AN ACT to repeal 144.385 (1) and 144.385 (5); to amend 144.385 (title), 144.385 (2) (b), 144.385 (3) (a), 144.385 (3) (b), 144.385 (4) (b) 3, 144.385 (4) (c), 144.385 (7) and 144.385 (8); to repeal and recreate 144.385 (3) (c); and to create 15.347 (2), 16.02, 20.155 (1) (i), 20.370 (2) (cj), 20.505 (1) (jm), 144.31 (1) (n) and (o), 144.385 (2) (am), 144.385 (3) (d) to (g), 144.385 (4) (b) 6, 144.385 (9), 144.386, 144.387, 144.388, 144.389 and 196.856 of the statutes, relating to sulfur dioxide and nitrogen oxide emission goals and limits, creating a council, providing for a study, granting rule-making authority, providing penalties and making appropriations.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. Legislative intent, policy and goals; sulfur dioxide and nitrogen oxide emission limitations.

(1) It is the responsibility of this state to protect the quality of this state's navigable waters and related resources under the public trust doctrine.

(2) It is the policy of this state to protect the quality of this state's natural resources, including air, water, fish and aquatic life, soil, forests and scenic and recreational resources, from damage caused by acid deposition.

(3) It is the policy of this state to ensure that this state's recreation, tourist and forest industries and other components of this state's economy are not irreparably harmed by acid deposition.

(4) It is the goal of this state to achieve an annual average pH of above 4.7 in precipitation in all areas of this state and, as a first step toward attaining that goal, it is the policy of this state to control annual sulfur dioxide emissions from major utilities and other large sources of air pollution until a comprehensive national solution to the acid deposition phenomenon is developed.

(5) It is the policy of this state to strengthen its efforts to increase electrical energy conservation which, in addition to other benefits, results in the reduction of sulfur dioxide and nitrogen oxide emissions.

(6) It is the policy of this state to encourage the employment of alternate fuels as the method for attaining compliance with annual emission limits, unless a source of sulfur dioxide and nitrogen oxide emissions chooses to use scrubbers or other technological options for economic reasons.

SECTION 2. 15.347 (2) of the statutes is created to read:

15.347 (2) ACID DEPOSITION RESEARCH COUNCIL. (a) There is created in the department of administration an acid deposition research council consisting of the following members:

1. The secretary of administration or his or her designee.
2. The chairperson of the public service commission or his or her designee.
3. The secretary of natural resources or his or her designee.
4. A representative of the university of Wisconsin system appointed by the secretary of administration.
5. A representative of a major utility, as defined under s. 144.386 (1) (f), appointed by the secretary of administration.
6. A representative of an industry which is a large source, as defined under s. 144.388 (1) (a), appointed by the secretary of administration.
7. A representative of an environmental organization in this state, appointed by the secretary of administration.

(b) Members of the council appointed under par. (a) 4 to 7 shall serve at the pleasure of the secretary.
(c) The council shall perform the functions specified under s. 16.02.

SECTION 3. 16.02 of the statutes is created to read:

16.02 Acid deposition research council. (1) The acid deposition research council shall perform all of the following functions:

(a) Recommend objectives for acid deposition research in this state.
(b) Recommend the types of and priorities for acid deposition research.
(c) Evaluate mechanisms for funding and recommend funding levels for acid deposition research.
(d) Review all research reports relating to acid deposition requested by or submitted to the council.

(2) The acid deposition research council shall, by July 1 of each even-numbered year, submit a report of its work summarizing its recommendations under sub. (1) (a) to (c) and the results of the research reviewed under sub. (1) (d) and shall file the report with the governor, the secretary, the chairperson of the natural resources board and the chief clerk of each house of
the legislature for distribution to the appropriate standing committees under s. 13.72 (2).

SECTION 4. 20.005 (3) (schedule) of the statutes: at the appropriate place, insert the following amounts for the purposes indicated:

<table>
<thead>
<tr>
<th>Purpose</th>
<th>1985-86</th>
<th>1986-87</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACID DEPOSITION ACTIVITIES</td>
<td>-0-</td>
<td>44,000</td>
</tr>
<tr>
<td>AIR MANAGEMENT — ACID DEPOSITION ACTIVITIES</td>
<td>-0-</td>
<td>312,000</td>
</tr>
<tr>
<td>ACID DEPOSITION ACTIVITIES</td>
<td>-0-</td>
<td>44,000</td>
</tr>
</tbody>
</table>

144.385 (title) Sulfur dioxide emission limitations before 1993; major utilities.

SECTION 10. 144.385 (1) of the statutes is repealed.

SECTION 11. 144.385 (2) (am) of the statutes is created to read:

144.385 (2) (am) “Environmental dispatching” means the operation of the various units under the ownership or control of a major utility in a manner that minimizes the discharge of sulfur dioxide emissions rather than minimizing the cost of operation.

SECTION 12. 144.385 (2) (b) of the statutes is amended to read:

144.385 (2) (b) “Major utility” means a Class A utility, as defined under s. 199.03 (4), which generates electricity or an electrical cooperative association organized under ch. 185s if the total sulfur dioxide emissions from all major stationary air contaminant sources in the state under the ownership or control of the utility or association had exceeded 5,000 tons in any year after 1979.

SECTION 13. 144.385 (3) (a) of the statutes is amended to read:

144.385 (3) (a) Total annual emission limitation. Except as provided under par. (b), the total annual sulfur dioxide emissions from all major utilities may not exceed 500,000 tons beginning with calendar year 1985.

SECTION 14. 144.385 (3) (b) of the statutes is amended to read:

144.385 (3) (b) Individual annual emission limitation; applicable only if total limitation is exceeded. Except as provided under par. (a), the sulfur dioxide emissions from a major utility may not exceed the individual sulfur dioxide limitation specified in the joint annual operation plan under sub. (4) if the total annual sulfur dioxide limitation under par. (a) is exceeded.
SECTION 15. 144.385 (3) (c) of the statutes is repealed and recreated to read:

144.385 (3) (c) Variance procedure; conditions. A major utility may request a variance from its individual annual emission limitation which applies under par. (b) by submitting the request to the commission and the department. No request for a variance may be submitted if the department has served the major utility with written notice under s. 144.423 that the major utility has violated par. (b). Upon receipt of a request, the commission shall, within 45 days, determine if any of the following variance conditions exists and shall report its determination to the department:

1. A major electrical supply emergency within or outside this state.
2. A major fuel supply disruption.
3. An extended and unplanned disruption in the operation of a nuclear plant or low sulfur coal-fired boiler.
4. The occurrence of an uncontrollable event not anticipated in the joint annual operation plan under sub. (4).
5. A plan by the major utility to install and place into operation new technological devices that will enable the major utilities to meet the total annual emission limitation under par. (a).

SECTION 16. 144.385 (3) (d) to (g) of the statutes are created to read:

144.385 (3) (d) Compliance plan required. With the request for a variance, the major utility shall submit its plan for achieving or returning to compliance with its individual annual emission limitation. If the request is based on a variance condition specified under par. (c) 1 to 4, the request shall include an explanation of why the major utility cannot achieve or remain in compliance by using fuel with a lower sulfur content or by environmental dispatching.

(c) Grant of variance. The department shall grant a request for a variance if the commission determines that a variance condition exists and the department determines that the major utility’s compliance plan is adequate.

(f) Denial of variance. The department shall deny a request for a variance if the commission determines that no variance condition exists or if the department determines that the major utility’s compliance plan is not adequate.

(g) Time limit for response. The department shall grant or deny a request for a variance within 90 days after its receipt of the request.

SECTION 17. 144.385 (4) (b) 3 of the statutes is amended to read:

144.385 (4) (b) 3. The amount and sulfur content of coal or other fossil fuel or other materials to be used for each unit in operational production. The sulfur content shall be expressed in pounds of sulfur dioxide per million British thermal units of heat expected from the coal input.

SECTION 18. 144.385 (4) (b) 6 of the statutes is created to read:

144.385 (4) (b) 6. The major utility’s individual sulfur dioxide emission limitation.

SECTION 19. 144.385 (4) (c) of the statutes is amended to read:

144.385 (4) (c) Review. The department shall review and comment on the joint annual operation plan after consulting with the commission. If no joint annual operation plan is submitted or if the department determines, after consulting with the commission, that the plan does not provide for compliance with the total annual emission limitation the department may adopt a joint annual operation plan for the major utilities.

SECTION 20. 144.385 (5) of the statutes is repealed.

SECTION 21. 144.385 (7) of the statutes is amended to read:

144.385 (7) Determination of compliance. The department shall determine compliance with sub. (3) using information submitted under s. 144.96 and operational data submitted by the major utilities. Each major utility shall provide the department with any information needed to determine compliance.

SECTION 22. 144.385 (8) of the statutes is amended to read:

144.385 (8) Penalty. Notwithstanding s. 144.426, a if the total annual emission limitation under sub. (3) (a) is exceeded, each major utility which violates sub. (3) (b) shall forfeit not less than $25,000 nor more than $50,000 for each violation. Each day of continued violation constitutes a separate offense. If more than one major utility violates sub. (3) (b), the department may recommend the imposition of forfeitures in an amount which are proportionate to the degree to which a each major utility caused or contributed to the violation of the total annual sulfur dioxide emission limitation based upon the major utility’s responsibility under the joint annual operation plan.

SECTION 23. 144.385 (9) of the statutes is created to read:

144.385 (9) Subsections (1) to (8) do not apply after December 31, 1992.

SECTION 24. 144.386 of the statutes is created to read:

144.386 Sulfur dioxide emission rates after 1992; major utilities. (1) Definitions. In this section:

(a) “Annual emissions” means the number of pounds of sulfur dioxide emissions from all boilers under the ownership or control of a major utility in a given year.
(b) "Annual heat input" means the heat input, measured in millions of British thermal units, from all boilers under the ownership or control of a major utility in a given year.

c) "Boiler" means a fossil fuel-fired boiler.

d) "Commission" means the public service commission.

e) "Environmental dispatching" means the operation of the various utilities under the ownership or control of a major utility in a manner that minimizes the discharge of sulfur dioxide emissions rather than minimizing the cost of operation.

(f) "Major utility" means a Class A utility, as defined under s. 199.03 (4), which generates electricity or an electrical cooperative association organized under ch. 185, if the total sulfur dioxide emissions from all stationary air contaminant sources in this state under the ownership or control of the utility or association exceeded 5,000 tons in any year after 1979.

g) "Traded emissions" means the pounds of sulfur dioxide emissions in a given year that a major utility which is the grantor in an agreement under sub. (2) (b) 1 makes available to the major utility which is the grantee in the agreement.

(2) Corporate emission rate; trading. (a) Except as provided under sub. (4), beginning with 1993, the average number of pounds of sulfur dioxide emissions per million British thermal units of heat input from all boilers under the ownership or control of a major utility in any year may not exceed 1.20.

(b) 1. Two major utilities may enter into an agreement for trading emissions unless the sum of the proposed traded emissions and the projected annual emissions of the grantor major utility for the year to which the agreement will apply would exceed the actual annual emissions of the grantor major utility in 1985.

2. To determine whether the major utility that is the grantor in an agreement under subd. 1 is in compliance with par. (a) in a given year, the department shall add the traded emissions and the grantor's annual emissions and divide the sum by the annual heat input of the grantor.

3. To determine whether the major utility that is the grantee in an agreement under subd. 1 is in compliance with par. (a) in a given year, the department shall subtract the traded emissions from the grantee's annual emissions and divide the difference by the annual heat input of the grantee.

(3) Annual compliance plan required. (a) Submission; contents. On or before October 1 of each year beginning with 1992, each major utility shall submit to the department and the commission a plan for achieving compliance with the emission rate under sub. (2) (a). The plan shall include, at a minimum:

1. The major utility's expected electricity demand.
2. The major utility's annual operation plan.
3. The expected operation characteristics of each boiler, including:
   a. The order to be used in placing the boilers into operational production.
   b. The planned maintenance schedule for each boiler and how the maintenance is expected to affect the methods of meeting electricity demands.
4. The amount and sulfur content of coal, other fossil fuel or other materials to be used for each boiler in operational production. The sulfur content shall be expressed in pounds of sulfur dioxide per million British thermal units of heat input.

5. The anticipated sulfur dioxide emissions from each boiler.

6. Contingency plans for unexpected events or increased demand including a summary of generation costs and the anticipated additional costs for reducing sulfur dioxide emissions under those circumstances.

7. The methods that will be used to achieve compliance with sub. (2) (a) in the following year including, if applicable, the provisions of any trading agreement under sub. (2) (b) 1.

8. The total anticipated annual sulfur dioxide emissions from all boilers under the ownership or control of the major utility for each of the next 3 years.

(b) Review. The department shall review the adequacy of each compliance plan and, after consulting with the commission, shall approve or disapprove the plan within 90 days after its receipt.

(4) Variance. (a) Request; variance conditions. A major utility may request a variance from the emission rate under sub. (2) (a) by submitting the request to the commission and the department. No request for a variance may be submitted if the department has served the major utility with written notice under s. 144.423 that the major utility has violated sub. (2) (a). Upon receipt of a request, the commission shall, within 45 days, determine if any of the following variance conditions exists and shall report its determination to the department:

1. A major electrical supply emergency within or outside this state.
2. A major fuel supply disruption.
3. An extended and unplanned disruption in the operation of a nuclear plant or low sulfur coal-fired boiler under the ownership or control of the major utility.
4. The occurrence of an uncontrollable event not anticipated in the plan submitted under sub. (3).
5. A plan by the major utility to install and place into operation new technological devices that will enable it to achieve compliance with sub. (2) (a).

(b) Compliance plan required. With the request for a variance, the major utility shall submit its plan for achieving compliance with the emission rate. If the request is based on a variance condition specified under par. (a) 1 to 4, the request shall include an explanation of why the major utility cannot achieve or
remain in compliance by using fuel with a lower sulfur content or by environmental dispatching.

(c) **Grant of variance.** The department shall grant a request for a variance if the commission determines that a variance condition exists and the department determines that the major utility's compliance plan is adequate.

(d) **Denial of variance.** The department shall deny a request for a variance if the commission determines that no variance condition exists or if the department determines that the major utility's compliance plan is not adequate.

(e) **Time limit for response.** The department shall grant or deny a request for a variance within 90 days after its receipt of the request.

(5) **No impact on other provisions.** Nothing in this section exempts a major utility from any provision of ss. 144.30 to 144.38 or 144.391 to 144.426. Compliance with this section is not a defense to a violation of any of those provisions.

(6) **Determination of compliance.** The department shall determine compliance with sub. (2) (a) using data submitted by the major utilities. Each major utility shall provide the department with any information needed to determine compliance.

(7) **Penalty.** Notwithstanding s. 144.426, any major utility that exceeds the annual emission rate under sub. (2) (a) in violation of this section shall forfeit not less than $100,000 nor more than $500,000 for each year of violation.

**SECTION 25.** 144.387 of the statutes is created to read:

144.387 **Sulfur dioxide emission rates; state-owned facilities.** (1) **Limit.** After June 30, 1988, the average number of pounds of sulfur dioxide emissions per million British thermal units of heat input during any year from any large source, as defined under s. 144.388 (1) (a), that is owned by this state may not exceed 1.50.

(2) **Compliance.** The department shall determine compliance with sub. (1) using data submitted by state agencies. Each state agency shall provide the department with any information needed to determine compliance.

(3) **Noncompliance; report required.** If the department determines that any large source owned by this state is not in compliance with sub. (1), the department shall submit to the governor and to the chief clerk of each house of the legislature, for distribution to the appropriate standing committees under s. 13.172 (2), a report of the noncompliance and recommendations for bringing the large source into compliance.

**SECTION 26.** 144.388 of the statutes is created to read:

144.388 **Sulfur dioxide emission goals after 1992; major utilities and other large air contaminant sources.**

(1) **Definitions.** In this section:

(a) "Large source" means a stationary source in this state, other than a fossil fuel-fired boiler under the ownership or control of a major utility, that had sulfur dioxide emissions averaging at least 1,000 tons annually in the most recent 3-year period, that became operational before the effective date of this paragraph .... [revisor inserts date], and that is not a boiler subject to the standard of performance for new stationary sources for sulfur dioxide emissions established under s. 144.375 (4).

(b) "Major utility" has the meaning given under s. 144.386 (1) (f).

(2) **Goals.** It is the goal of this state that, beginning with 1993, total annual sulfur dioxide emissions do not exceed the following:

(a) From all major utilities and large sources, 325,000 tons.

(b) From all fossil fuel-fired boilers under the ownership and control of the major utilities, 250,000 tons.

(c) From all large sources, 75,000 tons.

(3) **Excess emissions; department report required.** (a) If the department determines, based on its annual report under s. 144.31 (1) (n), that the total annual sulfur dioxide emissions from all major utilities and large sources exceeded 325,000 tons in the previous year, or if the department projects, based on the amounts anticipated by the major utilities under s. 144.386 (3) (a) 8 and the department's estimates of emissions from large sources, that the total sulfur dioxide emissions in this state will exceed 325,000 tons in any of the 3 succeeding years, the department shall determine if the actual or projected excess emissions are or will be attributable to the major utilities, the large sources or both.

(b) 1. If the department determines that the excess emissions are or will be attributable to the major utilities, the department shall, after consulting with the commission, prepare a report containing a recommendation as to whether the goal specified under sub. (2) (b) should be replaced with an enforceable limit. If so, the report shall include the department's recommendation for a cost-effective mechanism for ensuring compliance with the limit, including any necessary changes in s. 144.386. The department shall hold a public hearing on the report.

2. The department shall submit the report required under this paragraph to the chief clerk of each house of the legislature for distribution to the appropriate standing committees under s. 13.172 (2).

(c) 1. If the department determines that the excess emissions are or will be attributable to the large sources, the department shall, after consulting with the commission, prepare a report containing a recommendation as to whether the goal specified under sub. (2) (c) should be replaced with an enforceable limit. If so, the report shall include the department's recommendation for a cost-effective mechanism for ensuring
this state imposes limits on both types of emissions. An exchange for reducing the other type, if
stationary source an increased level of either type of
dioxide emissions and nitrogen oxide emissions from
stationary sources and the potential for permitting a
oxide controls.

 nitrogen oxide emission standards for new motor vehicles.

programs.

emissions are or will be attributable to both the major
utilities and the large sources, the department shall com-
ply with both pars. (b) and (c). The reports and
public hearings required under those paragraphs may
be combined.

SECTION 27. 144.389 of the statutes is created to
read:

144.389 Nitrogen oxide emission goal; major utili-
ties. (1) DEFINITIONS. In this section:
(a) “Commission” means the public service
commission.

(b) “Major utility” has the meaning given under s.
144.386 (1) (f).

(2) GOAL. It is the goal of this state that, beginning
with 1991, the total annual nitrogen oxide emissions
from all major utilities do not exceed 135,000 tons.

(3) STUDY. (a) The department shall conduct a
study to determine the most cost-effective methods for
reducing nitrogen oxide emissions in the state. The
commission shall assist the department in preparing
those portions of the study pertaining to electric utili-
ties. The department shall complete the study before
July 1, 1988. The department shall solicit the
cooperation of this state’s electric utilities, industries
and environmental groups in conducting the study.

(b) The purposes of the study shall be the following:

1. To determine the amount of nitrogen oxide emis-
sions in this state. The department may request any
person to provide information necessary in making
this determination. Any person receiving such a
request shall comply with the request.

2. To investigate and determine the costs of specific
types of available nitrogen oxide emission control
options including, but not limited to, the following:

a. Retrofit controls for utility and industrial
boilers.

b. Motor vehicle inspection and maintenance
programs.

c. The establishment of stricter nitrogen oxide
emission standards for new motor vehicles.

3. To investigate the possible effects on sulfur diox-
ide emissions resulting from implementing nitrogen
oxide controls.

4. To investigate the interaction between sulfur
dioxide emissions and nitrogen oxide emissions from
stationary sources and the potential for permitting a
stationary source an increased level of either type of
emission in exchange for reducing the other type, if
this state imposes limits on both types of emissions.

(c) The department, in consultation with the com-
mmission, shall prepare a report, which shall include all
of the following:

1. A summary of the results of research on the envi-
ronmental effects of nitrogen oxide emissions.

2. A summary of the results of the study under pars.
(a) and (b).

3. Recommendations for achieving nitrogen oxide
emission reductions through annual emission rates or
total annual emission limits.

(d) The department shall hold a public hearing on
the report.

(e) The department shall submit the report required
under this subsection to the governor and the chief
clerk of each house of the legislature, for distribution
to the appropriate standing committees under s.

SECTION 28. 196.856 of the statutes is created to
read:

196.856 Assessment for acid deposition activities.

(1) The commission shall annually assess against the
major utilities, as defined under s. 144.386 (1) (f), the
total, not to exceed $400,000, of the amounts appro-
riated under ss. 20.155 (1) (i), 20.370 (2) (cj) and
20.505 (1) (jm) for acid deposition studies, including
the nitrogen oxide study under s. 144.389 (3), and
evaluation and monitoring activities conducted by the
commission, the department of natural resources and
the department of administration.

(2) The commission shall, with the cooperation of
the department of natural resources and the depart-
ment of administration, promulgate rules establishing
a method for assessing each major utility an amount
that is proportionate to its fraction of the total
amount of sulfur dioxide emissions from major utili-
ties in this state.

(3) This section does not apply after June 30, 1996.

SECTION 29. Nonstatutory provisions. (1) ACID
DEPOSITION RESEARCH COUNCIL. The acid deposition
research council shall submit an initial report contain-
ing the recommendations and evaluations specified
under section 16.02 (1) (a) to (c) of the statutes, as cre-
ated by this act, before October 1, 1986, for distribu-
tion as specified under section 16.02 of the statutes, as
created by this act.

(2) POSITION AUTHORIZATIONS. (a) Natural
resources. On July 1, 1986, the authorized FTE posi-
tions for the department of natural resources are
increased by 2.0 PR project positions, to be funded
from the appropriation under section 20.370 (2) (cj) of
the statutes for the period ending June 30, 1987, for
the purpose of assisting with the additional responsi-
bilities assigned to the department by this act.

(b) Public service commission. On July 1, 1986, the
authorized FTE positions for the public service com-
mission are increased by 1.0 PR project position, to be
funded from the appropriation under section 20.155
(1) (i) of the statutes for the period ending June 30,
1987, for the purpose of reviewing annual operating
plans submitted by the major utilities and evaluating requests for variances.

(c) Administration. On July 1, 1986, the authorized FTE positions for the department of administration are increased by 1.0 PR project position, to be funded from the appropriation under section 20.505 (1) (jm) of the statutes for the period ending June 30, 1987, for the purpose of conducting acid deposition studies.

(3) Limitation on expenditures. Of the amounts in the schedule under section 20.370 (2) (cj) of the statutes, as created by this act, no moneys in excess of $75,000 may be expended or encumbered until the department of natural resources submits to the joint committee on finance a plan for conducting the study required under section 144.389 (3) of the statutes, as created by this act, and other acid deposition studies, and the joint committee on finance approves the expenditure at a regular quarterly meeting under section 13.10 of the statutes.

(4) Rule making. The department of natural resources shall, by January 1, 1987, submit to the leg-islative council clearinghouse under section 227.029 (1) of the statutes the rule required under section 144.385 (4) (c) of the statutes, as created by this act.

SECTION 30. Program responsibility changes. In the sections of the statutes listed in Column A, the program responsibilities references shown in Column B are deleted and the program responsibilities references shown in Column C are inserted:

<table>
<thead>
<tr>
<th>Statute Sections</th>
<th>References Deleted</th>
<th>References Inserted</th>
</tr>
</thead>
<tbody>
<tr>
<td>15.791</td>
<td>none</td>
<td>144.386, 144.388, 144.389</td>
</tr>
</tbody>
</table>

SECTION 31. Initial applicability. The treatment applies to plans submitted under section 144.385 (4) (c) of the statutes in 1986.