

Clean Air Act Advisory Committee (CAAAC)
Greenhouse Gas Standards for Power Plants Webinar
February 20, 2014
2:00 PM – 4:00 PM

Roll Call and Introduction

Jenny Craig, U.S. Environmental Protection Agency (USEPA or the Agency), performed a roll call for the Clean Air Act Advisory Committee (CAAAC) before turning the meeting over to Jim DeMocker, USEPA. Jim DeMocker, USEPA, discussed the purpose of the webinar and provided an overview of the agenda. Mr. DeMocker introduced Lisa Conner, USEPA.

Presentation

Ms. Conner introduced David Solomon, USEPA. Ms. Conner gave a presentation entitled: “Section 111 of the Clean Air Act: Reducing Greenhouse Gas Emissions from Power Plants.”

Questions and Comments from CAAAC Members

Mr. DeMocker thanked Ms. Conner for her presentation. He opened the discussion for questions from CAAAC members.

Bob Morehouse, Air Permitting Forum, asked when USEPA will send the reconstructed/modified and existing rules to the Office of Management and Budget (OMB) for review. Ms. Conner replied that USEPA will send the package to OMB in March.

Mr. Morehouse asked what approach USEPA is taking in the upcoming rules to determine cost-effectiveness. He asked if the Agency had arrived at a benchmark number for the dollars-per-ton of carbon dioxide (CO₂) reduced that would be considered cost-effective. Ms. Conner stated that the Agency is not using one parameter to determine cost-effectiveness. She said that the team is looking at cost among other factors, such as the level of emission reductions when setting emissions standards.

Shelley Schneider, Nebraska Department of Environmental Quality, noted that the Agency’s outreach efforts appear to be focused on 111(d). She asked what outreach efforts the Agency has done on the modified/reconstructed standards for 111(b). Ms. Conner confirmed that the majority of the Agency’s outreach focused on 111(d). She explained that 111(d) has been used infrequently in the past, and the Agency wanted to make sure it is approaching this in a way that makes sense for the power sector given the broad nature of 111(d). Another reason is that in the past, the requirement to trigger a modification or a reconstruction has been triggered so infrequently (particularly in this source category) that the Agency was unsure that it needed to go out and speak broadly about this. Ms. Conner noted that there will be a long public comment period for the standard when it is released to allow time for questions from the public.

Ms. Schneider asked about the length of comment period the Agency will allow. Ms. Conner responded that the Agency anticipates a public comment period of at least 60 days and possibly up to 90 days. Ms. Schneider mentioned that there will be a lot of material for the public to review since 111(d) and 111(b) will be released at the same time.

Kathryn Watson, Improving Kids' Environment, said that there is a bill in the Indiana state legislature this year that will prohibit Indiana's Environmental Rules Board from adopting regulations that are more restrictive than a federal regulation or guideline. She asked how prescriptive 111(d) will be and if this could potentially be an issue for Indiana when it is putting together its plan. She asked if there will be a model rule. Ms. Conner responded that other states have similar requirements in effect. She said that the emission guidelines will set up a process and procedure and establish the goals for the states. Ms. Watson expressed concern that there will be lawsuits over whether state requirements are more stringent than the Federal regulations. She pointed out that the broader the federal regulations are, the more difficult it is for states like Indiana with this type of legislation. Ms. Conner thanked Ms. Watson for her concerns.

Dan Johnson, WESTAR Council, thanked Lisa for her presentation. He noted that if a state either does not submit or submits an unapprovable State Implementation Plan (SIP) that USEPA would prepare a Federal Implementation Plan (FIP). He asked if USEPA plans to signal what kinds of emission control requirements that the Agency would include in a FIP or if USEPA would include model rules that USEPA could point to as a likely outcome if a state were to have USEPA write a FIP. Ms. Conner reiterated that the emission guidelines will establish the process and the goals for states. At this time, USEPA is not planning to issue a model rule or a prescribed presumptive FIP. She said that the pathway that each state will take is very dependent on factors in each individual state (e.g., fuel mix of generating fleet) and that it would be very difficult for USEPA to issue a model rule or a prescribed presumptive FIP. If necessary, the Agency would work closely with the state to see if the state could design a program that would be approvable. Ms. Conner said that this approach would likely result in the best outcome for everyone. In cases where this approach was not possible, USEPA would then issue a FIP. Mr. Johnson offered concern that one year is not sufficient time to create a good plan. Ms. Conner acknowledged that the timing is short and that USEPA is examining ways to make it work.

Thomas Huynh, Philadelphia Air Management Services, asked if USEPA will consider situations where several states have the same electrical grid. Ms. Conner responded that with the goals and process that USEPA will establish in the emission guidelines, states will be able to work with their partners (e.g., neighboring states or partners across the country). Ms. Conner acknowledged that there is interconnectedness both between states and within power companies, which operate in many states and often have corporate plans for reducing emissions. She also acknowledged that many stakeholders have urged USEPA to consider allowing regional approaches. Vince Hellwig, Michigan Department of Environmental Quality, agreed with Mr. Huynh that this is a complicating factor that some of the states are discussing.

Howard Feldman, American Petroleum Institute, asked how USEPA plans to address co-generation issues under 111(b) and 111(d), since there are industrial facilities that are selling power back to the grid, but these facilities are very different than power plants. Ms. Conner said that the proposal will be specific as to the applicability of the rule. Ms. Connor welcomed input from Mr. Feldman on this topic. Ideas can be sent to the following email address carbonpollutioninput@epa.gov.

Public Comment Period

Mr. DeMocker opened up the floor for public comments.

Marcus Aguilar, Colorado Department of Public Health and Environment, asked if past reductions of greenhouse gas (GHG) programs will be able to be credited once the rule is final. Ms. Conner said that USEPA has learned a lot about the programs that states already have in place. She said that USEPA will be open to comment about the ways USEPA can provide credit for past GHG reductions. The emissions guidelines would likely consider existing state programs. Ms. Conner stated that if USEPA considers these programs, one open question is about whether a state, if they submit an existing program as part of their plan, will be allowed to count reductions from the date of their plan forward or if the state will be able to count prior reductions as well. Ms. Conner said that credit for reductions under existing programs is an open issue, and USEPA will be taking public comment on it.

Mr. Aguilar asked about credits that will be received if an electric generating unit (EGU) converted to natural gas before the rule is final. Ms. Conner responded that it will depend on how each state designs its program. To conduct some illustrative modeling, the USEPA has had to pick a certain base year, and the Agency has used the historical data that are available to conduct analysis. It will depend on how the states are designing their programs, what is included in their programs, what is included in the baselines for sources affected by the regulation, and what actions the states take to respond to emissions guidelines.

Mr. DeMocker announced that Janet McCabe, USEPA, joined the meeting. Ms. McCabe thanked participants for joining the webinar. She said that the 111(d) guidelines are a large priority for the Agency. Ms. McCabe mentioned that the President recently announced the schedule for the rulemaking USEPA will undertake in conjunction with U.S. Department of Transportation to establish the second phase of heavy duty vehicle fuel efficiency and GHG standards. She said that this is an important aspect of the President's Climate Action Plan. Heavy duty trucks represent 4% of vehicles on the road and 20% of the emissions from the transportation sector. Ms. McCabe mentioned that there are significant opportunities with these standards to both decrease emissions and save money. These trucks transport about 70% of the goods that are transported in this country. The President proposed a two-year schedule for these standards that would include a proposal next March and a final rule the following March.

Frank Tavakoli, Southern California Edison, mentioned California's existing GHG program. He asked if USEPA would be setting standards for this program or if the state would have that flexibility. Ms. Conner said that with the procedures and process and timeline that USEPA establishes in the emission guidelines, California will be able to design a state plan that will consider its own state program. The guidelines are intended to be flexible for each state. Mr. Tavakoli asked if USEPA would be setting specific standards (e.g., 1,100 pounds). Ms. Conner responded that USEPA will not set specific standards, but will set goals for the states. It will be incumbent upon states to develop a plan to achieve the goal. In reference to utilities, Mr. Tavakoli asked if EPA will set separate standards for peak loads and base loads. Ms. Conner responded that USEPA will set state-wide goals. She said that in the SIPs, states could establish whether they will have different requirements for peak load and base load.

John Kinsman asked USEPA to elaborate on "goals." Will the goals be numeric and will the goals vary by state. Ms. McCabe acknowledged that these are specific questions about the rule. The Agency is not able to provide specific answers at this time as they are still in the development process for these standards.

Kermit Wittenburg, Louisiana Department of Environmental Quality, asked if EGUs will have to meet best available control technology (BACT) as part of the 111 determination. Ms. Conner responded that BACT is a term from a different part of the Clean Air Act (CAA) that is used when there is a new source trying to get a permit. Ms. Conner said that for the New Source Performance Standards (NSPS), the Agency is required to set standards for existing sources under 111(d) after setting standards for new sources under 111(b) if those sources have not already been controlled under the CAA. Ms. Conner said that this is the reason that USEPA is proposing to set a standard in response to the President's request.

Nicholas Martin, XL Energy, requested clarification on what USEPA had chosen as a base year for internal modeling. Ms. Conner responded that USEPA cannot reveal the base year or any details of the Agency's analysis at this time. More details will be revealed to the public when the standards are proposed and this information will be opened up for public comment.

Mr. DeMocker concluded the public comment period.

Adjourn

Ms. McCabe thanked everyone for participating in the webinar. She noted that the Agency held approximately 200 meetings with stakeholders on these topics. Ms. McCabe said that these efforts are unprecedented and extremely helpful to the Agency.

Mr. DeMocker noted that Ms. Craig will be sending out a meeting agenda for the CAAAC meeting in April. The agenda will include an opportunity to continue discussion on the President's Climate Action Plan.

Mr. DeMocker adjourned the meeting.

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CAAAC Members and Other Attendees:

Kathy Ackley	ICF International
Lisa Conner	U.S. Environmental Protection Agency (USEPA)
Rick Copland	USEPA
Jenny Craig	USEPA
Jim DeMocker	USEPA
Linda Farrington	Eli Lilly and Company
Howard Feldman	American Petroleum Institute
Kelley Green	Texas Cotton Ginners' Association
Paula Hamel (serving as a replacement for Pamela Faggart)	Dominion Resources Inc.
Vince Hellwig	Michigan Department of Environmental Quality
Thomas Huynh	Philadelphia Air Management Services
Anthony Jacobs	International Brotherhood of Boilermakers
Dan Johnson	WESTAR Council
Gary Jones (serving as replacement for Mark Bohan)	Printing Industry of America
Rob Kaufman	Koch Companies Public Sector LLC
Janet McCabe	USEPA
Bob Morehouse	Air Permitting Forum
Judi Mosley (serving as replacement for John Busterud)	PG&E Corporation
Peter Pagano	American Iron and Steel Institute
John Paul	Regional Air Pollution Control Agency
Myra Reece	South Carolina Department of Health and Environmental Control
Shelley Schneider	Nebraska Department of Environmental Quality
Adrian Shelley	Air Alliance Houston
Julie Simpson	Nez Perce Tribe
Syndi Smallwood	Pechanga Band of Luiseno Indians
Geraldine Smith	Public Services Enterprise Group
David Solomon	USEPA
Patricia Strabbing	Chrysler Group, LLC
Mary Turner	Waste Management
Jason Walker	Northwestern Band of Shoshone Nation
Kathryn Watson	Improving Kids' Environment
Ann Weeks	Clean Air Task Force

Members of the Public:

Marcus Aguilar	Colorado Department of Public Health and Environment
Doug Austin*	
Brett Ballavance*	
Patricia Bobo*	
Alex Bond*	
Pat Bottenberg*	
Karen Britto*	
Jeff Burkett*	
Joelle Burleson*	
Byron Burrows*	
Fred Carl*	
Kelly Carmichael*	
Daniel Chartier*	
Bao Chuong*	
Chase Crawford*	
Adam Diamant*	
Lenny Dupuis*	
Steven Finley*	
Catharine Fitzsimmons*	
Glenn Gibian*	
Matt Hall*	
John Hendricks*	
Bill Herz	National Lime Association
Troy Hillier*	
Joseph Hoch*	
Kevin Holbrooks*	
Eric Holdsworth*	
Andrew Holway*	
Rick Jeanes*	
Veronique Jobin*	
Dave Johnston*	
Gideon Katsh*	
Amanda Kennedy*	
Susan Kennedy*	
Renee Keys*	
John Kinsman*	
Chris Knight*	
Angela Levin*	
Steve Lomax*	
Alicia Mariscal*	
Nicholas Martin	XL Energy
Harold Masengil*	
Gabe Maser*	

Bill Matthews*	
Preston McLane*	
Jasmine Mehta*	
K. Monk*	
Tim Mordhorst*	
Cindy Mulkey*	
Betsy Natz*	
Victor Niemeyer*	
Theresa P. *	
Philip Pulitzer*	
Lauren Quillian*	
JoAnne Rau*	
Hastings Read*	
A. Riley*	
Mark Runyon*	
Kimberly Scarborough*	
Dear Schramm*	
William Skaff*	
William Slade*	
Ben Squires*	
Marnie Stein*	
Frank Tavakoli	Southern California Edison
Greg Terry*	
Linda Tsang*	
Greg W. *	
Phil Wakelyn*	
Dwain Waters*	
Cathy Waxman*	
Scott Weaver*	
Daniel Weiss*	
Mary Wiencke*	
Greg Wilkins*	
L. Wilson*	
Kermit Wittenburg	Louisiana Department of Environmental Quality
Stevve Woock*	
Robert Wooten*	

*Organization not identified