

DRAFT FOR WORKING GROUP DISCUSSION

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

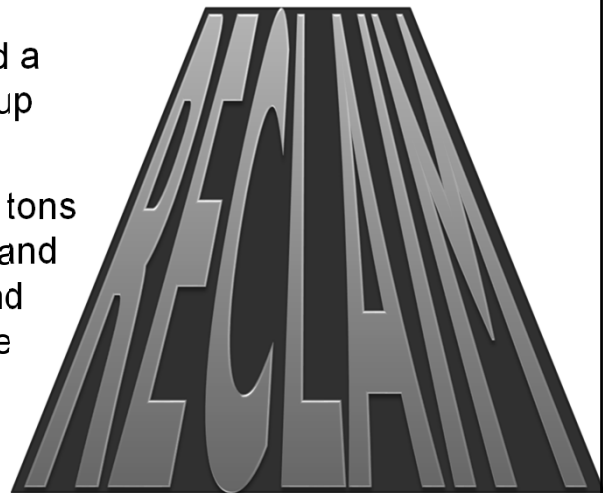
May 5, 2017

Governing Board Hearing

DRAFT FOR WORKING GROUP DISCUSSION

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_x reductions by 2025, and transition the program to command and control as soon as practicable
- Complex program with steep challenges for the transition



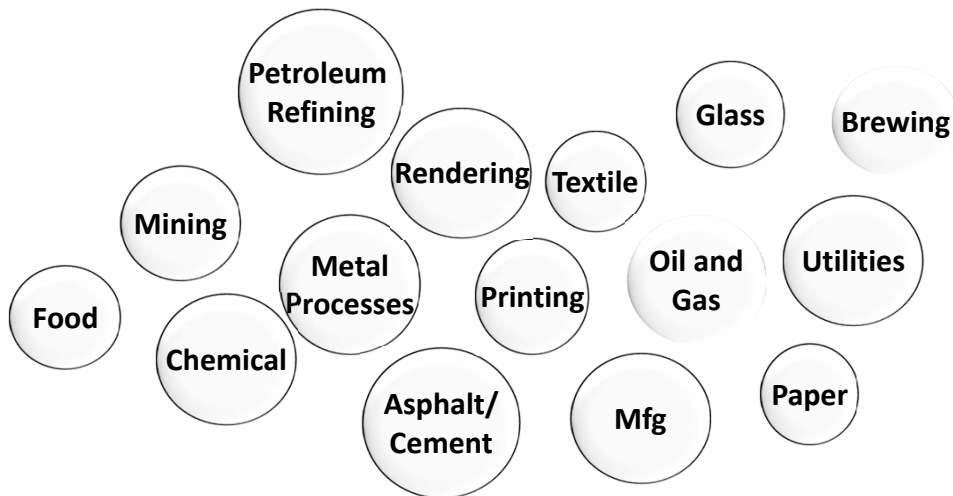
DRAFT FOR WORKING GROUP DISCUSSION

Complexity of RECLAIM Universe



DRAFT FOR WORKING GROUP DISCUSSION

Complexity of RECLAIM Universe



DRAFT FOR WORKING GROUP DISCUSSION

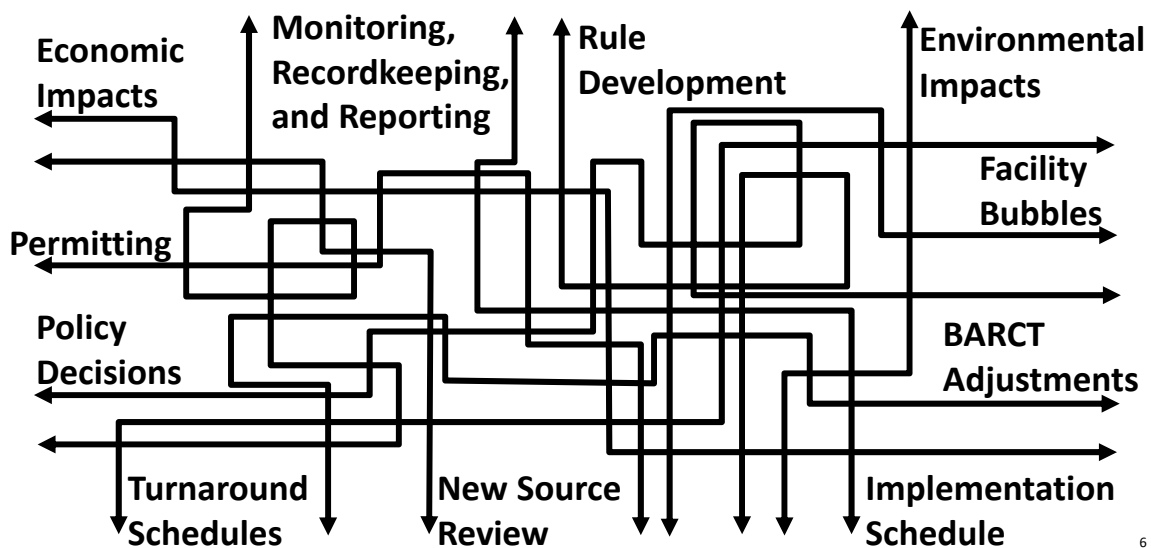
Complexity of RECLAIM Universe

>2,500
Pieces of
Equipment

5

DRAFT FOR WORKING GROUP DISCUSSION

Complexity of the Challenge



6

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

7

DRAFT FOR WORKING GROUP DISCUSSION

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

8





DRAFT FOR WORKING GROUP DISCUSSION

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

9



DRAFT FOR WORKING GROUP DISCUSSION

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

10

DRAFT FOR WORKING GROUP DISCUSSION

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

11



DRAFT FOR WORKING GROUP DISCUSSION

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

12



DRAFT FOR WORKING GROUP DISCUSSION

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

13