

MEMORANDUM

February 24, 2004

From: Patrick Cummins, WGA/WRAP
To: WRAP Stationary Sources Forum
Subject: EPA's Proposed Interstate Air Quality Rule

Below are my notes based on last week's meeting where we discussed the possibility of extending EPA's proposed Interstate Air Quality Rule (IAQR) to cover regional haze in the West. I have broken these notes into two main categories: 1) Issues for Discussion with EPA; and 2) Issues for the forum to address.

The following individuals agreed to participate in an ad hoc work group to follow up on these issues and report back to the full forum:

Bruce Polkowsky, NPS
Bob Neufeld, Wyoming Refining
Vickie Patton, Environmental Defense
Reuben Plantico, PacifiCorp
CV Mathai, AZ Public Service

Dean Metcalf, Xcel Energy
Bruce Beynon, ChevronTexaco
David Steele, WEST Associates
Greg Remer / Lori Campbell, NV
Cheryl Heying, UT

Issues for Discussion with EPA

If the IAQR were extended to cover regional haze in the West:

- * What legal authority would be the basis for such an action?
- * For SO₂, would Western states be part of a national program?
- * Would there be a Western regional SO₂ emissions cap (like Clear Skies) to ensure that actual SO₂ emissions in the West are reduced?
- * Which states would be covered by any regional SO₂ cap – 9 GCVTC states, 11 states in Western power grid, 13 states in WRAP region (11 plus ND and SD), 15 Western states not currently covered by IAQR, other?
- * How would a Western regional SO₂ cap be set?
- * Would EPA establish a second NO_x zone for the West? Which states would be included in a Western NO_x zone? How would the NO_x emissions cap for the Western zone be set?

- * What analysis would be necessary to demonstrate that regional haze BART is satisfied by this program for covered sources?
- * What analysis would be necessary to demonstrate that the emission reductions under this program satisfy the contribution of stationary sources (EGUs?) to reasonable progress for regional haze?
- * Has EPA conducted any modeling for the West that would be helpful for developing a Western component to the IAQR?
- * How would emission reduction obligations be apportioned by state?
- * Would Western states have the option of achieving the emission reductions by implementing (through the SIPs) a regional trading program that includes non-utility sources (like the Annex does)?
- * Would provisions be made for tribal sources (like the tribal set-aside in the Annex)?
- * Would sources covered by the program have any type of “safe harbor” from NSR requirements?
- * How might EPA’s effort to address the NOx provisions of the PSD program be linked with any Western NOx program under the IAQR?
- * What issues would need to be resolved in the short-term to make it possible for EPA to propose expanding the IAQR to cover haze in the West when it issues its Supplemental Notice of Proposed Rule Making in April or May of this year? What issues could be sorted out on a longer time horizon - prior to the final rule in December or thereafter?

Issues for the Forum to Address

- * Develop a list of pros and cons relative to pursuing the IAQR versus addressing NOx and SO2 emissions from EGUs through the regional haze SIPs (BART, etc.)
- * Determine the extent to which BART is likely to apply to non-utility sources and the extent to which emission reductions from non-BART, non-utility sources may be necessary to demonstrate reasonable progress. This information may be helpful for evaluating the IAQR (which may address only EGUs) versus a regional approach covering all stationary sources that could be addressed through the SIPs and TIPS.