60-Day Report on Transitioning NOx RECLAIM to Command and Control

May 5, 2017
Governing Board Hearing
60-Day Process

- Two Working Group Meetings and a conference call with Working Group
- 5 individual stakeholder meetings
- Goal is to achieve an additional 5 tons per day NO\textsubscript{x} reductions by 2025, and transition the program to command and control as soon as practicable
- Complex program with steep challenges for the transition
Complexity of RECLAIM Universe

268 Facilities in $\text{NO}_x$ RECLAIM
Complexity of RECLAIM Universe

- Petroleum Refining
- Rendering
- Textile
- Glass
- Brewing
- Metal Processes
- Printing
- Oil and Gas
- Utilities
- Food
- Chemical
- Asphalt/Cement
- Mfg
- Paper

DRAFT FOR WORKING GROUP DISCUSSION
Complexity of RECLAIM Universe

>2,500 Pieces of Equipment
Complexity of the Challenge

- Economic Impacts
- Monitoring, Recordkeeping, and Reporting
- Rule Development
- Environmental Impacts
- Permitting
- Policy Decisions
- Turnaround Schedules
- New Source Review
- Implementation Schedule
- Facility Bubbles
- BARCT Adjustments

DRAFT FOR WORKING GROUP DISCUSSION
Development of a Transition Plan

Identify Issues
- Create list of considerations and potential issues for transition

Collaborate with Stakeholders
- Discuss issues with Working Group
- Sub-Topic Work Groups
- Individual Meetings
- Develop options and actions to address issues

Strategic Planning
- Develop recommendations for each action
- Schedule for action:
  - Early Action (<18 months)
  - Mid-term Action (18 - 36 months)
  - Longer Action (<2024)

Implement
- Implement recommendations
Potential Early Action Items (18 months)

- Amend Rule 2001 to prohibit new facilities entering in the RECLAIM program
- Establish provisions for easy early exit for facilities
- Establish command and control rulemaking schedule
- Initiate technology assessments and rule development - emphasis on largest sources
- Establish a transition schedule to provide regulatory certainty
- Policy decisions:
  - SOx RECLAIM – sunset
  - Assess alternative compliance approaches within command and control such as facility bubbles
Potential Mid-term Action Items (36 months)

- Continue with BARCT determinations and rule development to amend command and control rules as needed
- Additional policy decisions
  - New source review – ERC availability
  - Permitting for ex-RECLAIM facilities
  - Monitoring, Recordkeeping, and Reporting Requirements
Potential Longer-term Action Items (No later than 2024)

- Track and ensure 5 tons per day are achieved by 2025
- Amend remaining command and control rules
- Amendments that sunset all remaining aspects of NOx RECLAIM program
Other Considerations

- Turnaround schedules and major downtime for large facilities
- Regulatory certainty: 12 tpd + 5 tpd
- BARCT assessments – minimizing stranded assets
- Economic and environmental impacts of the RECLAIM transition while still achieving air quality objectives
- Alternative compliance options during transition or within command and control
Timing of Transition to Command and Control

- Will require substantial additional analyses and public process beyond initial 60 days
- Staff discussed alignment of sunset date with 5 tpd commitment in 2025
- Working group suggested range of dates, from 2023 to 2031
- Practically, timing of sunset will likely vary for different
  - Industry sectors
  - Equipment types
  - Complexities and numbers of equipment at facility
  - BARCT/BACT status of facility
  - Allocation/Holding status – structured buyers, newer facilities
Next Steps for the Transition

• Continue to meet with the Working Group (monthly) and individual stakeholders/facility operators

• Further development of Transition Plan

• Establish priorities and initiate rulemaking with the first phase of proposed rule amendments
  • These rule changes can define the glide path of the transition process and provide more regulatory certainty

• Identify target dates for the completion of rules or rule amendments governing the transitioned facilities to a command and control rule structure

• Report back to Stationary Source Committee on progress and recommendations every ~6 months