

**“Key Principles for Extending the IAQR to Western States”
March 23, 2004**

**A Report from the Interstate Air Quality Rule Work Group of the
WRAP Stationary Sources Joint Forum**

Introduction

- The work group believes that the idea of extending the IAQR to the West has merit and that the WRAP should actively engage with EPA on this issue. Specifically, the work group recommends that the WRAP meet with EPA to discuss these principles prior to EPA issuance of any supplemental notice that proposes to extend the IAQR to the West.
- The work group is not making a recommendation as to whether or not EPA’s proposed Interstate Air Quality Rule (IAQR) should be extended to the West to address regional haze. The work group has identified these key principles that should be satisfied if the IAQR is extended to the West. These key principles provide a framework to build on.
- The work group plans to continue meeting in order to further explore this option and add more detail to the concept of a Western program under the IAQR. The work group will work to develop additional information and analysis needed to inform the process.

General

- If the IAQR is extended to the West, it should provide a more efficient method for accomplishing the objectives of the regional haze rule.
- Participation in the program must satisfy the BART requirement of the regional haze rule and the contribution to reasonable progress through 2018 for covered sources.
- Non-EGU sources should have the ability to opt into the program, with provisions to ensure appropriate emission reductions and monitoring.

SO₂ Principles

Preserve the WRAP SO₂ agreements, including:

- 271,000 tons per year of SO₂ from EGUs in the 9-state transport region in 2018 based on actual emissions
- Allowances under IAQR must be allocated accordingly. This means that no less than 271,000 tons per year in allowances should be allocated under the national SO₂ trading program to Western EGU sources, equivalent to the utility portion of the WRAP milestones (271,000 in 2018). But these sources may not use allowances to emit collectively more than 271,000 tons in 2018.
- Interim milestones consistent with the WRAP Annex and the need to assure reasonable progress, with an equivalent level of allowances.

- Provide for additional western states to be incorporated under the Western SO₂ cap, with adjustments to the cap determined in a manner that is compatible with the WRAP Annex and adequate to address the regional haze requirements and environmental concerns in the additional states.

NO_x Principles

- Tailor a NO_x program for the West consistent with Western environmental concerns.
- Develop a NO_x cap for Western EGUs that reflects cost effective emissions reductions based on the aggressive application of combustion controls to all existing EGU sources. For purposes of arriving at a cap number, it will be important to analyze the availability of cost-effective combustion control technology for different kinds of boilers.
- If the IAQR NO_x program is expanded to cover the entire United States, EPA should establish boundaries for a western trading zone that are protective of public health nationwide, achieve a high level of environmental improvement appropriate for the zones established by this program and implemented considering the need for a robust market.

Regulatory Certainty

Sources subject to these caps agree to reduce emissions of NO_x and SO₂. By doing so, these sources will satisfy BART and their contribution to reasonable progress through 2018. With further discussion needed, EPA and FLMs should provide sources subject to the IAQR with appropriate regulatory flexibility and certainty, as allowed by law, with respect to NO_x and SO₂ emissions.