



Executive Director's Report

**National Association of Clean Air Agencies
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What I Will Cover

- ❑ Greenhouse Gases
 - ◆ GHG Reduction Programs
 - ◆ Curtailments to EPA's Authority
- ❑ Energy Legislation
- ❑ Multi-Pollutants (Carper Bill)
- ❑ FY 2011 Appropriations
- ❑ Transportation

Greenhouse Gases: Legislative Proposals – House

- House passed “Waxman/Markey” cap and trade bill (6/2009) by a vote of 219--212
 - ◆ GHG reduction targets of 17% below 2005 levels by 2020 and 83% below 2005 levels by 2050
 - ◆ Capped sectors include industrial, electricity generation, transportation (through fuels), residential and commercial (to the extent they burn oil or natural gas)
 - ✓ Exempt – agricultural & forestry sectors
 - ◆ State and local authorities retained, except cap-and-trade programs are preempted during 2012-2017

Greenhouse Gases: Legislative Proposals – Senate

- Senate EPW Committee passed Kerry/Boxer cap and trade bill (11/2009) by a vote of 11-1 (no Rs)
 - ◆ Similar in many respects to Waxman/Markey bill
 - ◆ GHG reduction targets of 17% below 2005 levels by 2020 and 83% below 2005 levels by 2050
 - ◆ Retains EPA authority to regulate GHGs
 - ◆ Preserves authority of states/localities, except cap-and-trade programs are preempted during 2012-2017

American Power Act

- ❑ Introduced by Senators Kerry (D-MA) and Lieberman (I-CT) on May 12, 2010.
- ❑ GHG reductions goals:
 - ◆ 4.75% below 2005 levels by 2013
 - ◆ 17% below 2005 levels by 2020
 - ◆ 83% below 2005 levels by 2050
- ❑ GHG cap & trade: EGUs covered beginning in 2013; other industrial sectors beginning in 2016
- ❑ Transportation sector covered through fuel producers and importers; buy allowances at a fixed price

American Power Act

- ❑ The bill contains performance standards for new coal-fired power plants permitted 2009 and thereafter
- ❑ NSPS
 - ◆ The bill appears to retain EPA's authority to set NSPS for sources OUTSIDE the cap EXCEPT
 - ◆ EPA cannot set NSPS before 1/1/2020 for uncapped sources that could qualify for offset credits
 - ◆ EPA is prohibited from setting NSPS for sources INSIDE the cap, except that EPA may set NSPS for EGUs not subject to above performance standards

American Power Act

□ Offsets

- ◆ 2 billion tons in offset credits available each year
- ◆ EPA runs offsets program, except for agricultural and forestry offsets program, which USDA runs

□ Clean Air Act exemptions

- ◆ No GHG NAAQS
- ◆ No listing of GHG as HAPs
- ◆ No GHG NSR
- ◆ No GHG NSPS for covered sources, except EPA may set GHG NSPS for EGUs not subject to the bill's performance standards (noted previously)

American Power Act

□ Transportation measures

- ◆ EPA to set GHG standards for HD trucks (by 12/31/2010) and nonroad engines (by 12/31/2012) and EPA and DOT to set second round of LDV GHG and CAFE standards in cooperation with California and auto makers, starting with MY 2017
 - ✓ Authorizes EPA to allow for ABT of GHG emissions credits within or across classes or categories of mobile sources and engines (including marine and aircraft)
- ◆ Leaves intact California's authority to adopt vehicle GHG standards and other states' authority to opt into California's standards
- ◆ MPOs, in consultation with state air agencies, to address transportation-related GHG emissions by including emissions reduction targets and strategies to meet those targets in their transportation plans

American Power Act

- Transportation measures (continued)
 - ◆ Authorizes direction of over \$6 billion in funds from allowance auction to Highway Trust Fund, state/local transportation planning/GHG reduction programs and ARRA
 - ◆ DOT to develop a national transportation low-emission energy plan projecting near- and long-term needs for and location of electric vehicle refueling infrastructure
 - ✓ Sets “aspirational” goal of strategic deployment of electric vehicle infrastructure by 1/1/2020
 - ◆ Establishes a Clean Vehicle Technology Fund for EPA to award grants to vehicle manufacturers and component suppliers to reequip or expand facilities producing qualified advanced technology vehicles and plug-in electric, hybrid electric, electric and similar vehicles
 - ◆ Extends and increases tax credits for purchase of natural gas vehicles

American Power Act

□ States' rights

- ◆ Preempts state and regional cap-and-trade programs in perpetuity beginning January 1, 2013
- ◆ Preserves other states' rights, such as setting GHG emissions standards or limits for sources, and requiring the retirement or surrender of allowances or offset credits by sources

□ Funding for states

- ◆ Provides authority to EPA to make section 105 grants to NACAA members to assist in implementing APA programs.
- ◆ Allowances for energy efficiency, renewable energy, transportation planning (noted previously), and adaptation.

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Curtailments to EPA's Authority

- ❑ Resolutions overturning the “Endangerment Finding,” using the Congressional Review Act
 - ◆ Senator Murkowski (R-AK), Congressmen Skelton (D-MO), Barton (R-TX), et. al; could be offered this week
- ❑ Bills to overturn the 2007 Supreme Court ruling, *Massachusetts v. EPA*
 - ◆ Blackburn (R-TN), Pomeroy (D-ND), et. al.
- ❑ Bill to impose a 2-year moratorium on EPA's ability to regulate GHGs from power plants and other industrial facilities
 - ◆ Senator Rockefeller (D-WV), Congressmen Rahall (D-WV)

Energy Legislation: Senate

The American Clean Energy Leadership Act of 2009

- ❑ S. 1462, introduced by Senator Bingaman (D-NM), voted out of Energy and Natural Resources Committee on 6/17/09
- ❑ Key provisions:
 - ◆ Requires electric utilities, by 2021, to meet 15% of electricity sales with renewable energy sources or energy efficiency
 - ◆ Improves EE of buildings, homes, equipment, appliances & fed gov't
 - ◆ Establishes “interstate highway system” for electricity with “bottom-up” planning process for national transmission grid
 - ◆ Creates national indemnity program for up to 10 commercial-scale CCS projects
 - ◆ Promotes deployment of advanced vehicle technologies
 - ◆ Doubles (to \$6.56 B) authorization level of DOE’s energy R&D program
 - ◆ Opens eastern Gulf of Mexico to leasing for oil and natural gas development

Multi-Pollutant Legislation: Senate

- Senator Carper has introduced “3-P” Bill, S. 2995
 - ◆ Reduces SO₂ emissions by 80 percent, from 7.6 million tons in 2008 to 1.5 million tons in 2018
 - ◆ Reduces NO_x emissions by 53 percent
 - ✓ Zone 1—1.3 million ton cap beginning in 2015
 - ✓ Zone 2—320,000 ton cap beginning in 2015
 - ◆ Reduces mercury emissions from EGUs by *at least* 90 percent no later than 2015
 - ◆ Bill expected to be marked up by Senate EPW Committee in June

FY 2011 Appropriations

- President's FY 2011 budget request calls for increase of \$82.5 million in Section 103/105 grants, bringing total to **\$309.1 million**
 - ◆ Core activities (\$45 million)
 - ◆ Increasing capacity for greenhouse gas permitting (\$25 million)
 - ◆ Air pollution monitoring (\$15 million), with \$2.5 million decrease in air toxics monitoring around schools

FY 2011 Appropriations – NACAA Congressional Activity

- ❑ Testified before the House Appropriations Subcommittee on Interior, Environment, and Related Agencies and submitted written testimony
- ❑ Submitted written testimony to the Senate Appropriations Subcommittee on Interior, Environment, and Related Agencies (no hearing for public witnesses)
- ❑ Met with House and Senate Congressional staff

Monitoring Funds under Section 103

- ❑ EPA proposed shifting ~\$42 million in PM_{2.5} monitoring funds from Section 103 authority to Section 105 authority, which would require a match
- ❑ EPA is open to a multi-year transition process for this shift and has not decided on how this will occur
- ❑ NACAA is requesting that this shift be delayed

Revised Allocation

- ❑ EPA has proposed a revised regional allocation for Section 105 grants – assuming Congress provides \$45-million increase for core programs
- ❑ All regions will receive increased funds under proposed allocation
- ❑ Distribution of \$25 million for GHG and \$15 million for monitoring is still under discussion

Transportation

- SAFETEA-LU – Expired September 30, 2009
 - ◆ Congress has voted to extend current bill through December 31, 2010
 - ◆ Authorizes spending for federal surface transportation programs such as highway, transit, motor carrier, freight, safety and research
 - ◆ At issue is how to pay for the next bill
- House Action
 - ◆ Transportation and Infrastructure Subcommittee on Highways & Transit approved 6-year, \$500-billion Surface Transportation Authorization Act 6/25/09 (“Oberstar bill”)
 - ✓ Authorization nearly twice that of SAFETEA-LU (\$286 billion)
 - ✓ Largely an infrastructure bill
 - ✓ Makes diesel retrofits ineligible for CMAQ funding
 - ✓ Mirrors weak transportation planning provisions of Waxman-Markey climate bill
 - ✓ Has not proceeded beyond Subcommittee

Transportation

□ Senate Action

- ◆ EPW Committee will likely use Oberstar framework
- ◆ Senator Voinovich has been a strong proponent of passing a bill this year; may seek “Sense of the Senate” resolution for action to be taken early next year
- ◆ Majority Leader Reid has promised floor debate on transportation this year

□ Issues for NACAA

- ◆ Protection and improvement of CMAQ program (money, concurrence, diesel retrofits, etc.)
- ◆ Potential policy levers to enable transportation sector contributions to attainment and maintenance of new NAAQS and GHG reductions
- ◆ Other?

For Further Information:

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