



October 19, 2006

Ms. Marney Hoefler  
Bureau of Air Management  
Department of Natural Resources  
P.O. Box 7921  
Madison, WI 53707

Dear Marney:

The following comments are submitted on behalf of the members of the Wisconsin Paper Council regarding the proposed creation of NR 432 relating to implementation of the Clean Air Interstate Rule (CAIR).

In general, we support consistency between state and federal regulations. To the extent that state regulations differ from federal regulations, there must be a sound policy basis and the differences should not impose additional costs on Wisconsin companies that would not be borne by similar companies in other states.

The proposed rule differs from the federal rule in several ways relating to NOx emission allocations. While these changes have the potential to increase costs for Wisconsin utilities and businesses that purchase electricity from these utilities, we are not aware that these potential cost increases have been quantified, either by the Department or by the utility industry. Absent a quantification of the cost impacts of the differences between the two rules, we are unable to comment on specific policy changes that may have the potential to increase costs. However, we can state our general opposition to NR 432 provisions that differ from the federal CAIR rule and that could increase costs for state paper mills. Reducing the costs of manufacturing is the top priority of paper mills in Wisconsin and it is important that the Department and electric utilities work as partners with the paper industry to reduce costs.

The proposed rule does not include the opt-in provisions of the federal CAIR rule. We urge the Department to include the opt-in provisions in the state rule. It may make economic sense for some paper companies to opt-in to the CAIR rule. This potential cost-saving option should be provided to Wisconsin companies. Again, the Department must be a partner in helping paper companies to reduce costs.

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Also, we note that the definition of "cogeneration unit" in NR 432 differs from the federal rule definition. While we prefer the definition included in NR 432, we understand that this difference will need to be reconciled with the federal rule. If the Department modifies the rule to use the federal definition, we urge the Department to coordinate closely with EPA regarding a potential inadvertent problem in the EPA definition relating to the ability of certain biomass boilers to meet the efficiency standards included in the federal definition. Resolution of this issue must be consistent between state and federal regulations.

Please contact us with any questions about these comments.

Sincerely,



Edward J. Wilusz  
Vice President Government Relations

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