

Cross State Air Pollution Rule: Implications for Connecticut



Anne Gobin, Chief
Bureau of Air Management

Ozone Season Trading

CT Trading Program

22a-174-22

- Applicable to 38 EGUs and 23 industrial units beginning in 1995
- DERCS can be created for early reductions and over-compliance
- At current rate of use, DERC supply may disappear by May 2014
- Industrial orders expire January 2013, EGUs May 2014

OTC NO_x Budget Program

22a-174-22a

- Included 9 states + DC
- Applicable to 61 CT sources from 1999-2002
- CT O₃ season EGU and large non-EGU budget **5866 T**
- Repealed 9/7/07

NO_x SIP Call

22a-174-22b

- Included 22 states + DC
- Applicable to 62 CT sources from 2003 to 2008
- CT O₃ season EGU large non-EGU budget **4466 T**
- Repealed 5/1/10

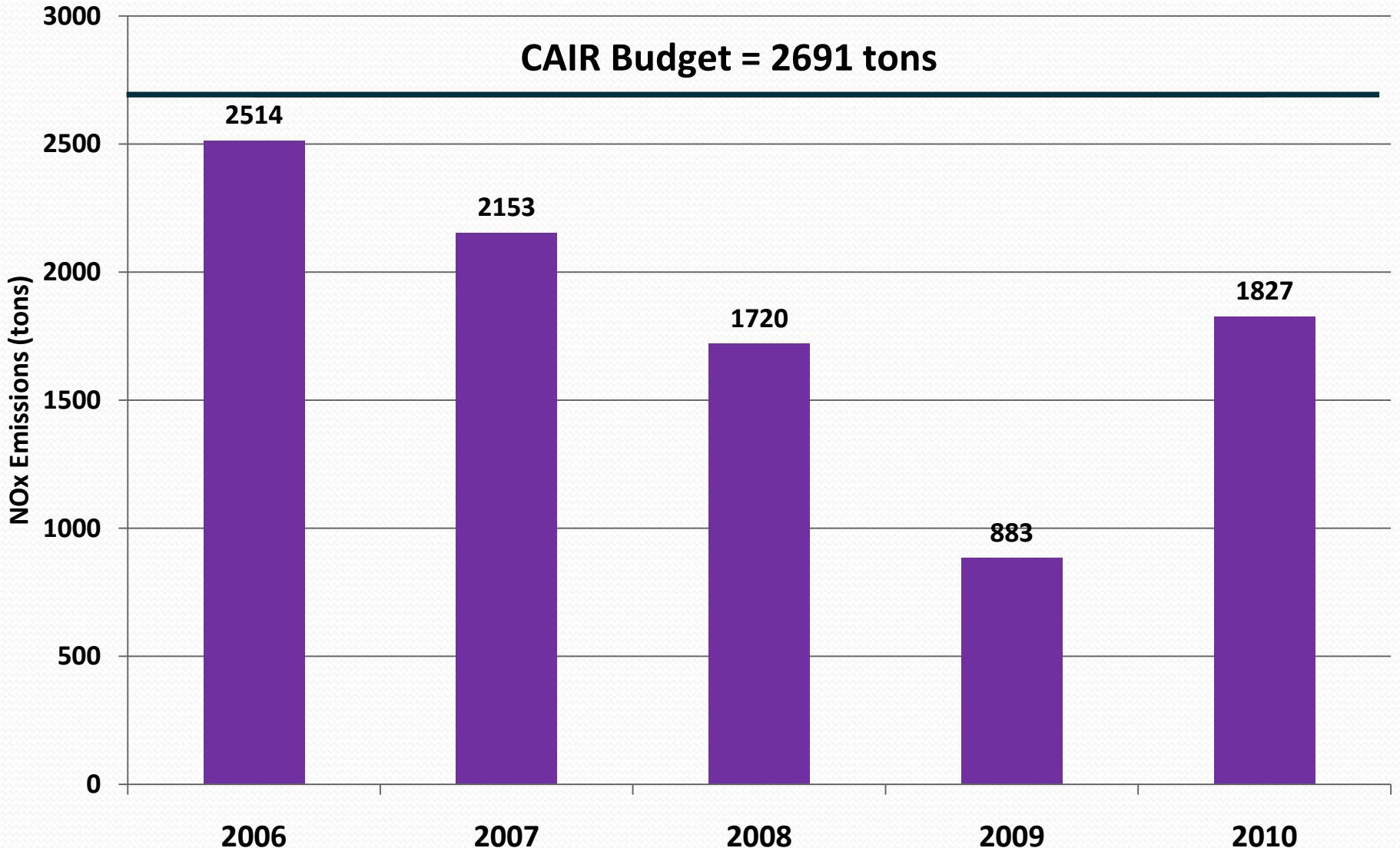
CAIR

22a-174-22c

- Includes 25 states
- Applicable to 65 CT sources from 2009 to 2014
- CT O₃ season EGU and large non-EGU NO_x budget **2691 T**
- With CSAPR, ceases to exist Jan 1, 2012. All CAIR currency sunsets.

Actuals vs CAIR Budget

Total Actual Ozone Season NOx Emissions for Connecticut CAIR Sources



Post CAIR





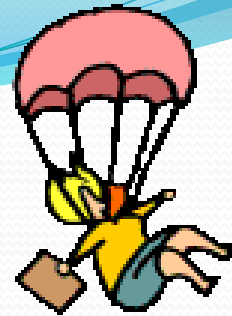
TR1 (aka CSAPR)

- State caps to address EGU significant contribution
- Assurance provision allows limited deviation from cap
- EPA administered program
- Contribution determined by EPA modeling
- Serves as a replacement for CAIR, an EPA mandated program that has reduced emissions and improved air quality

No Backsliding



- "For states covered by CAIR or CAIR FIPs that are not subject to the Transport Rule and have relied on CAIR reductions to satisfy other SIP requirements, EPA will discuss with states alternative ways to satisfy requirements for those SIP requirements, e.g., through intrastate cap and trade programs that require the level of reductions on which the state has recently relied."



Options to Address Backsliding

- Set source specific caps to limit summer NO_x from CT EGUs (small and large) and large non-EGUs.
- Do nothing and accept EPA consequences.
- Investigate viability of developing a CT-MA ozone season trading program.
- **Apply current state CAIR-based rule as state-only rule and ask EPA to continue to administer the program. Only CT allowances could be used by CT sources.**

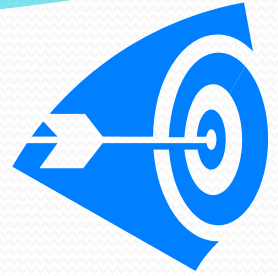
Factors to Consider

- CAIR replacement NO_x program **must be in place by spring of 2012.**
- New program will serve as **an interim program** and will not provide long-term certainty. EPA actions (*i.e.*, revised ozone standard, CSAPR₂) will force change.
- **SO₂ NAAQS SIP** due June 2013 must address compliance for oil burning EGUs.
- DEEP resource constraints and regulatory process timeline make efficiency key.

DEEP Air Resource Constraints

- 15 staff received notices
- Ongoing attrition with no refills
- Operating Budget cut
- More mandates, less resources
- Streamlining focus to date; need game changing strategies

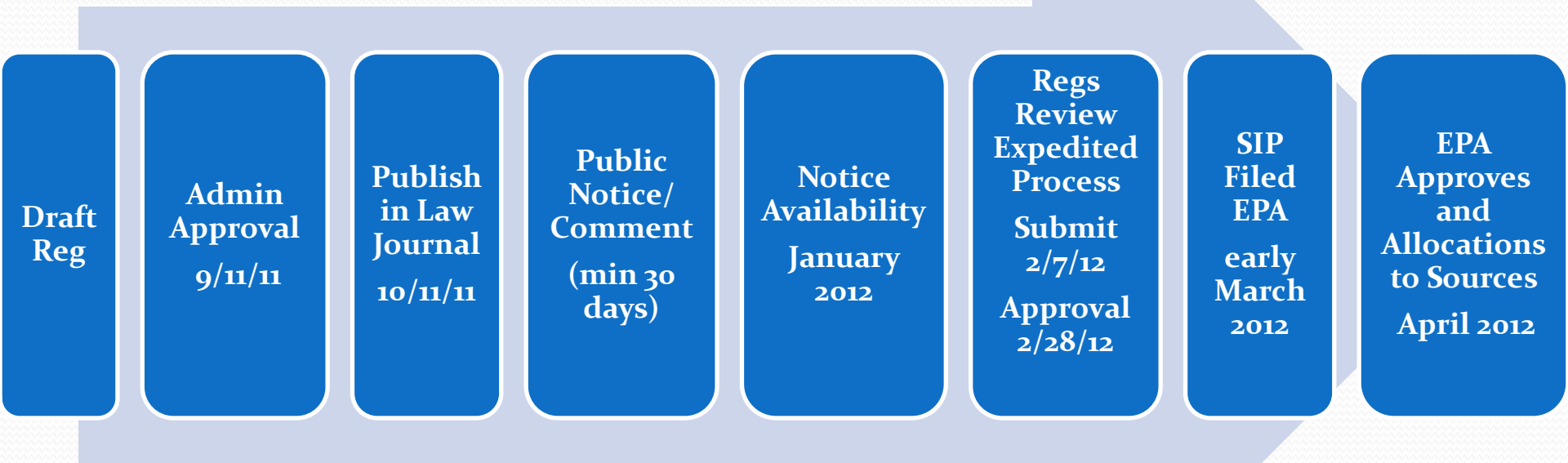




Strategy

- Make it work
- Gap fill
- Legal patch, not redesign

CAIR Gap Expedited Schedule

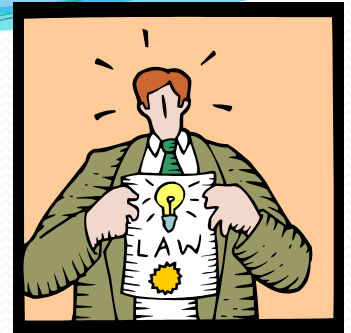




CAIR Gapfilling-- Next Steps

- Conversation with affected sources
- Commitment from EPA re: running the bank
- Working draft regulation August
- Expedited timeframe with no rework, debate

New Reg Development Priorities



- CAIR Gap Fill
- Vapor Recovery Game Changing
- Section 22 NO_x reg simplified common sense compliance assurance quick fixes
- Limited other reg fixes as necessary

Quick Fixes to Section 22

Under Consideration

- Reduce the number of sources subject to the compliance plan and annual reporting requirements
- Exempt emergency engines operated by certain source sectors (i.e., those subject to FERC or other regulatory scheme) from the prohibition on testing on forecast high ozone days
- Open the re-test window to allow for testing to occur in the same month each year
- Clear up the compliance plan submission requirements for new units and modifications

Focus on the Priorities

Failure



Success

