

DRAFT FOR WORKING GROUP DISCUSSION

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_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

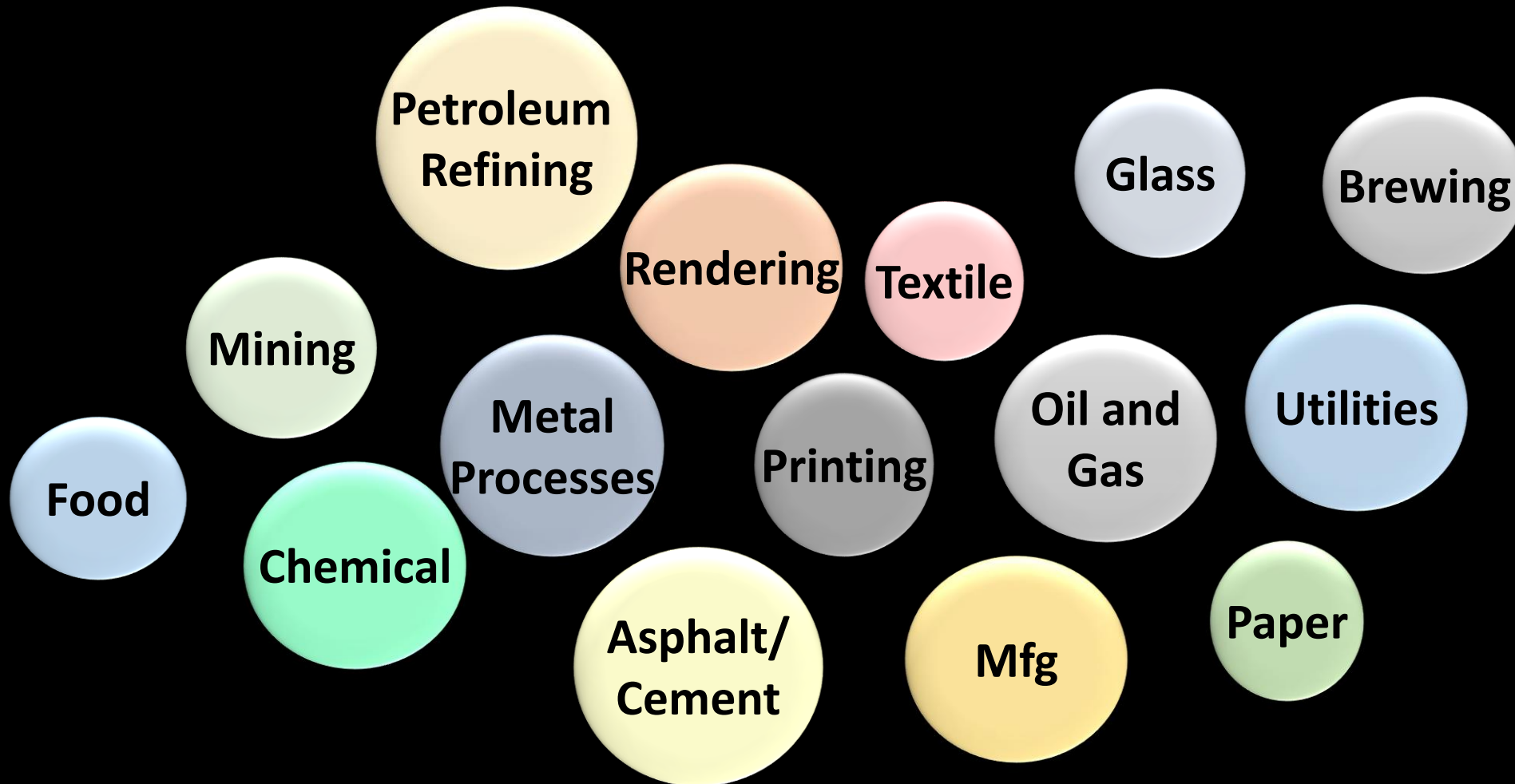
268

Facilities in

NO_x

RECLAIM

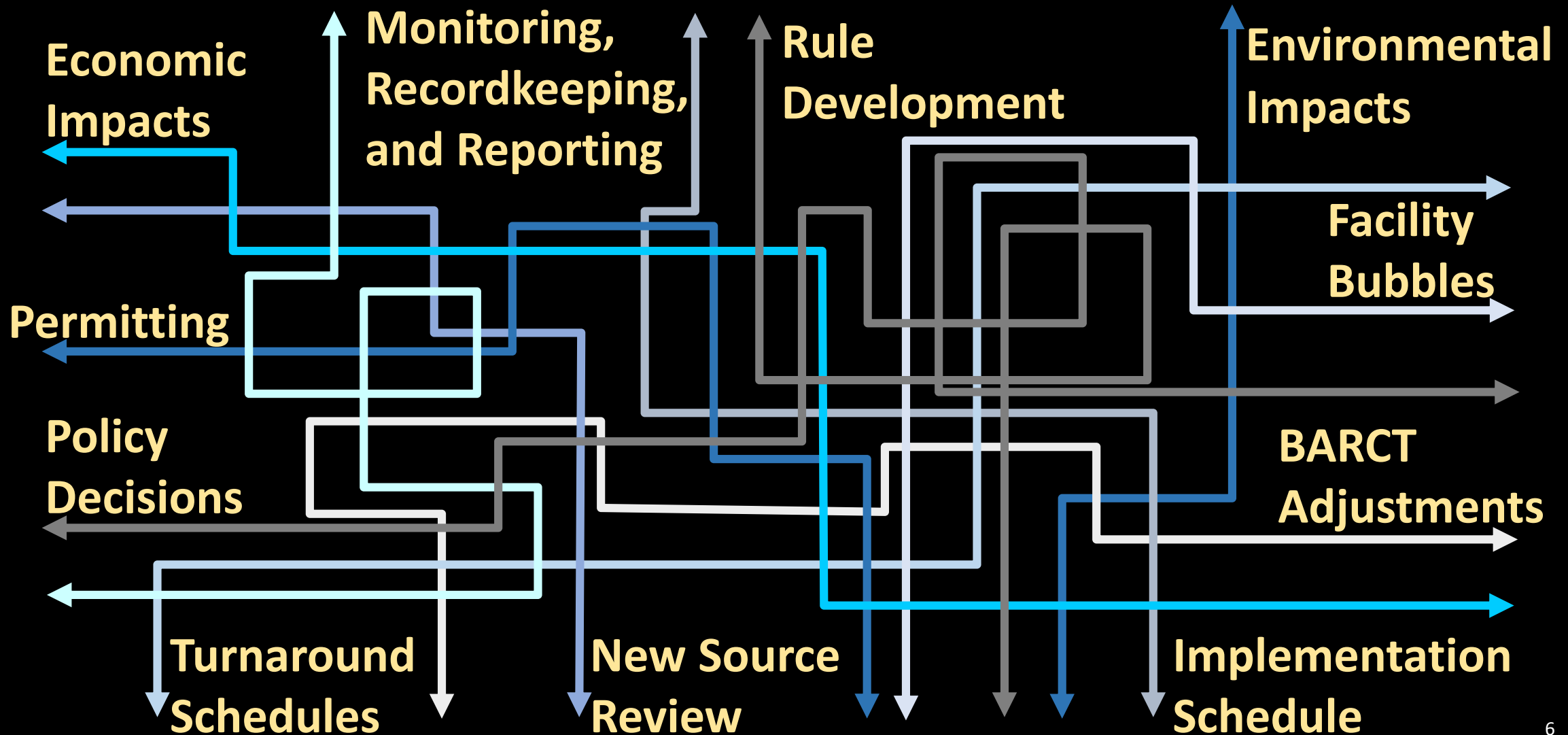
Complexity of RECLAIM Universe



Complexity of RECLAIM Universe

**>2,500
Pieces of
Equipment**

Complexity of the Challenge



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 NO_x 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