



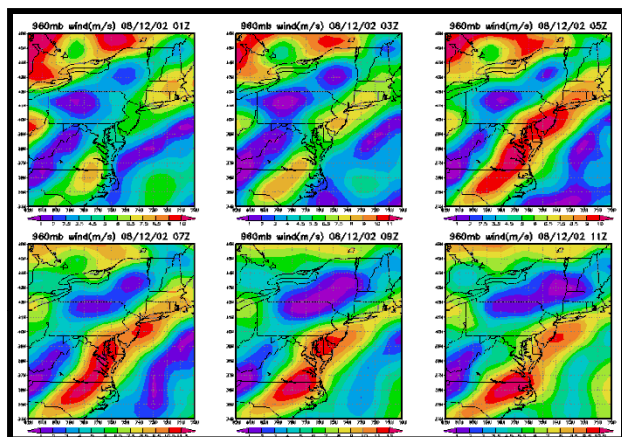
OTC Highlights

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The Collaborative Modeling



- Joint effort between Midwest and OTC states
- Looked at what would be needed to adequately address transport and satisfy the transport provisions - Section 110(a)(2)(D) - of the Clean Air Act
- Showed that a national program that focuses only on EGUs will not be enough



State Collaborative

- Technical work, conference calls, meetings and discussions occurring for over a year
- Consensus on a suggested framework on an overall approach to address transport based on this work
- Recognizes regional differences on certain issues
- Calls for reductions in all sectors – large point sources, mobile sources and area sources – to meet NAAQS and transport requirements
 - EGU work with LADCO focused on coal – OTC to also focus on oil and gas units



The Collaborative Letter

- Asks for ... “A timely and robust federal program that requires substantial regional emission reductions from mobile sources, area sources and large point sources such as EGUs...”
- Specifically mentions national rules for:
 - Electric Generating Units (EGUs)
 - Industrial, Commercial and Institutional Boilers
 - Other large stationary sources of NO_x (like cement kilns)
 - Architectural and Industrial Maintenance Coatings
 - Consumer Products
 - Mobile sources (such as new engine standards and fuels)





Collaborative 3-Step Approach

1. Identify areas of interest
 - Both base monitored and future modeled design values above NAAQS = area of interest
2. Identify significantly contributing states
 - Significance threshold = 1% of NAAQS
3. Implement multi-sector remedy
 - National/regional controls for EGUs and other sectors
 - State-led attainment planning effort



National/Regional Control Program

- EGU point source strategy
 - Federally enforceable CAIR Phase I controls
 - Optimize existing NO_x and SO₂ controls
 - Federally enforceable low cost NO_x controls
 - Statewide emission caps
 - Caps based on rates not to exceed 0.25 lb/MMBtu for SO₂ and 0.11 lb/MMBtu for NO_x
 - Regional emission caps with full trading to fullest extent allowable under the Clean Air Act



National/Regional Program (cont'd)

- Non-EGU point source strategy
 - Identify priority categories and evaluate control options
 - Evaluate potential for reductions from Industrial, Commercial and Institutional boilers
 - Mobile source strategy - e.g., new engine standards for on and off-highway vehicles, and a single, consistent environmentally-sensitive formulated fuel
 - Area source strategy - such as new federal standards for consumer products and architectural, industrial and maintenance coatings



State-led Attainment Planning

- Concurrent process with transport SIP to address areas not expected to attain with national /regional controls
- Comprises key subset of significantly contributing states to non-attainment area
- Identify and implement the additional controls needed tailored to needs of the non-attainment area



OTC Perspective – Hybrid Approach

- Earlier statewide emission caps - prior to 2017 - as needed for the ozone NAAQS timeframe
- Early regional trading – as early as possible, but no later than 2014, to drive deeper reductions
- ❖ Unit- specific performance standards between 2017 and 2025
 - Key component in combination with statewide and regional caps

Performance Standards

- Consider fuels, types, sizes and timing of other requirements in developing standards
- Phase in and move toward output-based standards – rewards efficiency
- Provide regulatory certainty to EGUs – encourage transformational change
- Provide incentives for repowering or replacement of existing units
- Coordinate with ghg and efficiency programs

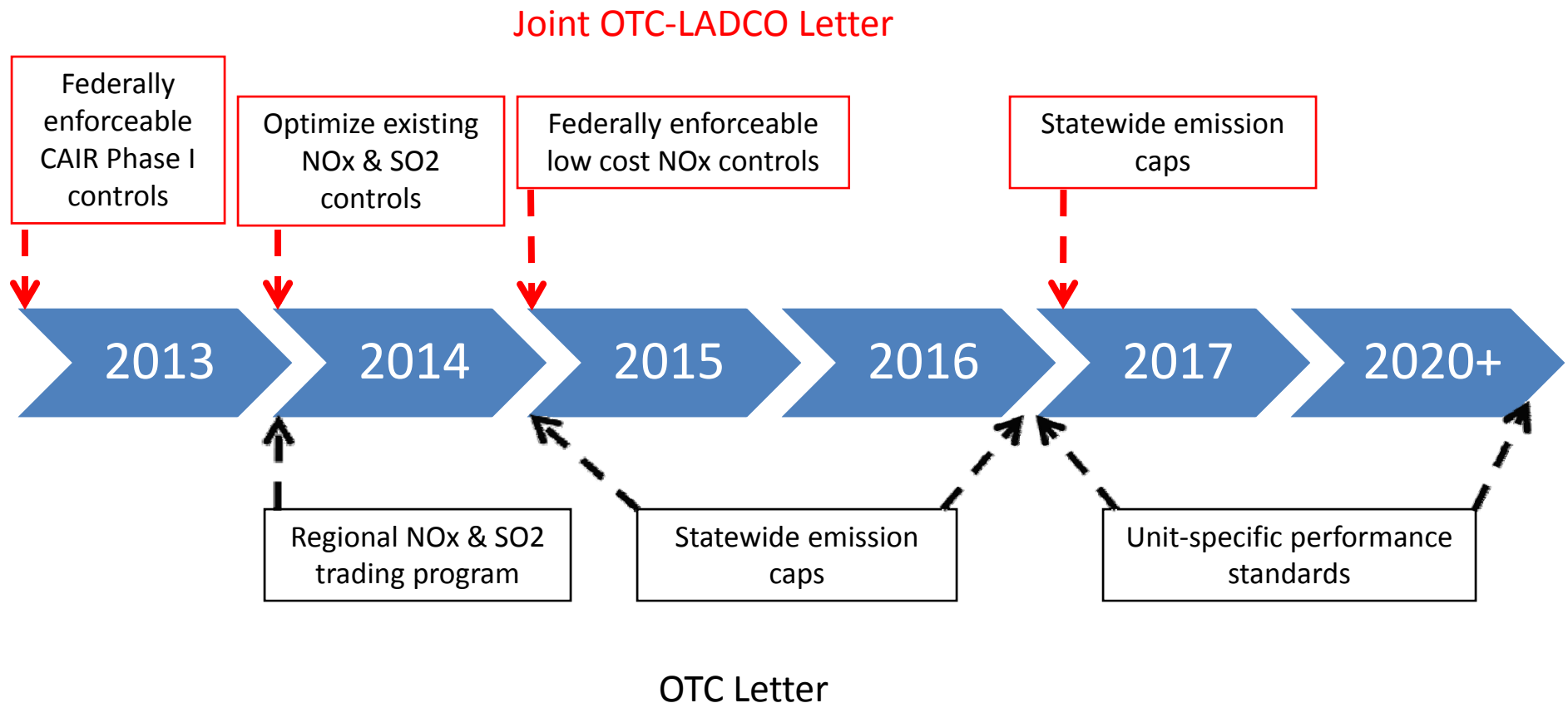


OTC Perspective on State-led Attainment Planning Process

- States in affected non-attainment area determines which significantly contributing states to include in the planning process
- State-led process is secondary to national programs
- EPA needs to ensure models portray all types of transport accurately



State Collaborative – EGU Timeline



Likely Attainment Dates for Reconsidered Ozone Standard

Moderate – 2017 (Requires 3 years of clean data in 2014, 2015 and 2016)

Serious – 2020 (Requires 3 years of clean data in 2017, 2018 and 2019)