



Getting Beyond CAIR: Turning Policy Direction into a Rule

REVISED DRAFT

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June 2005 and 2006 OTC Actions

- Key concepts:
 - Develop a regional multipollutant program
 - Work with other states outside of the Ozone Transport Region (OTR)
 - Include power plants and other sources
 - For EGUs, Build from EPA's Clean Air Interstate Rule (CAIR)





The State Collaborative

- Small group of OTC Commissioners began meeting with a small group of Commissioners from the Midwest in the late 2005
- The “State Collaborative” now includes about 22 states and continues to meet routinely
- Goal is to identify, and work in partnership on, regional control programs to help address air pollution transport and issues of mutual concern
 - Ozone, Fine Particulate, and Haze



Super-Regional Control Measures

- Measures being considered
 - First out of the blocks:
 - Consumer products (including gas cans)
 - Paints (AIM)
 - Chip reflash
 - Diesel retrofit
 - Still in the works:
 - EGUs
 - Industrial, commercial and institutional (ICI) boilers
 - Regional fuel



• ECO spouts are self-venting, stop fuel flow automatically and shut automatically





Going Beyond CAIR

- General consensus that going beyond CAIR for EGUs on a regional basis will be needed for certain areas to meet the ozone and fine particulate standards
 - OTC and LADCO modeling
- One of many strategies being considered - but still on the plate





Getting Beyond CAIR: Multi-P Policy Directives to Date

- In March and September 2003:
 - Statement of Principles re: Air Pollutant Emissions
 - Resolution on Electric Generating Unit (EGU) emissions
- January 27, 2004:
 - Multipollutant Position approved
- November 10, 2004:
 - Charge to SAS Committee on Multipollutant Control
- June 8, 2005:
 - Resolution on program development
- June 7, 2006:
 - Charge to continue development of Beyond CAIR program
- Ongoing Effort:
 - State Collaborative Process (OTC and non-OTC states looking for broad regional solutions)



Getting Beyond CAIR: Straw Proposals to Date

- In order to model scenarios and discuss options, OTC and State Collaborative process have developed various straw proposals for emission reductions
- The amount of emissions reduction needed will be determined once the air quality modeling results are available



Getting Beyond CAIR: Modeling Efforts to Date

- OTC and MANE-VU: IPM Runs
 - IPM run underway that will provide input on cost of reduction targets
 - Using reasonably aggressive targets to gauge impacts – actual policy decision targets may differ
 - States can link results with AQ models to see AQ benefits
 - Can link with Benefits model to determine overall cost/benefit of program
- LADCO also has done modeling of various EGU control scenarios beyond CAIR

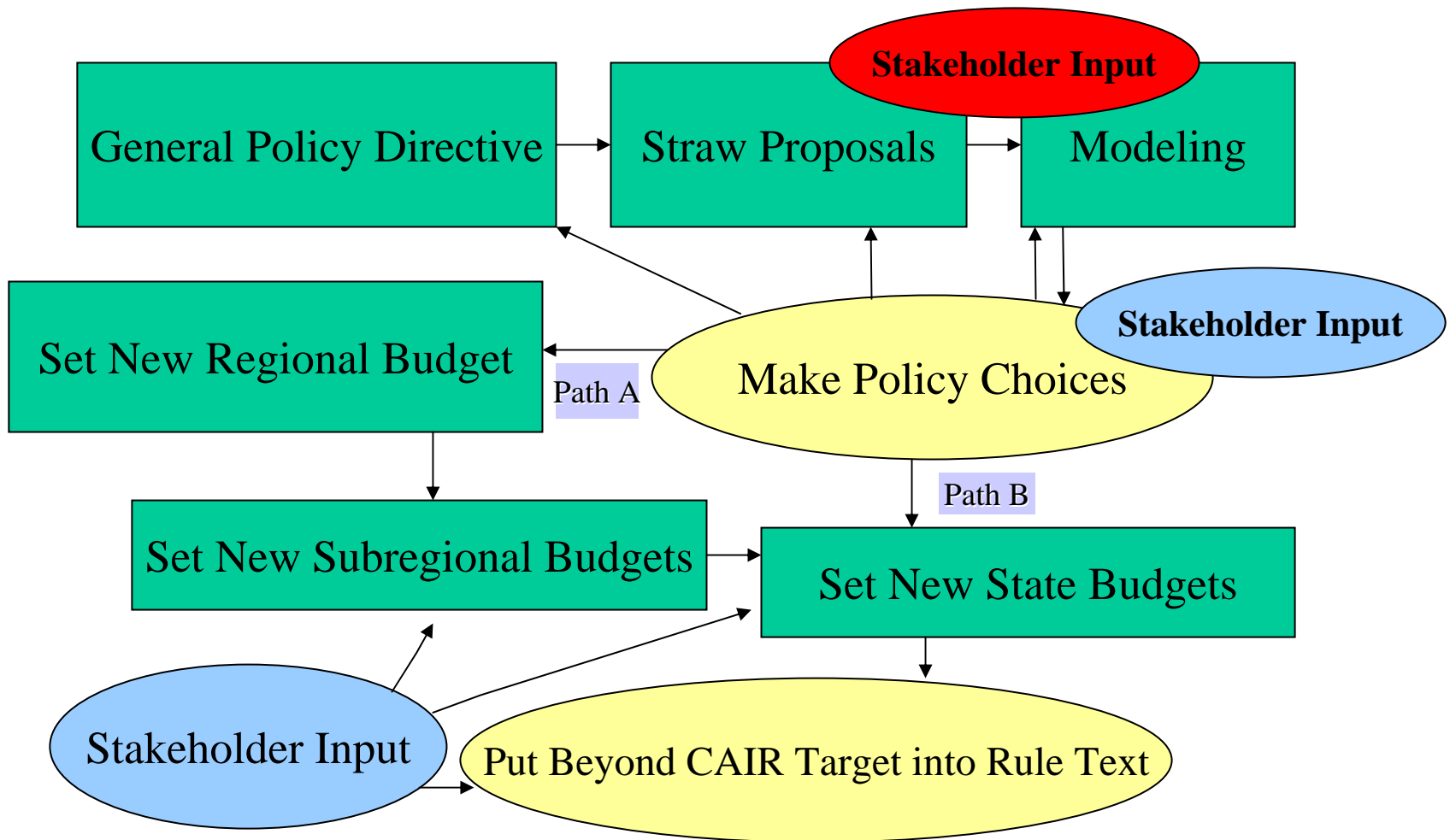


Getting Beyond CAIR: Policy Decision

- Will finalize translation of emission rate targets to a reduction from current cap levels
 - The rates will then have to be translated into mass emission budgets
 - Ultimate budgets will be CAIR budget minus some amount of tons
- Current schedule is working toward a draft recommendation for November OTC meeting
- Collaborative process and modeling work can influence timing and ultimate reduction targets



Process: A Closer Look at Translating Policy into Rules





Paths for Establishing State-specific Reduction Obligations

- Two paths for translating reductions from CAIR budgets to “Beyond CAIR” budgets
- Path A: Set new regional budget
 - Can be apportioned to states differently than EPA apportionment under CAIR
 - Can give portion to each RPO and then let them work with their states to apportion
 - State rules can then implement varying retirement ratios
- Path B: Set standard % reduction from CAIR and have each state reduce by that % from their CAIR budgets



Policy Into Action: Path A

- Step 1: Establish Regional Budget
 - CAIR regional budget as starting point
 - Total budget can be set based on emission rate times historical heat input
- Step 2: Provide each RPO a share of the Regional Budget
 - Can be based on output, traditional HI, fuel-specific HI, or other mechanism



Policy Into Action: Path A (cont.)

- Step 3: RPOs work with their states to set state budgets
 - Again, can use multiple options for apportioning the budget to the individual states
 - Key is that each RPO can choose its own approach
- Step 4: States establish a retirement ratio so that CAIR allocations are reduced
 - For NO_x , can instead set aside a reserve that is not allocated to sources



Policy Into Action: Path B

- Path B: Policy decision is to reduce CAIR budget by set percentage
 - Each state's CAIR budget would be reduced by the same percentage
 - CAIR Budget minus Beyond CAIR Budget = Reduction Obligation
 - Translate the reduction obligation into retirement ratio for SO_2 or NO_x and/or attainment reserve for NO_x