

Air Management Study Group Quarterly Meeting

Madison
November 29, 2016

DNR Guidance

Kristin Hart

Permits & Stationary Source Modeling Section Chief

Air Program Guidance in the Works

- Air Quality Background Concentrations
 - Update to background concentrations used in air quality dispersion modeling analyses
 - Corresponds to finalization of 1-hr Standards
- <http://dnr.wi.gov/news/input/Guidance.html>

DNR Comments on Proposed Federal Rules

Kristin Hart

Permits & Stationary Source Modeling Section Chief

David Bizot

Regional Pollutant & Mobile Sources Section Chief

EPA Proposed Rules

Recently submitted comments

Proposed EPA rule	Docket	Comment date
<u>Draft Guidance on Significant Impact Levels for Ozone and Fine Particles in the Prevention of Significant Deterioration Permitting Program</u>	Draft technical guidance comments submitted to EPA NSR Permitting group (no docket)	Sept. 30, 2016
<u>Revisions to the Petition Provisions of the Title V Permitting Program</u>	<u>EPA-HQ-OAR-2016-0194</u>	Oct. 24, 2016
<u>Reclassification of the Sheboygan, Wisconsin Area To Moderate Nonattainment for the 2008 Ozone NAAQS</u>	<u>EPA-R05-OAR-2016-0277</u>	Oct. 28, 2016
<u>Air Plan Approval; Wisconsin; NOx as a Precursor to Ozone, PM2.5 Increment Rules and PSD Infrastructure SIP Requirements</u>	<u>EPA-R05-OAR-2016-0134</u>	Oct. 31, 2016
<u>Clean Energy Incentive Program Design Details</u>	<u>EPA-HQ-OAR-2016-0033</u>	Oct. 31, 2016

EPA Proposed Rules

Currently reviewing

Proposed EPA rule	Docket	Comments due
<u>Revisions to the Prevention of Significant Deterioration (PSD) and Title V Greenhouse Gas (GHG) Permitting Regulations and Establishment of a Significant Emissions Rate (SER) for GHG Emissions Under the PSD Program</u>	<u>EPA-HQ-OAR-2015-0355</u>	Dec. 16, 2016
<u>Notice of Availability of Three Updated Chapters in the Environmental Protection Agency's Air Pollution Control Cost Manual</u>	<u>EPA-HQ-OAR-2015-0341</u>	Dec. 21, 2016
<u>Proposed Information Collection Request; Comment Request; Implementation of the Ambient Air Protocol Gas Verification Program</u>	<u>EPA-HQ-OAR-2010-0050</u>	Jan. 3, 2017
<u>Implementation of the 2015 National Ambient Air Quality Standards for Ozone: Nonattainment Area Classifications and State Implementation Plan Requirements</u>	<u>EPA-HQ-OAR-2016-0202</u>	Jan. 17, 2017

Monitoring Trends Report

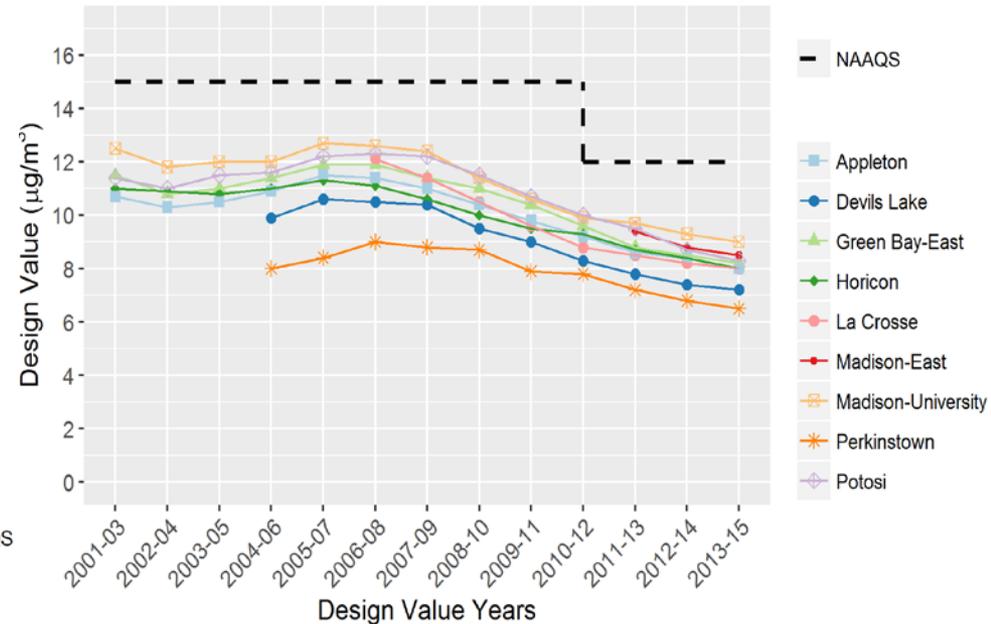
Katie Praedel
Air Monitoring Section Chief

Monitoring Trends Report

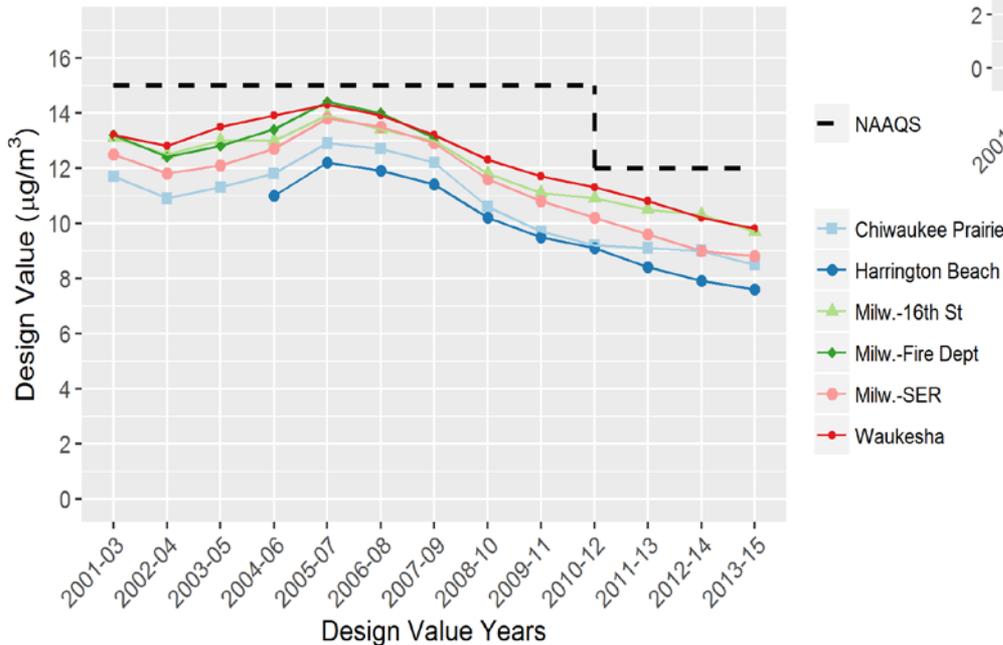
- Annual summary report
 - Highlights monitoring data trends over the decades
 - Improvements made every year
 - Characterizes patterns of regional transport through graphs
- Will be distributed publicly in December 2016 on DNR Air Monitoring website
 - <http://dnr.wi.gov/topic/AirQuality/Trends.asp>

Monitoring Trends Report

Annual PM_{2.5} Design Values - Inland Region



Annual PM_{2.5} Design Values - Southeast Region



Calendar Year 2017 AMSG Dates/Priorities

Gail Good
Air Program Director



AMSG Priority Topics

- Permitting
 - 50% ROP Development
 - Permit Streamlining
 - PM_{2.5} Permit Modeling/Significant Impact Levels
- MATS & ICI Boiler MACT Implementation
- SO₂ NAAQS Implementation
- NSR Emission Reduction Credits
- Alternative Enforcement Options
- Additional Time-Sensitive Topics As Relevant



2017 AMSG Meeting Dates

- February 23, 9:00 am – 12:00 pm
- June 8, 9:00 am – 12:00 pm
- August 24, 9:00 am – 12:00 pm
- November 30, 9:00 am – 12:00 pm

Note: All dates occur on Thursday.

Permit Streamlining

Kristin Hart

Permits & Stationary Source Modeling Section Chief

Permit Streamlining Efforts

- New Rules - Phase I of Permit Streamlining Rule finalized December 1, 2015
 - Fulfilled a statutory requirement to create a “Natural Minor” operation permit exemption
 - 6 facilities have taken advantage of the exemption so far
 - Additional outreach of the exemption and its advantages and disadvantages will begin this Fall
 - Restricted use engine exemption from construction and operation permits
 - Streamlined procedures and corrected and cleaned up confusing rule language

Permit Streamlining Efforts

- New Permits – Type B Registration Permit issued February 2016
 - Fulfilled a statutory requirement
 - 27 facilities covered so far
 - Outreach is ongoing

Next Permit Streamlining Efforts

- Phase II of Air Permit Streamlining Rule is kicking-off
- Scope Statement includes the following
 - Fulfill statutory requirement to define “cause or exacerbate”
 - Consider an administrative revision process for construction permits
 - Consider “like-kind replacement” exemption from minor source construction permits
 - Additional clean up and streamlining of procedures

Process

- DNR to begin drafting rule language
- Meet with stakeholders to discuss proposed language
 - Understand needs
 - Understand concerns
 - Hear other ideas
- Prepare a final draft rule board order
- Solicit comments on economic impacts of the rule
- Present draft to Natural Resources Board
- If Board approves, step through rest of rule process

Tentative Schedule

- November and December 2016 – DNR staff work on drafting different portions of rule
- January April and July 2017 – Meet with stakeholders
- Summer 2017 - Finalize draft rule board order
- Fall/Winter 2017 - draft economic impact analysis, hold hearings
- Early 2018 – Respond to comments, finalize rule package
- Summer 2018 – Final rule package to Natural Resources Board for adoption
- Late 2018 – Effective date of rule

SSM SIP Workgroup

Kristin Hart

Permits & Stationary Source Modeling Section Chief

Acronyms and Definitions

- **SIP** – State Implementation Plan
- **SS or SSM** – Startup/Shutdown and Malfunction
- **Affirmative defense** - an exemption from enforcement when a an emission limit is exceeded under a specified circumstance
- **Force majeure** - an event that is caused by circumstances beyond the control of the permittee that prevents it from complying with a regulatory requirement
- **Enforcement discretion** – allowance for the permitting authority to decide whether or not to proceed with enforcement against a permit holder. Also referred to as **Director's discretion**

History of Startup/Shutdown/Malfunction Issue

- June 2011 Sierra Club Petition for Rulemaking: State SIPs do not follow EPA guidance
 - Rule language appears to allow automatic exemptions during SSM
 - Rule language appears to offer arguments against enforcement action
 - Rule language offers defense against monetary penalties
- EPA agreed with Sierra Club's 2011 petition and made a preliminary finding that provisions in 36 states' SIPs relating to excess emissions during SS events were inadequate
- Wisconsin was not identified in the original preliminary finding
- Sierra Club noted that Wisconsin should have been included and MEDC filed a petition specifically for Wisconsin

History of Startup/Shutdown/Malfunction Issue

- Supplemental Notice of Rulemaking for the original 36 states was filed on September 17, 2014
 - includes malfunction events in addition to startup/shutdown
- EPA finalized SIP call for 36 states (published in the federal register June 12, 2015)
- Current lawsuits related to EPA's SIP call
 - Walter Coke v. EPA (D.C. Cir., 15-1166): 19 states and 17 industry groups
 - Slated for oral argument before the end of 2016 **but** petitioners did not obtain a stay of the SIP call, and so
- Revised SIPs were due November 22, 2016

What States Receiving SIP Call Must Do

- Remove or revise rule language cited in the SIP call
- Revise rule language cited in the SIP call
 - Rule language must conform to current guidance
 - SIP call rules and new rules may not include automatic exemptions for exceedances during SSM events
 - SIP call rules and new rules may not offer affirmative defense to enforcement or penalties for exceedances during SSM

Affirmative defense - an exemption from enforcement for a source to exceed of an emission limit in a specified circumstance (i.e., SSM event)

SSM Rule Language EPA says is Approvable

- SIP rules that include alternative limits, controls, or work practices that would apply during SSM scenarios
- Use of “enforcement discretion” to decide whether to pursue enforcement actions for SSM situations
- SIP rules must include criteria and procedures for enforcement discretion

Wisconsin has SSM language

S. NR 436.03(2) - Emissions in excess of the emission limitations set in chs. NR 400 to 499 may be allowed in the following circumstances:

- a) When an approved program or plan with a time schedule for correction has been undertaken and correction is being pursued with diligence.
- b) When emissions in excess of the limits are temporary and due to scheduled maintenance, startup or shutdown of operations carried out in accord with a plan and schedule approved by the department.
- c) The use of emergency or reserve equipment needed for meeting of high peak loads, testing of the equipment or other uses approved by the department. Such equipment must be specified in writing as emergency or reserve equipment by the department. Upon startup of this equipment notification must be given to the department which may or may not give approval for continued equipment use.

Effect on Wisconsin

- Wisconsin has not received a SIP call on SSM issues
- EPA was sued by MEDC to include Wisconsin in SIP call
- Small workgroup of stakeholders and interested parties has met several times:
 - Discussed issues
 - Reviewed how other states are proposing to handle SIP call
 - Removal of rules
 - Revision of rules
 - Litigation
 - Discussed a variety of ways Wisconsin could address a SIP call if/when it is received

Next Steps

- SSM Workgroup last met in August 2016
- DNR will continue to monitor other proposed state rules
- DNR will continue to monitor the outcome of ongoing litigation
- DNR will continue to review and approve requests under s. NR 436.03, Wis. Adm. Code.

Ozone Update

David Bizot

Regional Pollutant & Mobile Sources Section Chief

2008 Ozone NAAQS: Reclassifications to “Moderate”

- Background:
 - Partial Kenosha County (Chicago metro) NAA: Did not attain the 2008 standard by the July 20, 2015 “marginal” attainment date.
 - Sheboygan County NAA: Also did not attain by July 20, 2015. Area received one-year extension to July 20, 2016, but did not attain.
- Per CAA, areas that fail to attain by required date must get “bumped-up” to next higher classification – in this case, “moderate.”
 - EPA finalized Kenosha/Chicago bump-up in May 2016
 - EPA proposed Sheboygan bump-up in Sep 2016. Finalization expected in Nov/Dec 2016.
- Areas will have to attain by July 20, 2018 – in practice, this means by the end of the 2017 ozone season.

Implications of “Moderate” Classification

- DNR will need to complete attainment plans for both areas by Jan 1, 2017. Already developing technical work/modeling through LADCO.
- Areas already meet most moderate area requirements due to past nonattainment history.
 - Areas already implement vehicle emissions inspection (I/M) program.
 - Areas have pre-existing VOC/NOx Reasonably Available Control Measures (RACT). DNR will conduct a RACT review to ensure it is up-to-date.
- Counties may already be able to demonstrate 15% rate of progress.
- Major source threshold remains 100 tons. Offset ratio changes from 1.1:1 to 1.15:1

Preliminary 2014-16 design values & 2017 critical values

SITE	County	4th high values			2014-16 Design Value*	2017 "Critical Value"
		2014	2015	2016		
NEWPORT PARK	Door	65	74	77	72	62
CHIWAUKEE PRAIRIE	Kenosha	76	75	81	77	57
KENOSHA - WATER TOWER	Kenosha	70	68	76	71	69
KEWAUNEE	Kewaunee	65	70	72	69	71
MANITOWOC	Manitowoc	66	77	75	72	61
BAYSIDE	Milwaukee	69	68	77	71	68
GRAFTON	Ozaukee	74	70	72	72	71
HARRINGTON BEACH	Ozaukee	70	71	79	73	63
RACINE - PAYNE AND DOLAN	Racine		68	77		68
SHEBOYGAN - KOHLER ANDRAE	Sheboygan	72	81	85	79	47
SHEBOYGAN - HAVEN	Sheboygan	68	67	74	69	72
LAKE GENEVA	Walworth	73	67	73	71	73

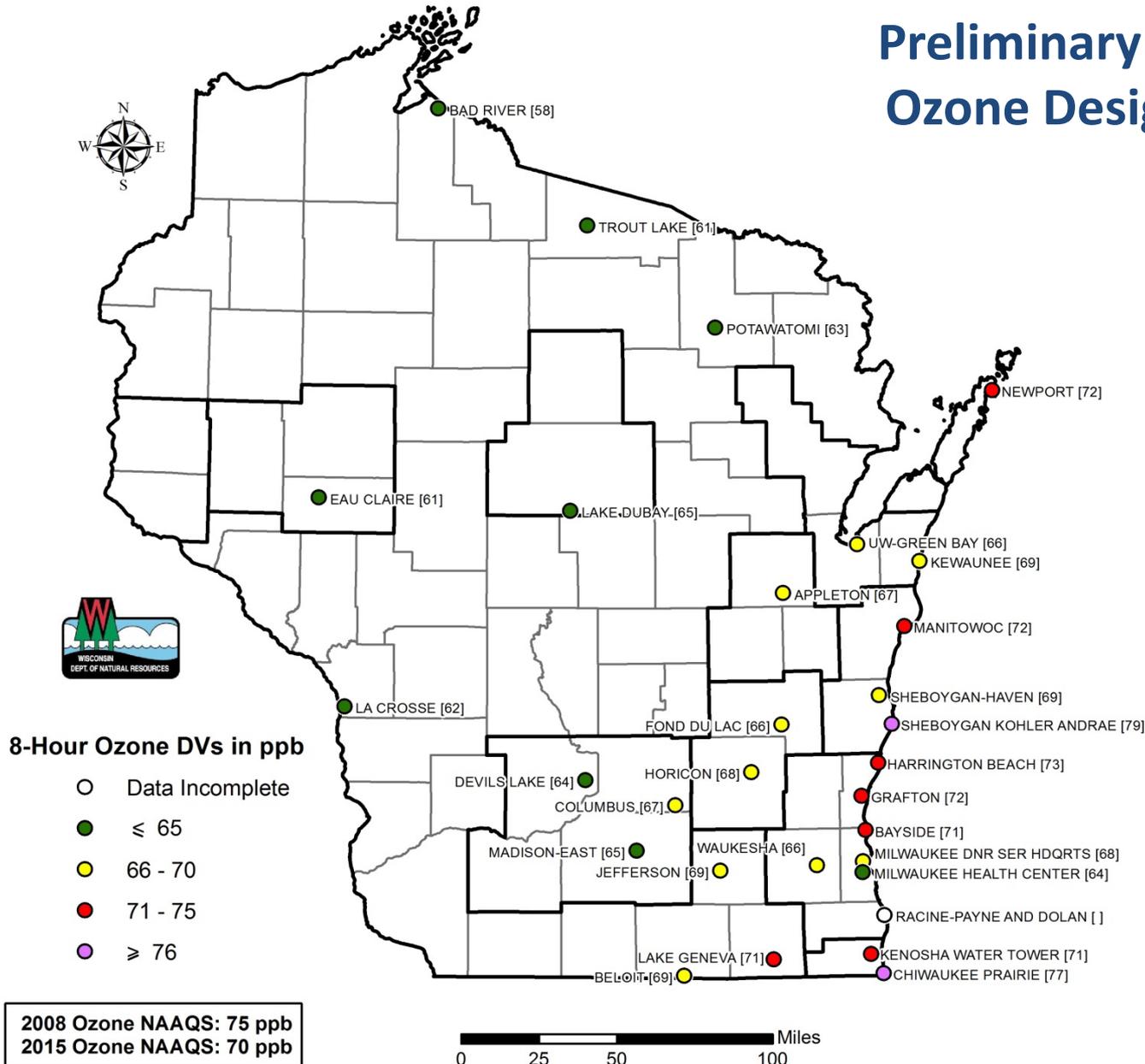
Value above the 2015 ozone NAAQS (70 ppb)

* 2016 season ended Oct 31. Data is preliminary/ not QA'd and subject to change

Preliminary 2014-2016 Ozone Design Values*

Data is preliminary/not QA'd
and subject to change

Heavy lines delineate
statistical areas



* Season ended Oct. 31, 2016

2015 Ozone NAAQS (70 ppb) Area Designations - Timeline

- Governor submitted recommendation to EPA on Sep. 21, 2016 that all Wisconsin counties be designated as attainment.
- These recommendations can be updated – may consider 2016 data and possibly 2017 data

Milestone	Date
States submit area recommendations to EPA	No later than October 1, 2016
EPA notifies states concerning any intended modifications to their recommendations (“120-day letters”)	No later than June 2, 2017
EPA publishes notice of designation recommendations and initiates 30-day public comment period	On/about June 9, 2017
States submit additional information, if any, to respond to EPA’s modification of a recommended designation	No later than August 7, 2017
EPA promulgates final nonattainment area designations	No later than October 1, 2017