

Small Business Regulatory Fairness Board

Small Business Impact Statement

Date: 4/8/15

Rule Number: 10 CSR 10-6.376, Cross-State Air Pollution Rule Annual SO₂ Trading Allowance Allocations

Name of Agency Preparing Statement:

Missouri Department of Natural Resources - Air Conservation Commission

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Name of Person Approving Statement:

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CSAPR is a U.S. Environmental Protection Agency (EPA) administered emission reduction program that aims to lessen the effect that emissions from air pollution sources in upwind states have on the attainment or maintenance of air quality in downwind states. The federal rule affects electric generating units throughout the state greater than twenty-five (25) mega-watts (MW) that produce electricity for sale. The CSAPR program affects one hundred twenty-five (125) units at forty-one (41) power plants in Missouri and, affected facilities that are unable to meet their emission limit will be required to purchase additional SO₂ allowances or add control equipment. Small business that are allocated SO₂ allowances will be required meet their SO₂ limit by operating at or below allowable levels, installing control equipment, or purchasing allowances. One of the state's units affected by CSAPR, Iatan Unit I, is owned by three different stakeholders, Kansas City Power and Light Company, Kansas City Power and Light Greater Missouri, and Empire District Electric. Each of these owners is entitled to a proportionate share of the federally allocated SO₂ allowances at Iatan Unit I, which may be used at other units they own. This could be accomplished by trading the allowances from one unit in the state to another; however, there are certain provisions in the CSAPR that discourage units from emitting more emissions than what they were initially allocated. Therefore, in order to avoid exceeding their emission limits, Empire District Electric has requested that their share of the excess Iatan Unit I SO₂ allowances (1,300 allowances) be allocated to another unit that they own in the state in order to increase the initial SO₂ allowance allocation for that particular unit. This rulemaking reallocates 1,300 SO₂ allowances from Iatan Unit 1 to Empire District Electric's Asbury plant. Through shareholder input, stakeholders concurred that this was their request. In conjunction with the emission allowance reallocations, the state rules incorporate new unit set-aside and existing unit allocation methods closely following the federal rule.

The Air Program shared initial development of this rulemaking by posting the draft rule text and the Regulatory Impact Report for the annual SO₂ CSAPR rules on the program website for a 60-day comment period. In addition, meetings with affected utility stakeholders were convened

providing technical expertise and feedback to assist the program in rule development which resulted in a more streamlined notification process via use of public web postings with email alerts. Finally, the rulemaking was discussed with the East-West Gateway Council of Governments' Air Quality Advisory Committee, and Air Program Advisory Forum. Small businesses will have additional opportunities to comment on this rulemaking at least thirty (30) days prior to, during, and seven (7) days after a public hearing. The normal rule process will be followed: public hearing, Missouri Air Conservation Commission adoption, order of rulemaking, and publication in the Code of State Regulations.

There are no additional costs to the implementing agency or other agencies as a result of this rulemaking nor will it impact the collection of fees. Similar tasks are currently being performed under a previous federal emission limit program, the forerunner of CSAPR. EPA will be administering the program for all states affected.

The small businesses that will be affected are entities that own and operate a stationary fossil-fuel-fired boiler or stationary fossil-fuel-fired combustion turbine serving at anytime on or after January 1, 2005 a generator with a nameplate capacity greater than twenty-five (25) mega-watts (MW) producing electricity for sale. All affected businesses will be required to meet SO₂ emission limits by operating at or below allowable levels, installing control equipment, or purchasing SO₂ allowances.

We do not anticipate any increases in cost, as similar tasks are currently being performed under a previous federal emission limit program.

Units at twenty-four (24) facilities will be required to meet SO₂ emission limits by operating at or below allowable levels, installing control equipment, or purchasing SO₂ allowances which is similar to the obligations currently being fulfilled under the previous federal emission limit program.

Does the proposed rulemaking(s) include provisions that are more stringent than those mandated by comparable or federal, state or county standards?

Yes No

If yes, explain the reason for imposing a more stringent standard.