

Government of the District of Columbia
Office of the Chief Financial Officer



Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

TO: The Honorable Phil Mendelson
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi
Chief Financial Officer 

DATE: June 11, 2013

SUBJECT: Fiscal Impact Statement - "Ban on Combustion of Coal Act of 2013"

REFERENCE: Draft Bill shared with the Office of Revenue Analysis on June 4, 2013

Conclusion

Funds are sufficient in the FY 2013 budget and the proposed FY 2014 through FY 2017 budget and financial plan to implement the bill.

Background

The U.S. Capitol Power Plant ("Plant") in Southeast, D.C. currently operates seven natural gas and coal boilers, serving many of the energy needs of 23 federal facilities on Capitol Hill. On June 5, 2013, the Architect of the Capitol, which operates the Plant, received a permit from the District Department of the Environment (DDOE) to install natural gas powered cogeneration facilities on its property; however, the existing gas and coal facilities would still be available and utilized as needed.

The bill prohibits the combustion of coal at any stationary source¹ in the District beginning 18 months after the commercial operation date² of the Plant's cogeneration project. From the effective date of the bill until 18 months following the commercial operation date, a stationary source is limited to burning 16,666 tons of coal per rolling 12 month period.

¹ The bill defines a stationary source as a singular or group of buildings, structures, facilities or installations that emit air pollutants regulated by the federal Clean Air Act (42 U.S.C. § 7401 *et seq.*) or the District of Columbia Air Pollution Control Act of 1984, effective March 15, 1985 (D.C. Law 5-165; D.C. Official Code § 8-101 *et seq.*).

² The bill defines the commercial operation date as the date on which all equipment necessary for the cogeneration project has been tested and commissioned and is both authorized and able to operate and deliver energy to the transmission or distribution system.

The Honorable Phil Mendelson

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Following the prohibition of coal combustion, exceptions to burn coal are granted for the following purposes:

- Instances of *force majeure*;³
- Up to 72 hours per year, per emissions unit for tuning and testing; and
- For charcoal cooking.

Lastly, the Mayor may inspect and take civil action against any facilities for their failure to meet the requirements of this bill.

Financial Plan Impact

Funds are sufficient in the FY 2013 budget and the proposed FY 2014 through FY 2017 budget and financial plan to implement the bill. No District facilities utilize coal combustion for energy generation purposes, so there is no impact on the District's budget.

There could be an impact on the operations of the U.S. Capitol Power Plant, but any costs would be borne by the federal government. According to DDOE, there are no other stationary sources burning coal in the District.

³ The bill defines *force majeure* as an event beyond the control of the operator of a stationary source that prevents or threatens the source from meeting its mission (*e.g.* acts of God, war, revolution, terrorism, strikes).