budgets, and the region's capacity and attractiveness for further development.

In the past, however, the Michigan Department of Environmental Quality always rejected economic arguments as outside of its purview, insisting the agency can only look at how the technology of the proposal meets environmental regulations.

Yet, when Wolverine applied for its air emissions permit, it claimed economic hardship required it to burn cheaper, dirtier petroleum coke instead of coal most of the time. MDEQ granted that economic point and approved petroleum coke.

This highly selective application of economics is wrong. If the MDEQ is to apply economics, it must do so consistently.

That means it must evaluate the total cost of electricity generated from the plant, the economic hardship it will impose on its customers in the form of much higher rates, the barriers the plant's emissions would raise to further industrial development, and the economic savings and stimulation that would flow from using energy efficiency and renewable energy sources, not new fuel-burning plants, to meet demand.

Research consistently confirms that efficiency is a much cheaper way to manage demand than increasing energy supply, that some renewable sources are now less expensive than coal, and that efficiency and renewables create far more jobs than new coal. If MDEQ did a thorough, rather than a limited, economic analysis, it would discover significant economic problems with this proposal.

A new pet coke-burning plant in northeast Lower Michigan would so degrade the air (according to the permit's own PM increment analyses) that it would preclude much additional industrial development in the region. So, building this plant will not only harm area tourism by harming the area's clean air and water, it would retard the area's already

depressed economy by imposing higher electricity rates, precluding certain future development, and not provide very many new jobs.

MDEQ has a clear choice. It can set aside its incomplete economic analysis and revise its draft permit to exclude petroleum coke because of the many problems it raises regarding transport, storage, burning, emissions control, waste ash disposal, and the application of federal BACT requirements to the permitting process.

Or, MDEQ can include a complete economic analysis of the project, not one that is disingenuously targeted at using a cheaper, dirtier fuel.

Such an analysis would reveal deep flaws in the plant proposal: The plant will provide far more power than the company and its subsidiaries need, unnecessarily elevating financial risks. Its heavy CO2 output will accelerate the global warming that is already harming state tourism and agriculture. Its particulate matter, sulfur, and nitrogen emissions will drive up local healthcare costs, and make the area less attractive for tourism. It will lower, not raise, property values and the quality of life in the Rogers City area. It will make the area less attractive for residential and business development. And it will harm the local economy by dramatically driving up electricity rates and truncating certain future development opportunities.

Whatever the claimed economic benefits are for building the Wolverine plant, they are far less than those that would flow from instead employing energy efficiency and renewable energy to meet current and future demands.

The MDEQ analysis of Wolverine air permit is wrong because it arbitrarily uses limited economic data to justify burning a fuel that is dirtier than coal. If the DEQ is going to evaluate permits from an economic perspective, then the agency must evaluate *all* the economic effects it will have on *all* parties. Anything other method tilts the permit process toward the company, not toward the entire state and its people, and violates the agency's own mission.

We respectfully request a written response from your agency about the points raised in this letter. Thank you very much.

Sincerely,

Hans Voss
Executive Director

attachments