

# **AIR UPDATE**

**Presentation to the  
Virginia Industry Environmental  
Conference**

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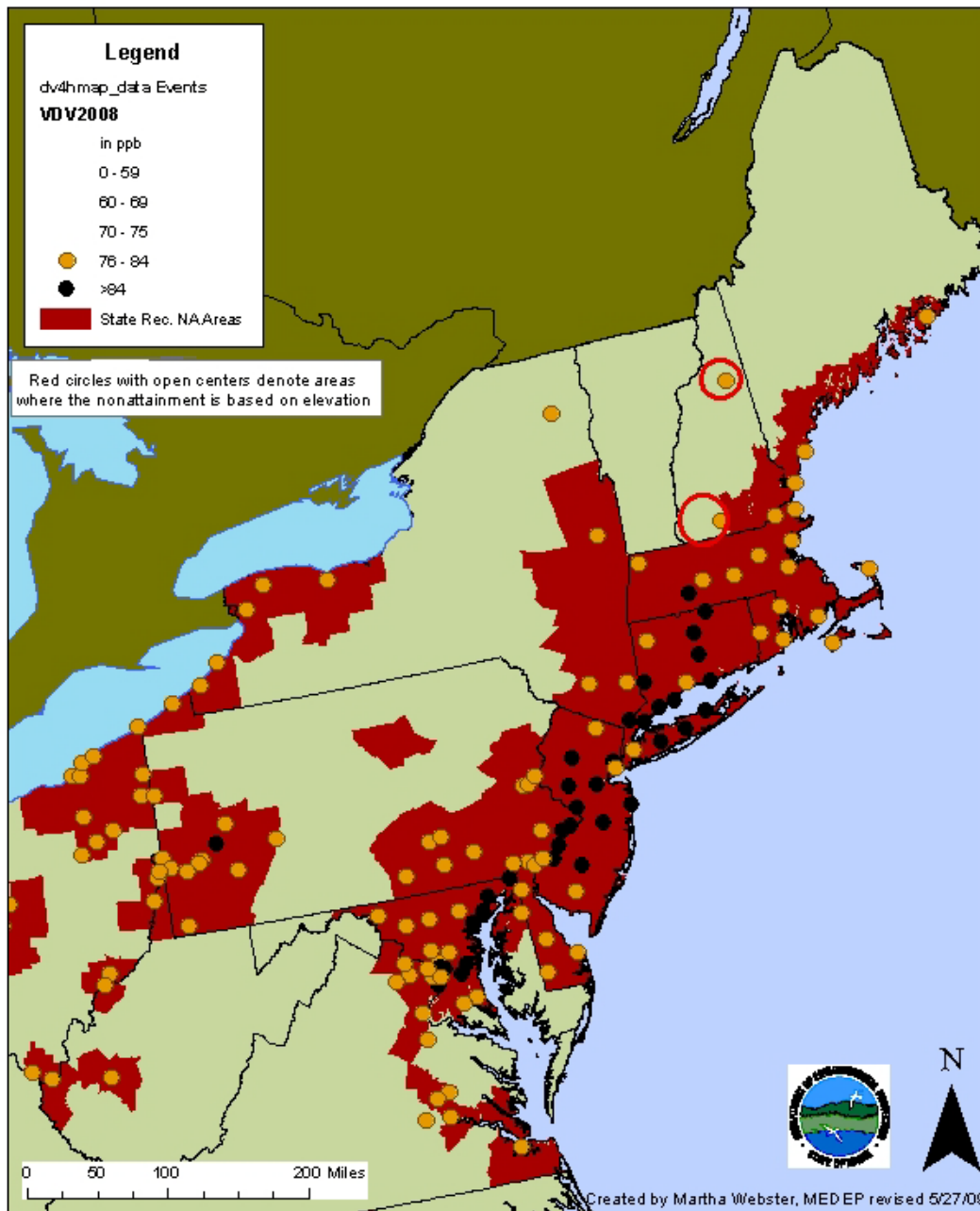
# OUTLINE

- 110(a)(2)(D) and CAIR Replacement Rule
- Revisions to Ozone NAAQS
- Chesapeake Bay TMDL / EO 13508
- GHG Vehicle Emission Standards and NSR Permitting
- Streamlining the SIP

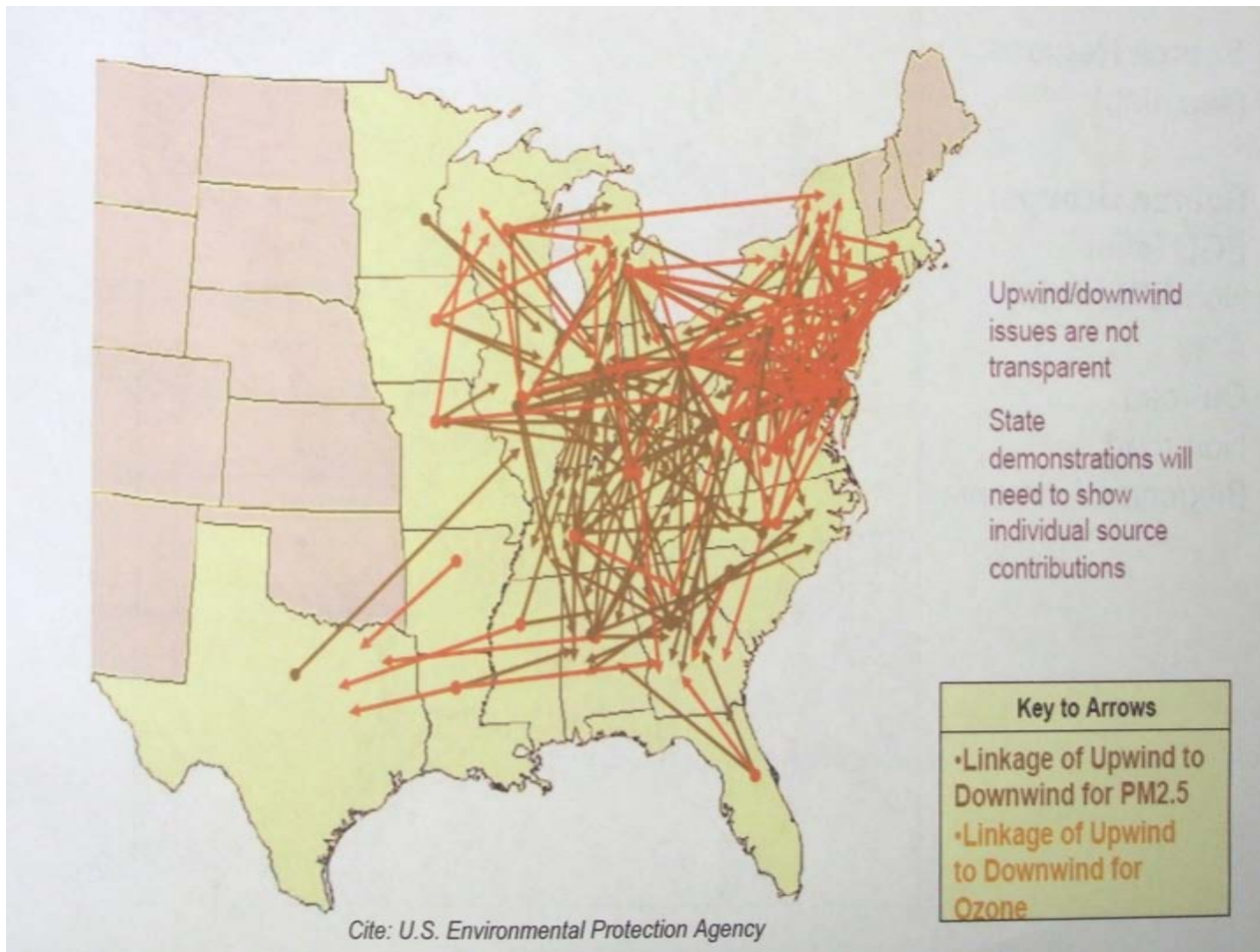
# **CLEAN AIR ACT 110(a)(2)(D) REQUIRES ALL STATE IMPLEMENTATION PLANS**

- To prohibit any source or other type of emissions activity within the State from emitting any air pollutant in amounts which contribute significantly to nonattainment in or interfere with maintenance by any other State with respect a National Ambient Air Quality Standard (NAAQS)

OTC State Recommended Ozone Nonattainment Areas  
for the 2008 Ozone NAAQS of 75 ppb with the Valid 2008 Design Value



# Evaluating Significant Contribution



# VIRGINIA CONTRIBUTES TO NONATTAINMENT IN OTHER STATES

## Ozone

Baltimore 5%  
Charlotte 4%  
Philadelphia 4%  
Connecticut 4%  
New York 3%  
Springfield 3%  
Cleveland 2%  
Sheboygan 1%  
Atlanta 1%

## PM2.5

Macon 1%  
New York 1%  
Liberty-Clairton 1%

# OTHER STATES CONTRIBUTE TO OZONE NONATTAINMENT IN NOVA/DC/MD

Pennsylvania 5%

Ohio 3%

West Virginia 3%

North Carolina 2%

New York 2%

Michigan 1%

Kentucky 1%

Tennessee 1%

New Jersey 1%

# EPA ATTEMPTS AT ADDRESSING 110(a)(2)(D)

- NOx SIP Call
  - *Insufficient*
- CAIR
  - *Remanded*
- CAIR Replacement Rule
  - *20??*

# STATE COLLABORATIVE PROCESS

- Discussions between OTC and Midwest states aimed at reaching consensus on 110(a)(2)(D) obligations in order to inform development of EPA's CAIR Replacement Rule
- Partial consensus arrived at set forth in joint OTC/LADCO letter to Lisa Jackson of September 2, which Virginia signed

# STATE COLLABORATIVE PROCESS

## POINT OF AGREEMENT 1

- **National/Regional Control Program**
  - Applicable to fossil fuel-fired **EGUs  $\geq 25$  MW** in states that contribute at least 1% to downwind nonattainment
  - Establish statewide emission caps w/intra-state trading for such units by **2017**
    - Emission rates based on **.11 lbs/mmbtu for NOx** and **.25 lbs/mmbtu for SO2**
    - Some states may have lower rates
    - No use of banked allowances

# IMPACT ON VIRGINIA EMISSIONS

- A state-wide NOx emission rate of 0.11lbs/mmbtu would result in a **54%** decrease in Virginia NOx emissions from 2008 emission levels
- A state-wide SO2 emission rate of 0.25lbs/mmbtu would result in a **64%** decrease in Virginia SO2 emissions from 2008 emission levels

# STATE COLLABORATIVE PROCESS POINT OF AGREEMENT 2

- **Non-EGU point source strategy**
  - Evaluate control options for reducing NO<sub>x</sub> and SO<sub>2</sub> emissions from non-EGU sources
  - *At a minimum*, evaluate the feasibility and cost-effectiveness of controlling SO<sub>2</sub> and NO<sub>x</sub> emissions from industrial (ICI) boilers  $\geq$  100 mmbtu/hr
  - Pursue mobile source strategy, such as new engine standards and/or a single environmentally-sensitive formulated fuel

# STATE COLLABORATIVE PROCESS POINT OF AGREEMENT 3

- State-led attainment planning process
  - To address nonattainment areas that will not attain after implementation of national and regional control programs
  - Should involve key subset of significantly contributing states to develop and implement appropriate attainment strategy
  - EPA should work with the states to establish criteria for determining which significantly contributing states should be involved in the state-led planning process and to determine appropriate criteria for each state to satisfy CAA section 110(a)(2)(D)

# STATE COLLABORATIVE PROCESS POINTS OF DISAGREEMENT

- Pre-2017 control measures
- Timing and stringency of regional emissions cap
- Stringency of 2017 state-wide caps
- Application and timing of universal EGU performance standards
- Degree of upwind contribution necessary to require participation in State-led attainment planning process (1% v 4%)

# OTC POSITION

- “Deep cut” regional NO<sub>x</sub> and SO<sub>2</sub> emissions caps w/inter-state trading by 2014
- “Phase 1” EGU performance standards based on SNCR by 2015
- State NO<sub>x</sub> and SO<sub>2</sub> emissions caps w/intra-state trading by 2016
- “Phase 2” EGU out-put based performance standards by 2017
- “Once in, always in” for states contributing 1% or more

# LADCO POSITION

- Stick with joint letter
- No regional caps
- No performance standards
- States contributing 4% or less would not have to participate in state led planning process, with “off-ramp” procedure if no agreement reached

# EPA GOAL AND OPTIONS

- EPA has final call on 110(a)(2)(D)
- Goal to adopt a “bulletproof” rule
- Options being explored by EPA
  - State NO<sub>x</sub> and SO<sub>2</sub> emissions caps w/intra-state trading
  - Performance standards
  - Regional caps w/performance standards
  - Regional caps w/further EPA review

# REVISION OF OZONE NAAQS

- EPA announced yesterday it will reconsider the ozone NAAQS
- New standard will be **proposed in 12/09** and **finalized in 12/10**
- Predicted range of new standard from 70ppb to 60ppb
- Designation of nonattainment areas under the current 75ppb standard to be stayed
- Effect on promulgation of CAIR Replacement Rule unknown

# THE CHESAPEAKE BAY AND EO 13508

- Presidential Order called on federal agencies to chart a coordinated and aggressive path forward on Bay restoration
- About one third of nitrogen loading to Bay comes from atmospheric deposition
- EPA draft report of 9/9/09 recommends
  - NO<sub>x</sub> allocation cap = to CAIR Replacement Rule
  - Examining whether additional reductions beyond CAIR are necessary
  - Focusing on ammonia
  - Stepped-up enforcement

# GHG VEHICLE STANDARDS AND NSR PERMITTING

- EPA on 9/15/09 proposed CO<sub>2</sub> emission standards for automobiles that by 2015 will require average fuel efficiency of 35.5 mpg
- Upon adoption of final rule in spring 2010 CO<sub>2</sub> will become a “regulated pollutant” under CAA subject to PSD and Title V permitting requirements
- Applicability thresholds
- BACT requirements

# STREAMLINING THE SIP

- Sip Summit held last week in Columbia SC
  - 10 states, EPA, SELC, and industry took part
- Issues raised included
  - Fixing SIP process w/o reopening CAA
  - Greater flexibility and innovation, e.g. EACs
  - Multi-pollutant approach/ align standards
  - Total reform of SIP process thru reopening CAA / place responsibility for attainment on EPA rather than states