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cc Vicki Rutson/STB@STB, Diane.Kearney@eia.doe.gov

bcc

Subject NEMS Sensitivity Scenarios

Dear Mr. Conti, Mr. Beamon and Mr. Mellish:

Enclosed are the details of the NEMS sensitivity scenarios that the Section of Environmental Analysis (SEA) would like EIA to run. The NEMS transportation costs we want you to adjust are from two coal market module (CMM) supply regions to four demand regions to reflect the circumstances at issue in the case before the Board. The two supply regions are the Wyoming Northern PRB (region 9, abbreviated NW) and Wyoming Southern PRB (region 10, abbreviated SW). The four demand regions are Ohio (region 5, abbreviated OH), East North Central (region 6, abbreviated EN), Kentucky and Tennessee (region 7, abbreviated KT) and West North Central (region 9, abbreviated CW). The specific variations to the transportation costs from the NW and SW supply regions to each of the four demand regions that we want you to analyze are as follows:

Scenario 1) Lower the transportation costs from supply regions NW and SW to demand region OH by 3.6 percent; lower the transportation costs from NW and SW to demand region EN by 3.6 percent; lower the transportation costs from NW and SW to demand region KT by 1.9 percent; and lower the transportation costs from NW and SW to demand CW by 3.6 percent.

Scenario 2) Lower the transportation costs from supply regions NW and SW to demand region OH by 7.2 percent; lower the transportation costs from NW and SW to demand region EN by 7.2 percent; lower the transportation costs from NW and SW to demand region KT by 3.8 percent; and lower the transportation costs from NW and SW to demand CW by 7.2 percent.

Scenario 3) Raise the transportation costs from supply regions NW and SW to demand region OH by 3.6 percent; raise the transportation costs from NW and SW to demand region EN by 3.6 percent; raise the transportation costs from NW and SW to demand region KT by 1.9 percent; and raise the transportation costs from NW and SW to demand CW by 3.6 percent.

Scenario 4) Raise the transportation costs from supply regions NW and SW to demand region OH by 7.2 percent; raise the transportation costs from NW and SW to demand region EN by 7.2 percent; raise the transportation costs from NW and SW to demand region KT by 3.8 percent; and raise the transportation costs from NW and SW to demand CW by 7.2 percent.

In EIA's assessment paper, we would like you to focus on 2010, 2015 and 2025 compared to the AEO 2005 reference case. We would also like you to include a comparison of changes in carbon dioxide and mercury in addition to the criteria pollutants and changes in coal usage. We would like have your assessment paper completed by January 2005, or as soon as practicable. Once we receive your assessment paper, we will incorporate it into SEA's Draft Supplemental Environmental Impact Statement (Draft SEIS). Lastly, I understand that EIA will coordinate the release of its assessment paper into the public domain with the release of SEA's Draft SEIS, as we discussed in our last meeting at EIA.

Let me know if you have any questions with regard to the NEMS sensitivity scenarios SEA would like you to run.

Sincerely,

Mike Boyles