Air Management Study Group
Quarterly Meeting

Madison
Thursday, December 11, 2014
Federal Rules Update

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Today’s topics

- EPA’s proposed regulation of CO2 from existing power plants
- Cross-state Air Pollution Rule (CSAPR) update
- EPA’s proposed 2015 ozone standard
EPA’s Proposed Regulation of CO$_2$ from Existing Power Plants

- June 1, 2014: EPA proposed CO$_2$ regulations for existing power plants under CAA §111(d) – “Clean Power Plan”

- This regulation would achieve these reductions via rate-based targets (pounds of CO$_2$ per megawatt-hour of electricity produced) developed for each state. These targets differ for each state.

- The proposed rule requires Wisconsin to achieve a 34% rate reduction from a 2012 base. (This is about middle of the pack – state reductions range from 11% to 72%)

- Final rule expected - June 2015
## EPA’s Proposed Regulation of CO$_2$ from Existing Power Plants

<table>
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<tr>
<th>EPA “Building Blocks” (Reduction Measures)</th>
<th>Description</th>
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<tbody>
<tr>
<td>1. Coal plants</td>
<td>Increase efficiency by 6%</td>
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<tr>
<td>2. Natural gas combined cycle plants</td>
<td>Increase utilization rate to 70% of capacity</td>
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| 3a. Nuclear energy                       | Assumes 5.8% of each state’s existing at-risk nuclear power will continue to operate  
  *WI: 5.8% of Point Beach’s generation* |
| 3b. Renewable energy                     | Increase each state level based on average regional growth rate to reach top-tier RPS programs in region (Midwest = 15%).  
  *WI: starts at 5% and ends at 11%* |
| 4. Energy efficiency                     | Increase each state level to reach top-tier EE programs in country at demonstrated growth rates.  
  *WI: achieves goal in 3 years* |
| Total                                    | Wisconsin’s 2030 (Final) Target Rate = 34% reduction from 2012 base |
Wisconsin State Goals

Historical emission rates

2012 base year

Interim compliance period

Final compliance period

One compliance approach (used by EPA)

Interim goal (meet on average over 10 years)

Final goal (meet as 3-yr average)
EPA’s Proposed Regulation of CO₂ from Existing Power Plants

• State plans are due by June 30, 2016. Extensions available are 1 year for an individual state plan; 2 years for multi-state plan

• The state can implement a plan that contains any mix of power plant emission limitations and program actions

• The requirements under the plan are very general and leave a lot of discretion to the states in how to construct a plan

• The state can convert the emission rate goals into a mass limit

• The state can work with other states/regionally when submitting a plan
DNR/PSC Comments

• **Dec 1, 2014** - DNR, joined by 2 commissioners of the PSC, formally submitted 75+ pages of joint technical comments, plus attachments

• The agencies conducted extensive outreach on this proposal to stakeholders, including utilities, environmental groups, and industry.

• We received 200+ pages of input from more than a dozen external groups.

• DNR and PSCW engaged with many multistate and regional discussions as we analyzed the proposal and developed comments.

• The comments noted numerous issues the state has with this complex proposal.
DNR/PSC Comments

• Insufficient credit for state reductions already achieved/selection of baseline year

• Inequity across states

• Implementation issues

• Compliance costs

• Reliability concerns

• Credit for out-of-state renewables
DNR/PSC Comments

• Consideration of biomass fuels

• Time given to plan and comply

• Lack of guidance on critical issues

• Legal considerations

• Technical corrections to EPA’s data

Note: DNR submitted separate comments on associated Notice of Data Availability (NODA)
Cross-State Air Pollution Rule (CSAPR) Update

• April 29, 2014: Supreme Court upheld CSAPR in *EPA v. EME Homer City Generation*
  – CAA’s “Good Neighbor” provision does not require EPA to disregard costs when determining responsibility of upwind states to downstate air pollution
  – CAA does not require EPA to give states an opportunity to file a SIP after EPA quantifies each state’s interstate pollution obligation
  – Oct. 23, 2014: DC Circuit lifted stay on implementing CSAPR

• Implications:
  - 3-year delay in compliance deadlines; Phase 1 = 2015/26
  - Court denied summary vacatur filed by Texas and Luminant
  - Oral argument on remaining challenges on March 11, 2015
  - We are evaluating what this means for Wisconsin and keeping legal options open
EPA’s 2015 Ozone NAAQS Proposal

- As expected, EPA proposed a new ozone National Ambient Air Quality Standard (NAAQS) on November 25, 2014.

- The current ozone NAAQS is **75 parts per billion (ppb)**, or 0.075 parts per million (ppm), set in 2008.

- EPA is proposing setting a revised primary standard (to protect human health) within a range of **65-70 ppb** (0.065-0.070 ppm) but is taking comment on a range from **60-75 ppb**.

- The Clean Air Science Advisory Committee (CASAC) composed of public health experts recommended a 60-70 ppb range.

- EPA is required by the Clean Air Act to review NAAQS every 5 years.
EPA’s 2015 Ozone NAAQS Proposal

• EPA was under a court deadline to propose by Dec 1. They are under a court deadline to finalize the rule by **October 1, 2015**.

• Public has **90 days** to comment on the proposal, once published in the Federal Register. DNR is reviewing the proposal for potential comment.

• If EPA finalizes rule, designations of nonattainment will be by **October 1, 2017**. Areas in non-attainment will have 3, 6 or 9 years to meet the new standard, depending on the level of severity.

• It is the state’s responsibility to develop a SIP to meet the standards.

• If EPA finalizes a new standard by October 2017, areas designated as nonattainment will likely be based on a three-year ozone monitoring record from the 2014-2016 ozone seasons.
Current Nonattainment Areas

- 2010 Sulfur dioxide (SO₂) Nonattainment Areas
- 2008 Ozone (O₃) Nonattainment Areas
Draft 8-Hour Ozone Design Values (DV): 2012-2014*
WDNR Ozone Monitoring Sites

8-Hour Ozone DVs in ppb
- Data incomplete
- ≤ 60
- 61 - 65
- 66 - 70
- > 70

Ozone Standards
1997 NAAQS: 84 ppb
2008 NAAQS: 75 ppb

Note: * Data have not been QA'ed and are subject to change. Counties were shaded based on Core Based Statistical Area (CBSA) and Combined Statistical Area (CSA) boundaries.

8-Hour Ozone 2013/2014 Average 4th High
- ≤ 60
- 61 - 65
- 66 - 70
- > 70

Ozone Standards
1997 NAAQS: 84 ppb
2008 NAAQS: 75 ppb

Note: * Data have not been QA'ed and are subject to change. Counties were shaded based on Core Based Statistical Area (CBSA) and Combined Statistical Area (CSA) boundaries.
Thank you

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Air Permit Streamlining Rule

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Air Permit Streamlining Rule

Rule Summary

• Natural Minor Exemption from operation permits
• Preconstruction activities for minor sources
• Non-expiring non-part 70 operation permits
• Restricted use engine exemption from construction and operation permits
• Streamlining of revocation procedures for closed facilities
• Flexibility to use higher sulfur diesel in ch. NR 445.09
• Other changes to clean up or clarify regulations
Air Permit Streamlining Rule

Schedule

- Final analysis and draft rule board order – Oct. 2014
- Solicitation for economic impacts sent Oct. 23
- Economic Impact Analysis and Green Sheet prepared Nov. 17
- Request hearing authorization from board – Dec. 10
- Hearings – Feb. and March 2015
- Rule and EIA finalized based on public comments
- Request board to adopt final rule – Summer 2015
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