



▶ **REGULATORY UPDATE: AIR QUALITY ISSUES WATCH**
 2015 Will Be an Interesting Year in the World of Air Quality

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REGULATORY UPDATE: AIR QUALITY ISSUES WATCH

It's Not Your Imagination



▶ There's A Lot of Stuff to Keep up With!

- **Since about 1984, at least 2,300 new regulations have been placed on manufacturers.**
- **Since 1982, almost 2 million pages of presidential documents, rules, proposed rules and notices have been published in the Federal Register.**

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There's A Lot to Keep Up With



▶ Six Major Air Regulations Impact on Manufacturing

- **NESHAP for Coal & Oil Fired Electric Steam Generating Utilities, the Utility MACT, the Boiler MACT and others;**
- **Could cost manufacturers more than \$100 billion annually; and**
- **Lead to the loss of up to 2 million jobs.**

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There's A Lot to Keep Up With



▶ EPA's National Enforcement Initiatives for FY 2014-2016-Air Issues

- **Cutting Toxic Air Pollution**
- **EPA will target and reduce emissions of toxic air pollutants in three areas:**
 - Leak detection and repair;
 - Reduction of the volume of waste gas to flares and improvements to flare combustion efficiency;
 - Excess emissions, associated with startup, shut down an malfunction.

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There's A Lot to Keep Up With



▶ EPA's National Enforcement Initiatives for FY 2014-2016-Air Issues

- **Reducing Air Pollution From The Largest Sources**
 - Coal Fired Utilities;
 - Cement;
 - Glass;
 - Acid Sectors.

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► Keep Your Eyes on These Issues

- "Carbon Pollution Standard for New Power Plants" was developed under Section 111(b) of the Clean Air Act.
- Carbon Pollution Standards for Existing Power Plants (known as the Clean Power Plan), per its authority under Section 111(d) of the Clean Air Act (CAA).
- **Improvements to Flair Efficiency**
- **Ozone Standards**

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Clean Air Act 111(b) and (d)



Two Rules: Double Trouble!

Proposed Rule For New Sources Under CAA Section 111(b)	Proposed Rule for Existing Sources under CAA Section 111(d)
Issued Sept. 20, 2013. Published January 8, 2014 Comment period closed May 2014.	Issued June 2, 2014. Published June 18, 2014. Comment deadline-December 1, 2014
Set limits (NSPS) for natural gas fired power plants at 1,000 lbsCO ₂ /MWh & for coal at 1,100 lbsCO ₂ /MWh.	Establishes state-specific CO ₂ intensities. <ul style="list-style-type: none">• Ky's 2020-2029: 1844 lbsCo₂/MWh• Final goal, 2013, 1763 lbsCO₂/MWh (may change)
Requires partial CCS for coal to meet the standard.	Provides multiple pathways for compliance.
EPA retains more authority; states adopt the rule.	States will establish implementation plans, working with stakeholders and legislature.

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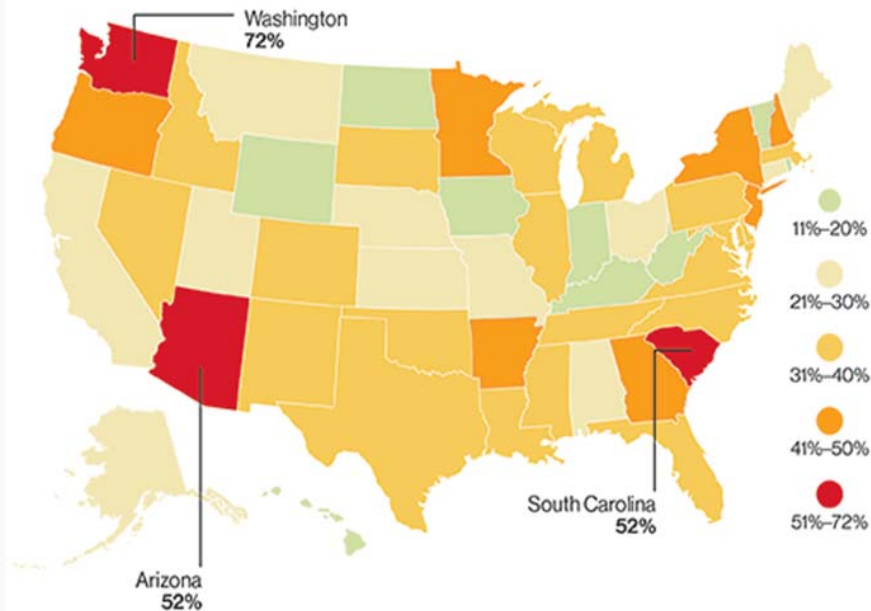
Clean Air Act 111(b) and (d)



▶ State by State Comparison

State-by-State Cleanup

The EPA is requiring states to change the amount of carbon dioxide they release per megawatt hour of electricity generated. The percent change varies from state to state.



Source: U.S. EPA Clean Power Plan

MIT Technology Review

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Clean Air Act 111(b) and (d)



▶ Cabinet's Perspective on New Source Rule 111 (b)-Secretary Peters

- **EEC submitted comments in opposition to EPA's proposed GHG rule for new sources:**
 - EEC stressed that CCS is not adequately demonstrated on a commercial scale.
 - Rule inappropriately sets energy policy and constitutes a significant energy action.
 - Emission standard for coal unreasonable-EEC recommended a standard that can be achieved with super critical coal and ultimately with ultrasupercritical coal.
 - EPA did not properly consider costs and economic impacts.

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Clean Air Act 111 (b) and (d)

▶ Cabinet's Perspective on Existing Source Rule 111 (d)-Secretary Peters

- Proposed rule acknowledges that KY is a heavy manufacturing state.
- It sets firm requirements for states but provides multiple pathways for states to comply.
- How will planned and announced coal fired EGU retirements count toward compliance?
- Implications on electricity prices and coal production are yet unclear-however, likely negative impacts on both.
- Important to remember it is a proposed rule that could be changed as a result of public comments.

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Flaring



▶ EPA Enforcement Targets Flaring Efficiency Violations

- EPA is devoting significant enforcement resources to correcting regulatory noncompliance at flares.
- EPA enforcement is investigating and seeking resolution of low heating value and excess steam or air addition at industrial flares.
- Flare owners are expected to operate in accordance with the manufacturer's recommendations, and publicly available documents, including long available literature from EPA...
- EPA is using its enforcement powers (CD's) to move this technological evolution, rather than its rule making processes.

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Ozone Standard

▶ Ozone Standard to be Reduced

- Current Ozone standard is 75 Parts Per Billion;
- EPA is considering lowering the standard to between 60 and 70 ppb;
- The Agency plans to introduce a proposed rule by December 1;
- National Association of Manufacturers said the rule could cost industry \$270 billion/year in compliance costs;
- “Considering EPA and states have not fully implemented the current standard, it would be prudent for the administration to maintain the current level” Rep. Ed Whitfield (R-KY);
- “The rule puts the brakes on big industrial projects, highway projects, etc.” Sen. David Vitter (R-LA).

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