UNITED STATES OF AMERICA

ENVIRONMENTAL PROTECTION AGENCY

REGION 1

In the Matter of:

PUBLIC HEARING:

RE: OUTER CONTINENTAL SHELF AIR PERMIT TO
CAPE WIND ASSOCIATES LLC, FOR THE CONSTRUCTION AND OPERATION
OF THE CAPE WIND RENEWABLE ENERGY PROJECT ON HORSESHOE SHOAL
IN NANTUCKET SOUND, MASSACHUSETTS

Nantucket Community School 10 Surfside Road Mary P. Walker Auditorium Nantucket, MA 02554

Tuesday July 13, 2010

The above entitled matter came on for hearing,

pursuant to Notice at 5:06 p.m.

BEFORE:

IDA McDONNELL, Manager
BRENDAN McCAHILL, Permitting Engineer
Air Permits, Toxics and Indoor Air Programs Unit
RONALD FEIN, Counsel
Office of Regional Counsel,
U.S. Environmental Protection Agency
New England Region 1
5 Post Office Square, Suite 100
Boston, MA 02109

PROCEEDINGS

2 (5:06 p.m.)

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HEARING OFFICER MCDONNELL: Good evening, ladies and gentlemen. My name is Ida McDonnell. I am the Manager for the Air Permits, Toxics and Indoor Air Programs Unit with the New England Regional Office of the United States Environmental Protection Agency, also known as EPA Region 1. And I am the presiding officer for this hearing.

Joining me here tonight are Brendan McCahill, in the back, who works in my unit as the Permitting Engineer for the Cape Wind Air permit, and Ronald Fein, right here, from EPA Region 1's office of Regional Counsel, who is the counsel for the Cape Wind Air permit.

I'd like to begin by setting the context for tonight's hearing. I will first summarize the draft air permit that is the subject of the hearing, then discuss the permitting process so far, the nature of tonight's hearing, and what happens after the hearing. Finally, I'll discuss the process for giving oral comments at tonight's hearing.

I will begin with a summary of the draft air permit. Tonight's hearing concerns the issuance of an outer continental shelf or OCS air permit to Cape Wind Associates LLC, which I will call Cape Wind for short, for the construction and operation of the Cape Wind Renewable Energy Project on Horseshoe Shoal in Nantucket Sound,

Massachusetts. The project includes the construction and operation of a 130 wind turbine generators at the Nantucket Sound location. EPA has reviewed the information in the application and other documentation and has issued a draft OCS air permit for Cape Wind, along with an accompanying fact sheet which explains the decisions made in the draft permit.

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The legal and factual background for the draft air permit are explained in detail in the fact sheet. But, I will give you a short summary.

Under Section 328 of the Federal Clean Air Act,

EPA must establish air pollution control requirements for
sources of air pollution located within 25 miles of the
State's seaward boundaries that are the same as the onshore
State requirements. Under the Clean Air Act, the proposed
Cape Wind project is an outer continental shelf source,
subject to Section 328 of the Clean Air Act and EPA's
implementing regulations at 40 Code of Federal Regulations
part 55. Under these Federal regulations, when developing
an air permit for an OCS source, EPA applies certain air
pollution control regulations of the corresponding onshore
area which in this case is the Commonwealth of
Massachusetts.

The emissions from the Cape Wind project are emitted from the engines used on the equipment to construct

and maintain the wind turbine generators and from the vessels that support the project and that operate within 25 miles of the project. The wind turbine generators do not themselves emit any air pollutants, and Cape Wind does not intend to operate any stationary sources of air emissions at the project location.

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EPA is proposing to issue an OCS air permit to Cape Wind that would cover the project's construction phase, which we call Phase 1, and its operational phase, which we call Phase 2. EPA's draft air permit requires Cape Wind to control air emissions from its vessel construction engines using two emission control technologies.

First, the draft permit requires Cape Wind to use engines that meet the new Federal requirements for internal combustion engines under EPA's standards of performance for stationary compression ignition internal combustion engines. Use of these engines will control emissions of nitrogen oxides which we abbreviate NOX or NOX, particulate matter, carbon monoxide and volatile organic compounds.

Second, the draft permit requires construction engines to use only ultra low sulfur diesel oil which will control sulfur dioxide and particulate matter emissions.

Because Massachusetts has not currently attained a Federal ambient air quality standard for ozone, and nitrogen oxides contribute to ozone formation, the draft permit also

requires Cape Wind to obtain emission reductions of NOX from other sources so as to provide a positive net air quality benefit.

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Specifically, the draft permit requires Cape Wind to obtain 285 tons of NOX emissions reductions before beginning construction. This is actually 1.26 times as many tons of NOX as Cape Wind is expected to emit during the construction phase. These emission reductions would be obtained according to the Massachusetts Air Pollution Control Regulation including its offset trading bank.

For the operations of the Cape Wind project referred to as Phase 2 in the permit, EPA is proposing to limit the emissions of nitrogen oxides to 49 tons per year. This allows Cape Wind the ability to conduct any necessary repair activities without the need to obtain a revised permit. Cape Wind would not be allowed to emit more than 49 tons per year of nitrogen oxides without seeking a new permit.

EPA is also requiring Cape Wind to continue using the same emissions control technologies during Phase 2 as during Phase 1.

Finally, Cape Wind provided an air quality analysis that showed, when you take the background air pollutant concentrations and add the emissions from the project, the resulting concentrations are well below State

and Federal ambient air quality standards. The one exception is ozone. And as I mentioned before, the project nitrogen oxides emissions during the construction phase will be more than fully offset through emission reduction credits.

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Now, I'd like to explain the permitting process up to this point. EPA released a draft permit for public notice on June 11, 2010 which opened the public comment period through July 16, 2010. The legal notice for this hearing was published in the Cape Cod Times and the Boston Globe on June 11, 2010. And copies of the public notice were sent to a list of known interested persons.

Since June 11, 2010, the draft permit, the fact sheet which explains the decisions made in the draft permit, and the supporting documents have been available for interested parties to review and to comment on at EPA's Boston office, and on the EPA Region 1 web site at http://epa.gov/ne/communities/nsemissions.html. Copies of the draft permit and fact sheet are available at this hearing as well as a short informational summary.

Tonight's hearing is part of the permitting process. This hearing is an informal non-adversarial hearing that gives interested parties the opportunity to make oral comments and/or submit written comments on the proposed air permit. There will be no cross examination of

either the panel or the commenters. Any questions directed to a commenter from a panel member will be for clarification purposes only.

This public hearing is being recorded. The transcription will become part of the official administrative record for this permit.

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However, in order to ensure the record's accuracy, we encourage you to submit written statements in addition to any comments you make tonight.

The public comment period will close at midnight on July 16, 2010. After the close of the public comment period, EPA will review and consider all comments received during the public comment period, both in writing and at tonight's public hearing.

EPA will prepare a document known as the response to comments that will briefly describe and address the significant issues raised during the public comment period, including comments submitted at tonight's hearing and what provisions, if any, of the draft permit have been changed and the reasons for the changes.

The response to comments will accompany the final permit for Cape Wind when the final permit is issued.

Notice of the availability of the response to comments and the final permit will be mailed or e-mailed to everyone who commented on the draft permit. To save paper,

we encourage you to provide an e-mail address if you have one, and are willing to receive notice through e-mail.

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After the final permit has been issued, anyone who wishes to contest the final permit must file a petition for review, which is an appeal, with the Environmental Appeals Board, also known as EAB in Washington DC. Here are a couple of important things to remember if you are considering appealing the final permit.

First, the petition for review must be received by the EAB within 30 days of the date that the final permit is issued. More information on how exactly to calculate this period will be included in an attachment to the final permit.

Second, only persons who file comments on the draft permit during the public comment period or who provided comments during a public hearing may petition the EAB to review final permit conditions.

Third, any persons seeking review of a permit decision must raise all reasonably ascertainable issues and submit all reasonably available arguments supporting their position during the comment period, including any public hearing. Issues or arguments that are not raised during the comment period will not be considered by the EAB on appeal.

There is one exception to this rule. Any person who failed to file comments or failed to participate in the

public hearing may petition the EAB only to the extent of the changes from the draft to the final permit. More information on the appeals process can be found on the EPA web site and at the time of the final permit decision.

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Let's now talk about the process of the hearing itself. To begin hearing your comments, I will first request comments from Federal, Tribal, State and local elected officials in that order. I will then request comments from members of the public. I will use the attendance cards to call on people who wish to comment. And once we get past the government officials, the cards will be called in the order they were submitted.

The speakers should come to the podium to speak and speak clearly into the microphone. Even if you do not wish to speak tonight, you may want to fill out a card and include your contact information so that you will be notified of our subsequent final permit decision.

To help make tonight's hearing as smooth as possible, I ask the following. First, before you begin your statement, please identify yourself and your affiliation, if any, for the record. Second, please speak clearly into the microphone for the transcript. And when you use your own name or anyone else's, or any abbreviations, please spell them out loud for the benefit of the transcript.

Third, please focus your comments on EPA's

proposed air permit and issues related to this air permit. Fourth, please remember that this is an opportunity for you to state your comments and that EPA will carefully consider everyone's comments after the close of the public comment period. This means that EPA's responses to your comments will come in a written response to comments, not tonight.

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Fifth, I ask that members of the audience please not interrupt or make excessive noise while someone is speaking.

Although the room looks fairly thin now, it is possible that more people may trickle in. And in order that as many participants as possible get a chance to express their views, I ask that you limit your comments to five minutes. To assist you in this, we will show cards that indicate when you have two minutes left, then one minute left, then, when it is time to wrap up.

At any time, if you are asked to stop and you have not finished, I will ask that you defer the remainder of your comments until each person has had an initial opportunity to comment. Then, if there is time at the end of the evening, we will give you a short opportunity to finish your comments.

If you have a written statement, you may read it if it can be done in the time period allowed. And if not, then I ask you to please summarize your statement. In

either case, I encourage you to submit the written comments tonight.

With that, let's begin with the comments and I will call out the names based on the cards in the order I discussed before.

Audra Parker.

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MS. PARKER: Thank you for the opportunity to comment. My name is Audra Parker. I'm the President and CEO of the Alliance to Protect Nantucket Sound.

The EPA has long been involved in the permitting process for Cape Wind and has been critical of the review of this controversial project. Not only did the EPA call the Army Corp's review of Cape Wind inadequate, it criticized the Department of the Interior for rushing its review process to issue a final environmental report to meet an arbitrary deadline and compromising the review of this large and complex project. The Alliance appreciates EPA's continued diligence and independence.

Generating clean energy is not an all or nothing venture. It is not a choice between Cape Wind's controversial projects and no clean energy at all. Rather, it is about finding the right place to build with the least amount of negative impact overall. Clearly that place is not Nantucket Sound.

During construction, Cape Wind would operate

equipment powered with diesel compression ignition engines which would emit nitrogen oxides, carbon monoxide, particular matter, sulfur dioxide and other pollutants.

Cape Wind would also emit pollutants during operations and maintenance. These emissions would occur in the environmentally sensitive Sound which is already subject to emissions from commercial and recreational marine vessels, air traffic and surrounding land based activity.

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There are numerous alternatives, including energy efficiency and land based wind projects that would have far fewer impacts than the proposed project that should be seriously considered.

The EPA criticized both the Army Corps and Interior's analysis of alternatives during the NEPA process for this project. In 2008, EPA commented that the draft environmental report, "did not provide enough information to fully characterize baseline environmental conditions and environmental impacts of the proposed project, and did not adequately consider alternatives to avoid or minimize impacts."

Neither Cape Wind nor Interior provided the requested information. Nor did Interior provide additional analysis of alternatives. EPA should now obtain the additional information needed to fully characterize the baseline environmental conditions and conduct its own

independent analysis of alternatives rather than accept and rely on Interior's flawed findings.

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EPA should also avoid relying on Interior for compliance with the National Historic Preservation Act. To date, EPA has inappropriately used Interior's consultations to satisfy EPA's own consultation obligations under the statute. EPA needs to independently consult with the Mass State Historic Preservation Officer, as well as the Tribal Historic Preservation Officers. It also has the independent responsibility to respond to the recommendations of the Advisory Council on Historic Preservation which strongly recommended to Interior, based on unavoidable harm to Tribal and cultural resources, that the Cape Wind application be denied or relocated to a better alternative site. Unlike Interior which ran roughshod over historic preservation concerns, EPA should adopt the Advisory Council's position.

EPA also has an independent duty to comply with the Endangered Species Act. This means EPA must initiate consultations for the effects of this action on both bird and whale species. The biological opinions issued to date are defective. And both Interior and the Fish and Wildlife Service have been sued for their failure to comply with the Endangered Species Act.

Interior unlawfully allowed Cape Wind to dictate the terms of the incidental take statement for impact to

birds. It did so by overruling the Fish and Wildlife
Service's recommendation, relying instead on the basis of a
flawed economic argument by Cape Wind. Neither the Fish and
Wildlife Service nor Interior questioned Cape Wind's
erroneous and self-serving claim that the temporary project
shut down required to detect birds would destroy project
viability.

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EPA should not allow Cape Wind or political interference to perpetuate this error. The best science should control. EPA therefore must initiate from the beginning, a new ESA Section 7 compliance, which would require a new formal consultation with the Fish and Wildlife Service.

Finally, new air quality emissions standards for nitrogen oxide emissions have been issued and need to be applied to Cape Wind. EPA at this point has not modeled Cape Wind's compliance with the new air quality standards. There are also new standards for sulfur dioxide emissions that have not applied. EPA should apply these to Cape Wind.

Given EPA's unrelenting integrity in the Cape Wind permitting process, I urge you to continue to review this project critically and follow these recommendations rather than succumb to political pressure as has been the case with so many of the other agencies involved in the review of this flawed project.

Thank you.

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HEARING OFFICER MCDONNELL: Ara Charder.

MS. CHARDER: Good evening. I want to thank you all for coming down to Nantucket. I have been on the island, living here for 34 years. I'd like to have you all really review this project and am really concerned about the location of this project. We really would like to have clean air. We just don't like the location of this.

Thank you.

HEARING OFFICER MCDONNELL: Caroline Marshall.

MS. MARSHALL: Hello. My name is Caroline
Marshall. I am 16 years old and I've decided to speak at
tonight's hearing in support of Cape Wind.

The purpose of tonight's hearing is to discuss the permitting process of the Cape Wind energy project by the EPA. This hearing addresses the potential effects of the construction of the wind turbines in Nantucket Sound.

In the long run, I believe the numerous positive outcomes of this project greatly outweigh the obstacles associated with the construction process. The OCS air permit application submitted by Cape Wind on December 17, 2008 states that Cape Wind would take significant measures to meet Federal requirements. Cape Wind will apply the lowest achievable emission rate for nitrogen oxide emissions during the construction phase, obtain nitrogen oxide

emission reduction to offset nitrogen oxide emissions, perform air quality analysis and comply with all other State and Federal regulations.

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As far as I'm concerned, the aforementioned efforts on the part of Cape Wind to offset and reduce potential effects of this project should satisfy the EPA.

I live in Central New York. And during the summer, I am fortunate enough to live with my grandparents in their home on Cape Cod. There are two wind farms close to my home in New York. Both the Fenner and Madison wind farms are of a significantly smaller scale than Cape wind would be. Fenner contains 20 turbines and Madison contains only seven.

Though arguments opposing wind projects state that the construction of wind turbines would decrease tourist appeal of an area, I feel otherwise. In my community, the windmills are a majestic symbol of clean power. Classes in school districts from all over the county take field trips to the windmills which are viewed as beautiful and necessary additions to the rural landscape.

Though these wind farms in New York were built with a progressive state of mind, their combined output only supplies 42 megawatts of energy. Cape Wind, however, would supply 454 megawatts of energy, enough for 75 percent of Cape Cod.

During the summer, I run on the Cape Canal bike path. The beautiful historic canal is marred by the presence of an unsightly power plant. The pollution being emitted from the power plant is a further reminder to me of why Cape Wind needs to come to fruition.

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Given the current state of our environment, it is difficult for me to see any fault with the Cape Wind project. With BP oil continuing to leak into the Gulf of Mexico, clean energy is a necessity now more so than ever before.

I have been coming here to the Cape and Islands to spend time with family and visit my favorite places for as long as I can remember. This part of the world has always been the most beautiful, wonderful place to me. Windmills are not an eyesore. They are a symbol of the future of energy. And I believe that, when they exist in the windiest places, off the shores of our entire country, we will finally be heading towards true sustainability.

My generation is the future. And energy is a problem. Cape Wind is a clean and sustainable solution. Though you may be blind by the temporary obstacles at hand, the long-term benefits of this project cannot be ignored.

Thank you for listening.

HEARING OFFICER MCDONNELL: Mark Rodgers.

MR. RODGERS: Thank you. My name is Mark Rogers.

I am the Communications Director of Cape Wind.

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Thank you for holding this hearing tonight and the others that you will hold this week.

On a personal note, how I got first knowledgeable about and involved in energy and environmental issues was part of the Cape Wind, it was in the 1990s. I was a founder and director of an organization called Health Link in Salem, Massachusetts. And we were organized around the negative human health impacts from power plant pollution like sulfur dioxide and nitrogen oxide from the Salem Harbor where we lived, but also, more broadly, other facilities like it that we rely upon to provide electricity.

Through a lot of the research in those years, I became very alarmed about the substantial negative human health impacts of these pollutants. So I appreciate the work the EPA performs daily in trying to control these emissions in this country.

It's -- it's a little bit ironic that, in the case of the wind farm, that over its life is going to substantially reduce these pollution emissions in New England. They're adding a separate regulatory layer specifically to regulate emissions in the construction period. But, I am glad that it is happening nonetheless.

I just want to point out by way of context, that, after the construction period, during the operations of this

wind farm, and in the introduction, you correctly noted that there is a plan in place for offsetting Cape Wind's emissions during construction, but, thinking about the operations, and looking at not nitrogen oxide, which is the largest pollutant that would occur during the operations — during the construction phase, we would offset that within the first three months of operations of the wind farm.

So, the remaining 24 years, nine months will all be going in the right direction.

As far as sulfur dioxide, that will occur within the first few minutes of operation of the wind farm.

And I think, it is because of the benefits of cleaner air and the other benefits, and the fact that the site is the right site, and has been vetted through a very careful nine year regulatory review that, pretty much all the major environmental organizations in the country and in the region, support Cape Wind.

Thank you.

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HEARING OFFICER MCDONNELL: Victoria Merson Pickwick.

MS. PICKWICK: Good evening. I'd like to thank the EPA for coming to Nantucket.

I urge the permitting process to occur rapidly. We've been looking forward to this for nine years. And I feel increasingly like to get the show on the road and start

construction.

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I have visited Denmark. And they had a lot of the same fears that people in this area have. And two years later, they were very proud of their wind farm and none of the concerns that they had that have been named by the Alliance have come true in any way.

And so, I look forward to seeing a wind farm on Horseshoe Shoal. And they will be beautiful aesthetic sculptures.

Thanks.

HEARING OFFICER MCDONNELL: Whiting Willauer.

MR. WILLAUER: I am Whiting Willauer. I am on the Board of Selectmen. I'm speaking as a private citizen. And I thank you all for coming here today. Sorry. I was a little bit late, but I was at another meeting.

The windmills themselves don't provide any value directly to Nantucket. That must go elsewhere.

So, actually, we've probably got some negative impact.

Nantucket Sound is becoming more and more polluted with boat traffic back and forth. So much so that, when we do our environmental assessments within the harbor, we are flushing the harbor with water that is becoming more and more polluted, which is negatively impacting our scallop population. We have to have clean wanted to get rid of the

waters from the nitrates coming in the harbor.

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We are trying to establish a Federal no discharge zone for all of the Sound. Right now, for over three nautical miles outside, you can dump. You can dump all your pollutants and everything else like that. So, we are having problems with that.

Then, you put these turbines up there, and they're not going to always run perfectly. They are going to begin to have problems. We've had problems here. There are problems all over the world with fires and everything else like that.

And that would put more pollutants into our very fragile ecosystem.

So, looking from a very selfish point of view, there has to be some way to mitigate the problem as far as the health of Nantucket Sound itself. It's becoming overused. We have 40 boat trips per day back and forth. And they are able to dump out in the ocean.

Now, they are going to begin to have holding tanks and then pump out either side. But, this is just one more situation that needs to have better mitigation.

Thank you very much.

HEARING OFFICER MCDONNELL: Brendan just told me that right now, no one else is lined up to speak.

So, we are going to take a 15 minute recess to see

if any more people come in. Thank you. 1 2 (Off the record from 5:40 p.m. to 5:55 p.m.) 3 HEARING OFFICER MCDONNELL: Has anyone arrived 4 during the recess that would like to speak? Or, if you were 5 here before, and you would like to speak? We are committed to staying here at least 'til 6 7 7:00 o'clock. So, we're going to stay off record unless somebody comes in and would like to speak or if one of you 8 would like to. 9 10 You're free to say and you're free to go. 11 Thank you. 12 (Off the record from 5:56 p.m. to 6:46 p.m.) 13 HEARING OFFICER MCDONNELL: We're going to go back on the record now. 14 15 And Cynthia Gaynor, when you are ready, you can speak to us. Okay? 16 17 MS. GAYNOR: Good evening. My name is Cynthia Gaynor and I am a resident of Nantucket and a citizen. 18 19 My concerns tonight that are specific to this 20 hearing deal with the level of nitrogen oxide and the sulfur 21 dioxide and other pollutants as that is your purview, the 22 purview of this hearing. 2.3 I would hope the permit, which I'm trying to read 24 here, must require that the nitrous oxide emissions rate and

that Cape Wind offset remaining nitrous oxide emissions or

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emission reductions from other sources. The EPA should verify that there is sufficient offsets in the Massachusetts emissions standard to cover Cape Wind's NOX emissions.

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The air quality emissions standards for nitrous oxide have been issued and need to be applied to Cape Wind. The EPA explains it is not involved with Cape Wind's compliance with the new air quality standards. And there are also new standards for sulfur dioxide that have not been applied. The EPA also -- should also be required to apply these to Cape Wind.

I'm 100 percent against this project. And I know that this is a limited purview of the EPA tonight of the air quality control, but, I do stand very firmly on the fact that Nantucket Sound is an national treasure. And it should be preserved as a marine national sanctuary. Not just an historic site.

So, I don't want any more trash in my ocean of any kind.

And I was thinking also about particular problems, like the blades that break and fall off these windmills.

And I guess, that doesn't really affect air quality, but they are very hard to replace.

Thank you very much to EPA. You folks have done a very good job on this project, more so than some of the other Federal agencies around. And I want to express my

gratitude to you for doing that. 1 2 Thank you very much. And thank you for coming, 3 being here tonight. HEARING OFFICER MCDONNELL: We're going to go off 4 5 the record again for a few minutes. (Off the record from 6:50 p.m. to 7:01 p.m.) 6 HEARING OFFICER MCDONNELL: Since there are no 7 other speakers present, we will now adjourn the meeting. 8 9 (Whereupon, at 7:01 p.m., the proceedings were concluded.) 10 11

CERTIFICATE OF REPORTER AND TRANSCRIBER

This is to certify that the attached proceedings

before: <u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>

in the Matter of:

RE: OUTER CONTINENTAL SHELF AIR PERMIT TO

CAPE WIND ASSOCIATES LLC, FOR THE CONSTRUCTION AND OPERATION

OF THE CAPE WIND RENEWABLE ENERGY PROJECT ON HORSESHOE SHOAL

IN NANTUCKET SOUND, MASSACHUSETTS

Place: Nantucket, Massachusetts

Date: July 13, 2010

were held as herein appears, and that this is the true, accurate and complete transcript prepared from the notes and/or recordings taken of the above entitled proceeding.

M. Rossi 07/13/10

Reporter Date

M. Rossi 08/03/10

Transcriber Date