

**NACAA Member Questions for EPA Regarding CSAPR
for July 25, 2011 NACAA-EPA Conference Call (Call #3)
(revised list 7/25/11)**

Kansas

- 1) EPA has negotiated Consent Decrees with several large EGUs for PSD/NSR violations. Most if not all of the orders contain language for surrendering allocations and a "super-compliance" provision that allows them to keep allowances. Some facilities have installed controls that will reduce their emissions considerably below the rates established in these agreements. Please explain how this will be implemented with respect to surrendering allowances, the unit allocation, other units in the owners' systems, the state budget, assurance levels, etc.
- 2) Can you explain the process for owners of combustion turbines that are currently not required to submit CEM data to CAMD under the Acid Rain program to submit new petitions for alternative monitoring and reporting under CSAPR? Will EPA contact the owner/operators, or are the states expected to do so? Is there a URL owners/operators can access to provide information on this topic?
- 3) According to CAMD data for 2010, total annual SO₂ emissions for the Group 2 SO₂ trading states was 620,440 tons. The total SO₂ state assurance level available for 2012 for the same set of states is 469,199 tons, which is only 76% of 2010 actuals. Yet p. 332 of the preamble states: "Results of EPA's 'no FGD build in 2014' analysis indicate that if the power industry were subjected to the requirements of this rule without an FGD retrofit option for compliance until after 2014, covered units would still be able to meet the Transport Rule requirements in every state while respecting each state's assurance level. In this scenario without the availability of new FGD by 2014, sources in covered states complied with the Transport Rule budgets by using moderate additional amounts of DSI retrofits, switching to larger shares of sub-bituminous coal, and dispatching larger amounts of natural gas-fired generation in lieu of the FGD retrofits that are projected as being most economic under modeling of the Transport Rule remedy."
- 4) So, the 2010 actual emissions exceed the 2014 assurance levels for Group 2. Our question is, applying this statement's logic **only to 2012**, do you have a factual basis to believe Group 2 states' as of yet unscrubbed coal-fired EGUs can carry out the retrofits / mitigation activities you suggest within the next five months -- while continuing to meet their legal obligations to provide power to their customers?

Missouri

- 5) Hypothetical Scenario for the Assurance Provision Penalties: Assume the state has only one Designated Representative (DR) group for simplification purposes and the state has a statewide budget of 100 allocations. Therefore the statewide assurance level and the DR group assurance level are the same at 118 allocations. Now assume they emit 143 tons, so 25 tons over their assurance level (and they bought the allowances on the open market so no compliance issues). However, according to the assurance provision penalties, they would lose 50 tons from the following year's allocations (25 x 2 = 50). This means the following year they would only receive 50

allocations. Would this reduced allocation amount also reduce their original assurance level? Therefore would their assurance level for the following year be 118 tons (like it was the previous year), or would it only be 59 tons ($1.18 \times 50 = 59$), because they only started with 50 that year due to the penalty? Also does the 50 allocation penalty count as actual emissions towards their assurance level in the following year, or would only actual emissions count towards the assurance level in the year in which the penalty was assessed?

- 6) Could you please provide a list of states that have used an auction method in their SIP to allocate allowances under CAIR?