

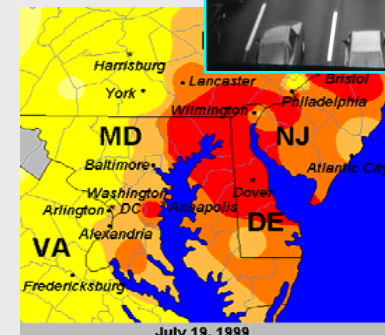
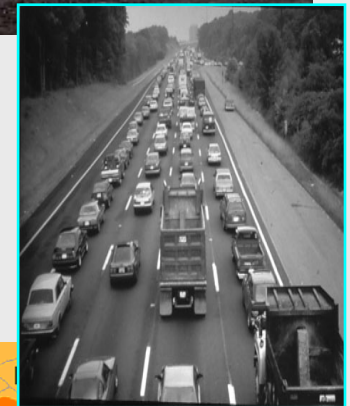


The OTC Multipollutant Program Development Strategy

OTC Annual Meeting
June 7, 2005

Context

- The Multipollutant Program development strategy is one piece of the OTC attainment planning process
 - Focuses on regional power plant controls to reduce transport
- Other OTC efforts critical to the planning process include
 - Initiatives for inside-the-OTR, “local” reductions
 - New mobile, stationary and area source control programs
 - Photochemical modeling
 - More from the Committees later in the meeting



OTC Multipollutant Chronology

- March 4, 2003: Statement of Principles re: Air Pollutant Emissions
- September 24, 2003: Resolution on EGU emissions
- January 27, 2004: Multipollutant Position approved.
- November 10, 2004: Charge to SAS Committee on Multipollutant Control



OTC Multipollutant Position

- OTC Multipollutant Position was adopted by Commissioners January 24, 2004
 - Proposed aggressive and timely controls for NO_x, SO₂, and Hg from power plants
- Two purposes:
 - Influence development of EPA proposals
 - Provide basis for state action if final EPA response is found inadequate



OTC Strategy - Origins

- The Multipollutant Program Development Strategy:
 - Fulfills Commissioners' Charge to OTC SAS Committee from fall 2004 OTC meeting
 - Forms the basis of an action that will be presented to Commissioners for approval at the June 7/8, 2005 Meeting
 - Establishes a game plan for achieving needed reductions from power plants both within the OTC and upwind of the OTC to meet SIP deadlines.



OTC Multipollutant Charge

- The Stationary and Area Source (SAS) Committee was charged with developing an Implementation Strategy for the OTC Multipollutant Position that:
 - Proposes a program structure for the implementation of the Position
 - Expands the OTC Position beyond the Ozone Transport Region
 - Begins to address allocation approaches
 - Proposes to Commissioners by June 2005 an MOU to finalize a model rule and/or a regional program by 2006

Basic Strategy: "CAIR Plus"

- "CAIR Plus" uses the basic structure of the recent EPA Clean Air Interstate Rule (CAIR) to implement more aggressive caps consistent with the OTC Multi-Pollutant Position. There are two key components :
 - Within the Ozone Transport Region (OTR):
 - Adopt a model rule for use by OTC states.
 - Caps from OTC Position as a starting point
 - Outside the OTR:
 - Initiate a Multi-Pollutant Regional Partnership to work with other states and EPA to implement CAIR Plus caps in the East.

EPA CAIR: “It’s a Start . . .”

- EPA’s March 10, 2005 Clean Air Interstate Rule (CAIR):
 - Acknowledges the significant role of pollution transport
 - Requires NO_x reductions in 2009 and 2015
 - Includes a seasonal NO_x cap
 - Requires SO₂ reductions in 2010 and 2015
 - Covers most states of concern

CAIR: “...but more is needed”

- CAIR, however, does not achieve needed reductions
 - 106 Counties will fail to meet 8-hour ozone standard by 2010
- OTC states' continued local control efforts will not be enough to overcome transport of upwind power plant pollution into our Region.



CAIR Plus - Key Issues

- Making CAIR Plus Work
 - CAIR Plus could be easy to implement if EPA will allow states to use the CAIR framework, but simply distribute fewer allowances.
 - EPA needs to be an active participant in the Partnership.
- The Regional Multipollutant Partnership
 - Recent communications with Midwest RPO and VISTAS indicate that there is a real opportunity to build a large state coalition to promote CAIR Plus.

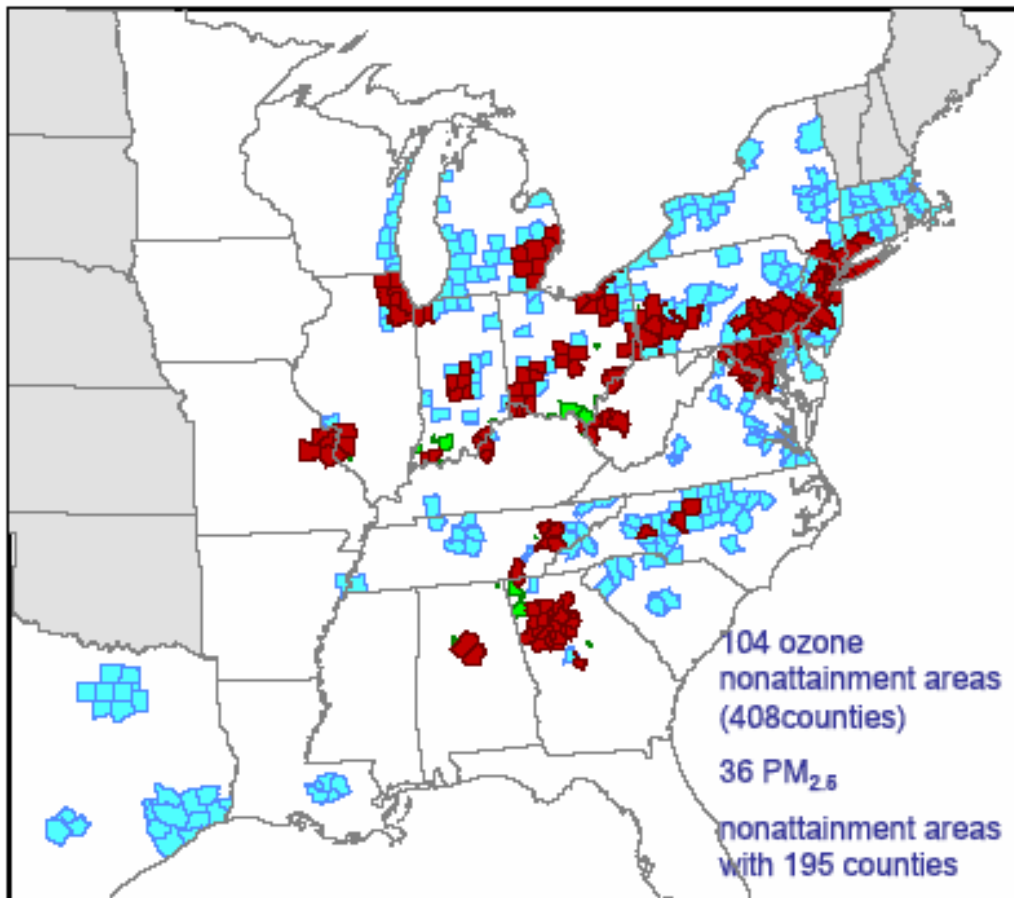
The Regional Partnership




- Regional Partnership to be developed between June 2005 and mid-2006
 - To build off of existing Regional Planning Organization (RPO) process
 - Process to be established as partnership is formed
 - Summer 2005 Summit
 - Not another OTAG!!
 - Significant stakeholder involvement
- Goal is to submit CAIR Plus SIPs to meet the requirements of CAIR.
 - OTC will update caps in the 2004 OTC Position with new analyses



Neighboring Regions Face Similar Air Quality Challenges

Ozone and Fine Particle Nonattainment Areas (April 2005)



-  Nonattainment areas for 8-hour ozone pollution only
-  Nonattainment areas for fine particle pollution only
-  Nonattainment areas for both 8-hour ozone and fine particle pollution

Source: U.S. EPA

Encouraging Signs from Other Regions

- Midwest and South have recognized significance of interstate pollution transport
 - NC §126 Petitions
- Proposals for CAIR Plus
 - MWRPO's EGU1 and EGU2 Strategies
 - NC Clean Smokestacks
 - WI Mercury Rule
- Outreach
 - Conversations with regional haze MWRPOs
 - Attendance of Midwestern and Southern state representatives at this meeting

Some Thoughts on Partnership Development

- Must be a true partnership, respectful, reflective, and inclusive of all regional needs, NOT just a one-dimensional relationship
- Midwest and Southern states may need “tougher than CAIR” EGU controls to meet local SIP requirements
 - These reductions will also reduce transport into the OTC
- Allow self-determination on a regional, unified basis, through a “regional implementation plan (RIP)” process based on successful OTC regional opportunities

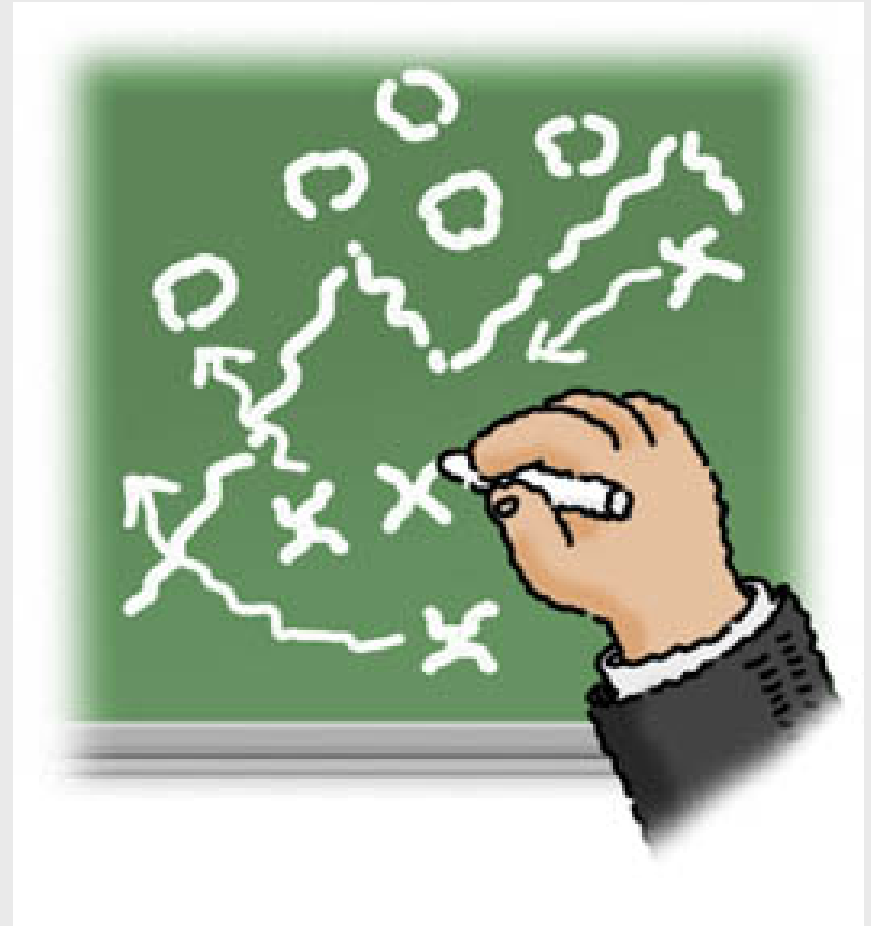
The Model Rule

- Model rule for OTC states also to be developed between June 2005 and mid-2006
 - Blend into regional CAIR Plus effort and the CAIR model rule
 - Again, significant stakeholder involvement
 - Strategy does not include a model rule, but rather presents a plan for developing a model rule



Overview of the Strategy

- About 15 pages
- Promotes CAIR Plus
- Focuses on the regional partnership as the primary mechanism to implement CAIR Plus
- Initiates the development of a model rule for the OTC states



Outline of the Strategy

- Section 1: Introduction and background
 - History, needs assessment, relationship to CAIR
- Section 2: Overview of the Multi-P Strategy
 - CAIR Plus, regional partnership, model rule
- Section 3: The Regional Partnership
 - Process and timeline
- Section 4: The Model Rule
 - Process and timeline
- Section 5: Contribution Assessment
 - Backstop options
- Section 6: Synthesis of Sections 1 thru 5

OTC CAIR Plus Timeline

