



Air Management Study Group

Quarterly Meeting

Madison

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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

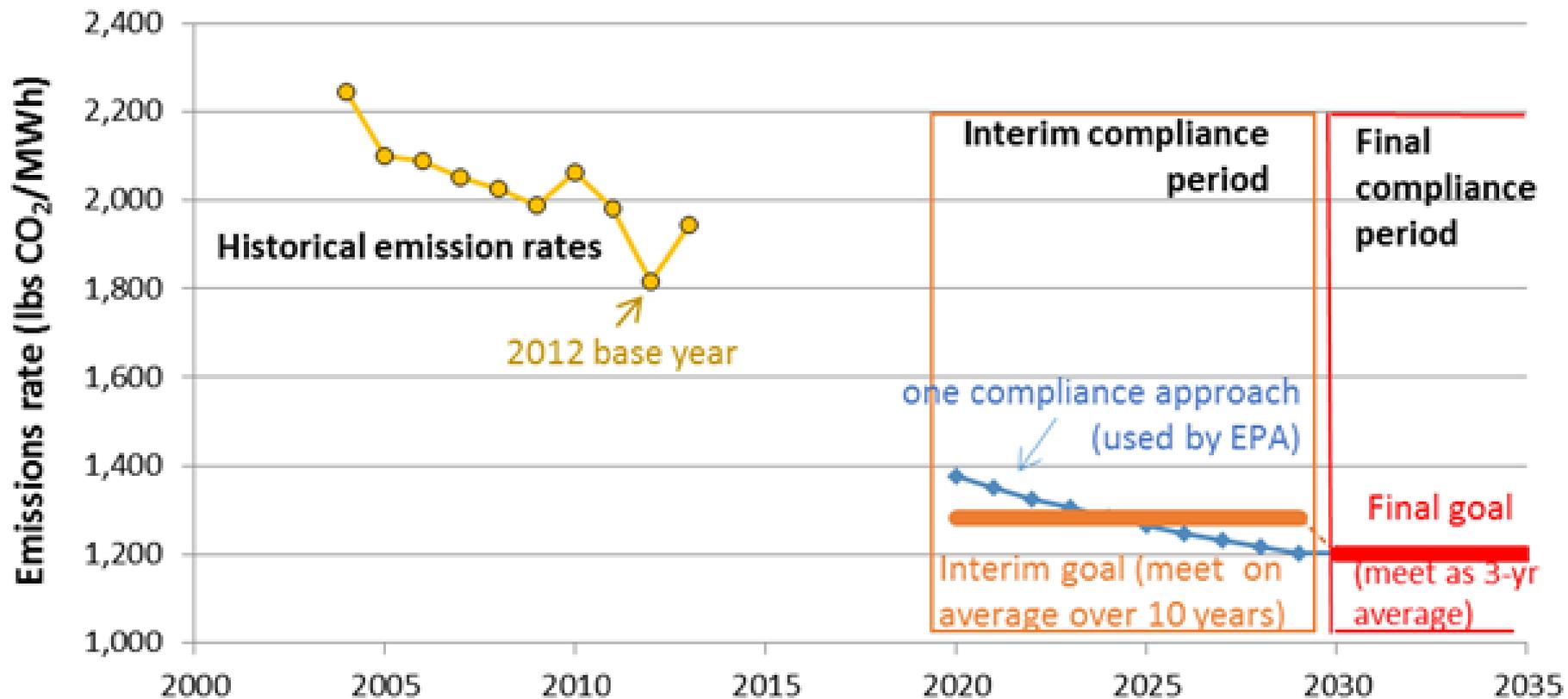
EPA's Proposed Regulation of CO₂ from Existing Power Plants

- June 1, 2014: EPA proposed CO₂ regulations for existing power plants under CAA §111(d) – “Clean Power Plan”
- This regulation would achieve these reductions via rate-based targets (pounds of CO₂ 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 CO₂ from Existing Power Plants

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

Wisconsin State Goals



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

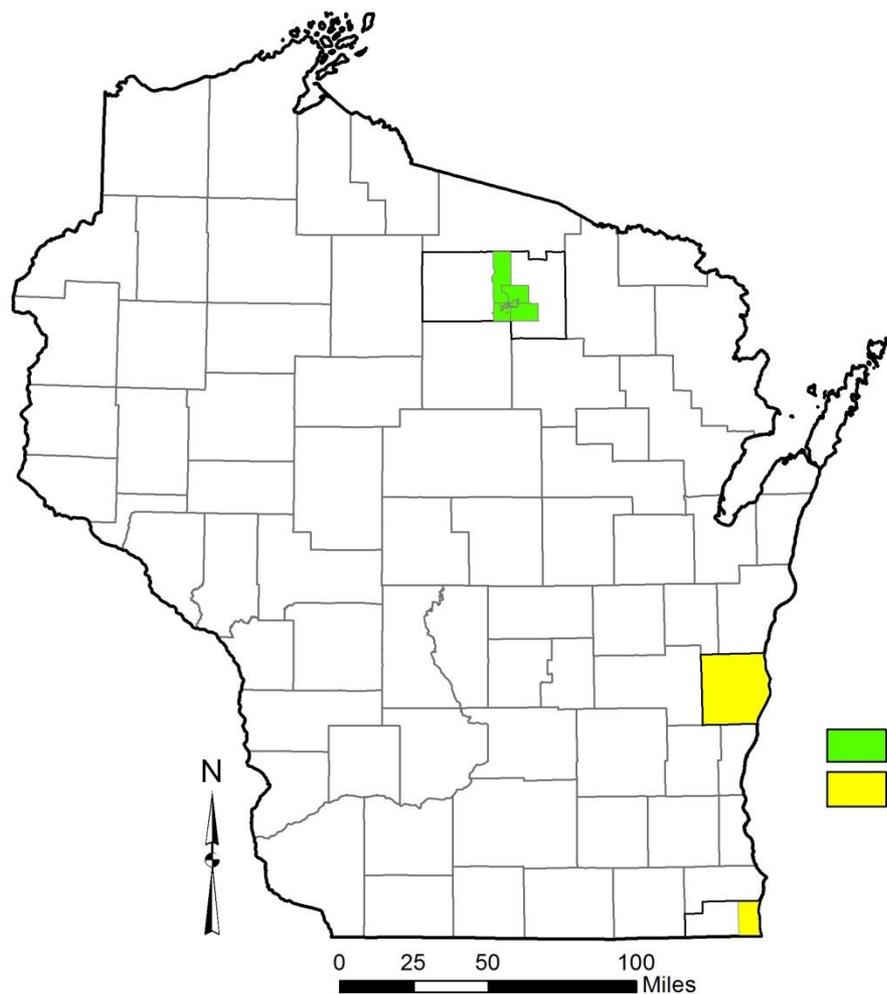
EPA's 2015 Ozone NAAQS Proposal

- 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.

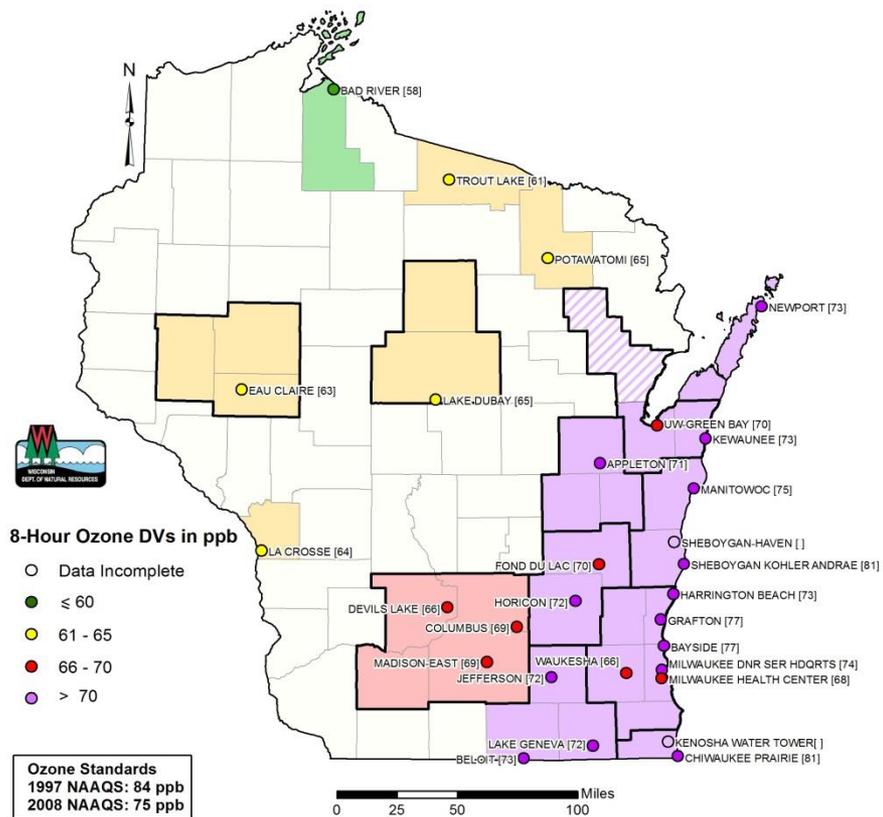
Current Nonattainment Areas



-  2010 Sulfur dioxide (SO₂) Nonattainment Areas
-  2008 Ozone (O₃) Nonattainment Areas

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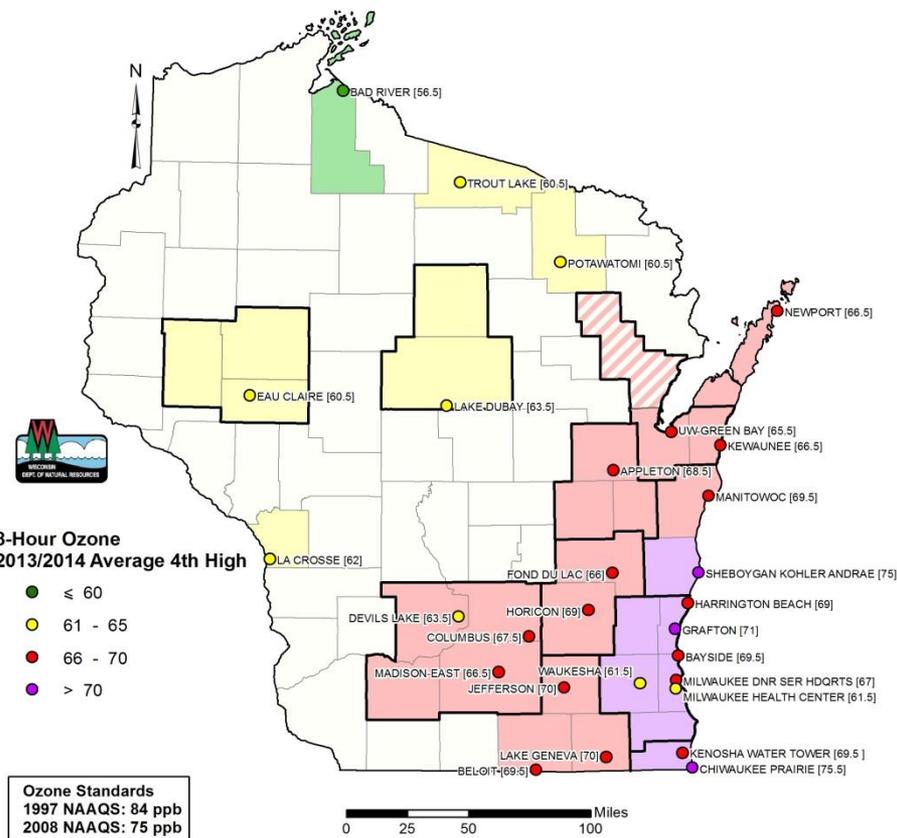
Draft 8-Hour Ozone Design Values (DVs): 2012-2014*
WDNR Ozone Monitoring Sites



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.

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Draft 8-Hour Ozone 4th High Average: 2013/2014



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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