

# Re-Cap/Update Cross-State Air Pollution Rule

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Prepared for the Missouri Air Conservation Commission

# Outline

- Cross-State Air Pollution Rule (CSAPR)  
Actions Since the Stay
- CSAPR Overview
- Missouri SIPs and Rulemakings to  
Reallocate CSAPR Allowances

# CSAPR Actions Since the Stay

Date	Action
Dec. 30, 2011	D.C. Circuit Court Stays CSAPR
Aug. 21, 2012	D.C. Circuit Court vacates CSAPR and remands it to EPA
April 29, 2014	U.S. Supreme Court reverses D.C. Circuit Court decision to vacate CSAPR and remands case back to D.C. Circuit Court
.Oct. 3, 2014	D.C. Circuit Court grants EPA's motion to lift the CSAPR stay and toll compliance dates in the rule by three years
Dec. 3, 2014	EPA issues Ministerial Interim Final Rule to toll compliance dates in CSAPR by three years
Jan. 1, 2015	CSAPR implementation begins
Feb. 25, 2015	D.C. Circuit Court to hear unresolved CSAPR issues

# CSAPR Overview

- CSAPR replaces CAIR
- Reduces power plant emissions that contribute to interstate transport of pollution
- Addresses “Good Neighbor” obligations for the following standards:
  - 1997 Ozone NAAQS
  - 1997 annual PM<sub>2.5</sub> NAAQS
  - 2006 24-hour PM<sub>2.5</sub> NAAQS

# CSAPR Overview (cont.)

- Based on regional trading of emission allowances for Electric Generating Units (EGUs)
- Establishes 4 regional trading programs
  - Annual SO<sub>2</sub> Group 1 (MO)
  - Annual SO<sub>2</sub> Group 2
  - Annual NO<sub>x</sub> (MO)
  - Ozone Season NO<sub>x</sub> (MO)
- Implemented through Federal Implementation Plans
- Begins Jan. 1, 2015

# Amendments to the CSAPR

- Supplemental Rule (December 2011)
  - Added MO to the NO<sub>x</sub> Ozone Season Trading Program
- 1<sup>st</sup> Technical Revisions Rule (February 2012)
  - Removed Variability/Assurance Provisions for first two years
- 2<sup>nd</sup> Technical Revisions Rule (June 2012)
  - Revised MO New Unit Set-Asides for all three trading programs
- Ministerial Final Rule (December 2014)
  - Delayed compliance dates by three years





# Emission Budgets and Allowances

- **State Budget Levels**
  - Determined using modeled electricity generation with cost effective controls
- **Unit Allowances (federal allocation method)**
  - Based on historical unit level heat input and emissions data
- **New Unit Set-Aside Budget**
  - Applies to new units that began operating after Jan. 1, 2010
    - In Missouri (two units): John Twitty Unit 2 & Iatan Unit 2



# Missouri CSAPR Allowances

		NO <sub>x</sub> Annual	NO <sub>x</sub> Ozone Season	SO <sub>2</sub> Group 1 Annual
Phase 1 (2015 – 2016)	Budget	52,400	22,788	207,466
	New Unit Set-Aside	3,144 or 6% (3% for 2015)	1,367 or 6% (3% for 2015)	6,244 or 3% (2% for 2015)
Phase 2 (2017 and Beyond)	Budget	48,743	21,099	165,941
	New Unit Set-Aside	2,295 or 6%	1,266 or 6%	4,978 or 3%

# Variability and Assurance Provisions

- Variability is the amount of allowances over the state budget that can be spent in a single year without penalty
  - Annual NO<sub>x</sub> and SO<sub>2</sub>: 18% of the statewide budget
  - Ozone season NO<sub>x</sub>: 21% of the statewide budget
- Variability + Initial Budget = Assurance Level
- Starts in 2017 and Beyond

# SIP Options

- Budget total cannot be changed
- 2015 allowances: Cannot be changed
- 2016 allowances and beyond: Can be modified by states through a SIP revision
  - 2016 allowances: due **April 1, 2015**
  - 2017 and 2018 allowances: due **Dec. 1, 2015**

# SIPs for 2016 Control Period

- SIP Revision to reallocate allowances for two programs:
  - NO<sub>x</sub> Annual, and NO<sub>x</sub> Ozone Season
- Purpose: Allocate allowances to two facilities that received zero allowances under the FIP
  - Chillicothe and Higginsville
- Public Hearing: Today (Jan. 29, 2015)
- Scheduled Adoption: March 26, 2015

# Rulemakings for 2017 and Beyond Control Periods

- State rulemakings for all three programs:
  - NO<sub>x</sub> Annual, NO<sub>x</sub> Ozone Season, and SO<sub>2</sub> Annual
- Purpose:
  - NO<sub>x</sub> Annual and NO<sub>x</sub> Ozone: – Chillicothe & Higginsville
  - SO<sub>2</sub> Annual: Address assurance provision concerns for a unit with dual ownership
- Tentative Rulemaking Timeline:
  - 60-Day Comment Period: Early February 2015
  - Public Hearing: July 2015
  - Submittal Deadline: Dec. 1, 2015



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NATURAL RESOURCES

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# Questions?

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