



Local governments working together for a better metropolitan region

March 12, 2008

*District of Columbia
Bladensburg*
Bowie
College Park
Frederick
Frederick County
Gaithersburg
Greenbelt
Montgomery County
Prince George's County
Rockville
Takoma Park
Alexandria
Arlington County
Fairfax
Fairfax County
Falls Church
Loudoun County
Manassas
Manassas Park
Prince William County*

Mr. Rob Feagins
Virginia Department of Environmental Quality
Southwest Regional Office
355 Deadmore St.
P.O. Box 1688
Abingdon, VA 24212

RE: Comments on Proposed Virginia City Hybrid Energy Facility

Dear Mr. Feagins:

On March 12, 2008, the Metropolitan Washington Council of Governments, representing twenty-one local governments in the National Capital Region, adopted Resolution R14-08 "Resolution Raising Concerns Regarding Proposed Coal-Fired Power Plant in Wise County, Virginia."

The Board specifically urges that prior to issuance of an air quality permit for the proposed facility, Virginia Dept. of Environmental Quality insure that a thorough analysis of alternatives be carried out, including the potential for substitution of renewable energy or energy conservation as options for meeting the energy demands in lieu of the proposed coal-fired facility.

The Board resolution further strongly supports the proposed conversion of the Bremo powerplant from coal to natural gas.

For your information I have enclosed a staff memorandum which conveys the technical analysis of the greenhouse gas emissions from the proposed facility relative to the Washington region inventory and the potential implications of constructing the facility may have in lessening the benefits from actions being contemplated to reduce greenhouse gas emissions in the region.

Thank you for the opportunity to comment on this proposed action.

Sincerely,

Michael J. Knapp
Chairman, Board of Directors

Enclosures:

R14-08
Staff Memorandum 3/12/2008

**METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS
777 North Capitol Street, NE
Washington, DC 20002**

**RESOLUTION RAISING CONCERNS REGARDING PROPOSED COAL-FIRED POWER PLANT
IN WISE COUNTY, VIRGINIA**

WHEREAS, the Board of Directors of the Metropolitan Washington Council of Governments (COG), by Resolution 31-07, authorized the development of a COG Regional Climate Change Initiative and the creation of the COG Climate Change Steering Committee; and

WHEREAS, the Climate Change Steering Committee is reviewing local working models of greenhouse gas reduction initiatives that reinforce other high-priority policy objectives and stimulate private actions, by businesses and citizens, and thereby encouraging statewide and national leadership; and

WHEREAS, Dominion Power has proposed to build a 668-megawatt coal-fired power station in Wise County, Virginia known as the "Virginia City Hybrid Energy Center"; and

WHEREAS, analyses of the carbon dioxide (CO₂) emissions from the proposed facility indicate levels are expected to be between 4 million and 5 million metric tonnes per year; and

WHEREAS, a regional greenhouse gas emissions inventory has been developed for the Metropolitan Washington region by COG, indicating that 74 million metric tonnes of CO₂ equivalents were produced in 2005, forty-percent (40%) of which comes from electric power generation; and

WHEREAS, the Climate Change Steering Committee notes that the CO₂ emissions from the proposed facility are approximately five percent (5%) of the 2005 regional inventory, and could offset as much as fifty (50%) percent of the actions being contemplated to reduce greenhouse gas emissions in the Washington metropolitan region between now and 2012; and

WHEREAS, the COG Climate Change Steering Committee believes, before an air quality permit is issued for the facility, that a thorough analysis of possible alternatives including renewable energy and energy conservation should be conducted.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE
METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS THAT:**

The Chairman of the Board of Directors shall transmit a comment letter to the Virginia Department of Environmental Quality that:

1. Expresses strong concerns with the greenhouse gas and air quality impacts on the Washington area of the proposed coal-fired power plant.
2. Conveys the technical analysis of the greenhouse gas emissions from the proposed facility relative to the Washington region inventory and the potential negative implications constructing the facility may have in lessening the benefits from actions being contemplated to reduce greenhouse gas emissions in the region.
3. Urge that prior to issuance of an air quality permit, a thorough analysis of alternatives be carried out including the potential for substitution of renewable energy and/or energy conservation as options for meeting the energy demands in lieu of the proposed coal-fired facility.
4. Strongly supports the conversion of the Bremono power station from coal to natural gas.



Local governments working together for a better metropolitan region

Memorandum

Date: March 4, 2008

To: COG Board of Directors

From: Stuart A. Freudberg, Director *SAF*
Dept. of Environmental Programs

Subject: Background Information Regarding Resolution R14-08 and Proposed
Coal-Fired Power plant in Wise, Virginia

District of Columbia

*Bladensburg**

Bowie

College Park

Frederick

Frederick County

Gaithersburg

Greenbelt

Montgomery County

Prince George's County

Rockville

Takoma Park

Alexandria

Arlington County

Fairfax

Fairfax County

Falls Church

Loudoun County

Manassas

Manassas Park

Prince William County

**Adjunct member*

Overview

At its meeting on February 27, 2008, COG's Climate Change Steering Committee (CCSC) received a briefing from Fairfax Board of Supervisors' Chairman Gerry Connolly regarding a proposed 668 megawatt (MW) coal-fired power plant in Wise, Virginia, which is in the far southwest part of the state. The attachment to this memorandum provides additional information on the proposed facility including a location map.

The facility, officially known as the "Virginia City Hybrid Energy Center", is currently the subject of a public comment period regarding the proposed operating permit that would be issued by the Virginia Department of Environmental Quality (DEQ). The public comment period began on January 12, 2008 and closes on March 12, 2008.

The CCSC discussed the information provided by Mr. Connolly and expressed a number of concerns about the proposed facility. In particular, the committee was concerned about the increase in greenhouse gas emissions that were expected to result from the facility and the potential for transported air pollution that could impact the Washington metropolitan region. The committee further was seeking assurances from the state that alternatives to a coal-fired facility including renewable energy and energy conservation would be thoroughly investigated before proceeding with a coal-fired facility.

As a result of the CCSC deliberation, Resolution R14-08 was prepared reflecting the committee's agreement and recommendations for inclusion in a comment letter to Virginia DEQ. As is noted further below, the Metropolitan Washington Air Quality Committee is scheduled to meet on Friday March 7, 2008 and is expected to discuss the air quality issues associated with the proposed facility. The results of MWAQC's deliberations will be conveyed to the Board once this information becomes available.

For further information, please contact me at 202/962-3340 or sfreudberg@mwkog.org, or Jeff King of my staff at 202/962-3238 or jking@mwkog.org.

Background on Proposed Virginia City Hybrid Energy Center

Construction of a coal-fired generation facility in the coal-field region of southwest Virginia was promoted in legislation passed in the 2004 session of the Virginia legislature (SB 651). This legislation included an incentive for a coal-fired powerplant utilizing Virginia coal. One of the motivations for the facility was to reduce imports of electric energy into Virginia, currently estimated at over fifty percent (50%) of annual state electric energy consumption in 2006.

The estimated cost of the facility is \$1.8 billion. Dominion indicates that approximately 800 construction jobs are expected, as well as 300 permanent jobs including 250 in the coal-mining industry once the facility is operating.

Dominion states on its website that its planned design includes a number of features intended to reduce the environmental impact of the facility, including the capability of utilizing up to twenty-percent of its fuel in the form of biomass, reduced water consumption, a “fluidized bed clean coal” combustion design, and state of the art air quality controls.

Dominion has projected that its 2.3 million customers will require an additional 4,000 MW of electricity by 2017, representing an approximately a fifteen percent (15%) increase in the utility’s generating capacity. The proposed Wise, Virginia facility would provide about seventeen percent (17%) of the forecast new generation requirement. Dominion has voluntarily committed to achieve a twelve percent (12%) renewable energy generation target by 2022, and has indicated its support for the Virginia Energy Plan goal of a reduction of energy consumption via conservation of ten percent (10%) of 2006 levels by 2025. Dominion has initiated a new program to work with the public in achieving this goal.

COG Climate Change Steering Committee Discussion

The focus of the CCSC briefing and discussion was on the potential increase in greenhouse gas emissions (primarily carbon dioxide, or CO₂) expected to result from the facility. Air quality impacts were also briefly discussed and it was noted that this topic would be addressed at the March 7, 2008 meeting of the Metropolitan Washington Air Quality Committee (MWAQC). The COG Board will be alerted to any policy action taken by MWAQC on March 7th regarding the facility.

The proposed facility was discussed by the CCSC in the context of a proposed 2012 greenhouse gas emission reduction goal for the Washington region, and the recognition that should the facility be constructed as planned, it could significantly diminish the effects of the greenhouse gas reduction actions being considered for the Washington region.

As illustrated in the table below, the proposed facility represents about six percent (6%) of the current estimated greenhouse gas emissions in the

Washington metropolitan region. In addition, the table shows that the estimated CO₂ emissions from the facility could offset as much as fifty-nine percent (59%) of the proposed Washington region greenhouse gas emission reduction by 2012.

Under a business as usual estimate for 2012, emissions in our region are forecast to grow by approximately ten percent (10%) between 2005 and 2012, or 8 million metric tonnes/year. Although yet to be formally proposed by the CCSC or adopted by the COG Board of Directors, the CCSC is strongly considering recommending a regional greenhouse gas reduction goal that would result in currently projected emissions in 2012 being reduced to 2005 levels, effectively eliminating the projected 10% increase between 2005 and 2012. A series of actions are being discussed to achieve this goal. The CCSC report to the Board is expected in May, 2008.

2005 Estimated CO ₂ emissions in the Washington region	74 million metric tonnes/year#
2012 Estimated CO ₂ emissions in the Washington region	82 million metric tonnes/year
2012 Proposed* CO ₂ emissions goal for the Washington region	74 million metric tonnes/year
Needed CO ₂ reduction to meet 2012 goal	8 million metric tonnes/year
Estimated CO ₂ emissions from proposed Virginia Hybrid Energy Center	4.7 million metric tonnes/year@
Percentage of Washington metropolitan region 2005 regional greenhouse gas emissions (CO ₂ equivalents) represented by the Virginia Hybrid Energy Center	6%
Percentage of Washington metropolitan region 2005-2012 CO ₂ reduction represented by Virginia Hybrid Energy Center	59%

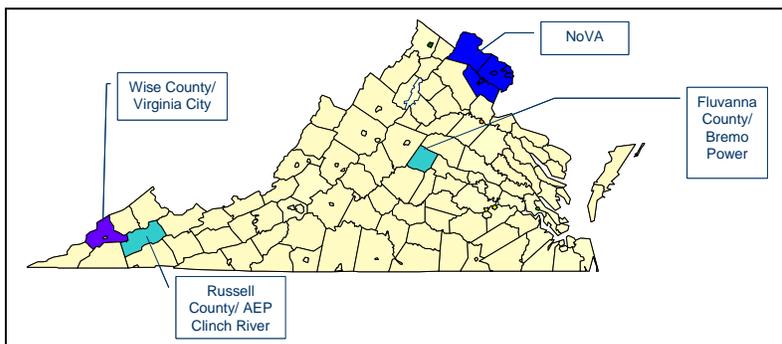
All regional emission estimates were developed by COG environmental staff and are in CO₂ equivalents, the vast majority of which is CO₂.

*This is a goal currently under discussion by the COG Climate Change Steering Committee and has not been formally proposed to or adopted by the COG Board of Directors.

@ Likely will range between 4 million and 5 million metric tonnes/year

Background Information
Proposed Coal-Fired Power Plant in Wise County Virginia
Prepared by COG Staff 3-4-2008

Project Developer: Dominion
Name of Proposed Facility: Virginia City Hybrid Energy Center
Location: Wise County Virginia
Capacity: 668 megawatt (gross), 585 megawatt (net)
Fuel: coal, coal waste, biomass
Timeline: Application provided to DEQ on July 7, 2006; Permit for public comment on January 12, 2008; Begin operating by 2012. Comments are due to Virginia DEQ by March 12, 2008.



Legislative Mandate

To improve in-state power capacity and enhance economic development in distressed areas of Virginia, Virginia SB 651, signed into law on April 15, 2004, promotes the construction of new electrical generation in the southwest Virginia coalfield region.

Controls at Other Facilities and Potential for Air Pollution Transport

The location of the proposed Virginia City Hybrid Energy Center in Wise County is in close proximity to the American Electric Power (AEP) Clinch River power plant which is subject to a recent federal consent decree. By 2018, this facility must reduce sulfur dioxide (SO₂) emissions from about 28,000 to about 16,000 tons annually. The facility also must also install Selective Non-Catalytic Reduction (SNCR), for about a 40 percent reduction in overall nitrogen oxide (NO_x) emissions. As a result of controls on the AEP facility, even with the new emissions of fine particulate matter (PM_{2.5}), NO_x, and SO₂ from the Virginia City Hybrid Energy Center in Wise County, according to Virginia Dept. of Environmental Quality (DEQ) staff, PM_{2.5}, NO_x, and SO₂ emissions from that source region are actually expected to decline, thereby reducing the potential for degradation of air quality in the Washington region.

Dominion has also proposed to convert one of their coal-fired power generating facilities (Bremo Bluff) in Fluvanna County to natural gas if the new plant in Wise County is approved. According to Virginia DEQ staff, this action will serve to reduce overall pollutant emissions contributing to air pollution transport into the Washington region.

Greenhouse Gases

Operation of a new coal-fired power plant with a capacity of 668 MW will cause emissions of greenhouse gases to rise. Preliminary estimates are that the plant will increase carbon dioxide (CO₂) emissions by approximately 4-5 million metric tons annually. CO₂ emission increases will be partially offset by the fuel conversion at Bremo Bluff.

For more information:

<http://www.deq.state.va.us/air/permitting/permits.htm>

http://www.dom.com/about/stations/fossil/pdf/vchec_brochure.pdf

<http://www.dom.com/about/stations/fossil/swva.jsp>

<http://www.dom.com/news/elec2008/pr0204.jsp>