



Executive Director's Report

**National Association of Clean Air Agencies
Spring Membership Meeting
St. Louis, Missouri**

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What I Will Cover

- ❑ Legislative Activity
 - ◆ House
 - ◆ Senate
- ❑ The Budget Picture
 - ◆ FY 2013
 - ◆ FY 2014
- ❑ Major NACAA Activities

House Legislative Activity

- Energy and Commerce Committee is reviewing the Renewable Fuel Standard (RFS) program
 - ◆ RFS sets targets and timetables for categories of biofuels (e.g., ethanol and biodiesel) to be added to our nation's fuel supplies; Energy Policy Act of 2005, EISA of 2007.
 - ◆ Committee is developing a series of white papers: blend wall (E-10 vs. higher blends), agriculture, GHG and environmental impacts, energy policy and enforcement issues.
 - ◆ Committee is soliciting input from stakeholders on a series of questions; <http://energycommerce.house.gov/content/white-paper-series-on-renewable-fuel-standard>.

House Legislative Activity

- Energy Consumers Relief Act of 2013 (H.R. 1582)
 - ◆ Introduced April 16, 2013; referred to the Energy and Commerce Committee.
 - ◆ The bill prohibits the EPA Administrator from finalizing any energy-related rule estimated to cost more than \$1 billion if DOE determines it will cause significant adverse effects in the economy.
 - ◆ Examples include Tier 3, Utility MACT, Ozone, CSAPR, and GHG standards for new and existing power plants.
 - ◆ Critics argue the bill 1) ignores regulatory benefits, 2) gives DOE huge power on matters outside its field of expertise and 3) leads to unnecessary delays—assuming any major rules are actually promulgated.

House Legislative Activity

- Regulations From the Executive in Need of Scrutiny (REINS) Act
 - ◆ H.R. 367 was reported out of the House Judiciary Committee on 4/11/13 (20-9).
 - ◆ The bill prohibits any major regulation with an economic impact of \$100 million or more to be promulgated unless the Congress approves the rule.
 - ◆ Critics argue that the bill would 1) likely table all major rules since it would be rare for both chambers to take action within the prescribed deadline (70 legislative days), 2) increase political and industry interference with agency rules, 3) be redundant since Congress already enacts the statutes under which these regulations are derived.

House Legislative Activity

□ Climate Change

- ◆ Members of the House and Senate have set up a Bicameral Climate Change Task Force, seeking input.
<http://democrats.energycommerce.house.gov/index.php?q=news/bicameral-task-force-asks-for-best-ideas-to-address-climate-change>
- ◆ Members have developed a Carbon Price Legislation “Discussion Draft;”
<http://democrats.energycommerce.house.gov/index.php?q=news/waxman-whitehouse-blumenauer-and-schatz-release-carbon-price-discussion-draft>.
- ◆ Members have introduced bills and resolutions opposing carbon taxes (e.g., H.Con.Res. 24).
- ◆ Members have introduced bills prohibiting funding for EPA to implement or enforce a GHG cap-and-trade program (Ensuring Affordable Energy Act, H.R. 621).
- ◆ Democrats continue to seek climate science hearings.

Senate Legislative Activity

- Nomination of Gina McCarthy as EPA Administrator
 - ◆ Senate EPW Committee held a confirmation hearing on 4/11/13.
 - ◆ Republicans focused mostly on lack of transparency at EPA, awaiting responses to Q's.
 - ◆ http://www.epw.senate.gov/public/index.cfm?FuseAction=Hearings.Hearing&Hearing_ID=d71fd4b6-ce77-3a98-46a0-fb02b0cae0ed.
 - ◆ EPW Committee is expected to vote on May 8th.
 - ◆ Senator Blunt (R-MO) has placed a “hold” on Gina’s nomination.
 - ◆ Once the “hold” is lifted, the full Senate will vote on her confirmation; she is expected to be confirmed.

Senate Legislative Activity

□ Climate Change

- ◆ Senators Boxer (D-CA) and Sanders (I-VT) introduced the Climate Protection Act of 2013 (S.332).
 - ✓ Would impose a carbon fee of \$20 per ton of carbon or methane equivalent, rising 5.6 percent a year over a 10-year period; applies to upstream emissions covering 85% of U.S. GHG emissions; funds returned to U.S. citizens, with remaining proceeds funding energy efficiency, R&D, etc.
- ◆ S.107 prohibits regulation of CO₂ emissions in the U.S. until China, India and Russia implement similar reductions (Vitter, R-LA).
- ◆ 32 Senators oppose Obama Administration proposal requiring consideration of GHG emissions under NEPA.
- ◆ Senate EPW conducted a briefing on the latest climate science (2/13/13).

http://www.epw.senate.gov/public/index.cfm?FuseAction=Hearings.Hearing&Hearing_ID=cf67a715-fca1-8682-f7dd-13242e8035d1

The Budget Picture – FY 2013

- ❑ President's budget request was \$301.5 million for §103/105 grants (increase of \$65.8 million above FY12 enacted level of \$235.7 million) and five-year phase-in of shift from §103 to 105 for PM_{2.5} monitoring.
- ❑ House cut \$35 million from FY 2012 enacted level (to \$200.7 million) in July 2012.
- ❑ Senate Appropriations subcommittee recommended level funding (\$235.7 million) in September 2012.
- ❑ Congress adopted a Continuing Resolution on 3/21/13 to fund the federal government through 9/30/13. CR funding approximates the FY 2012 levels, with a 5-percent across-the-board cut required by the Budget Control Act Sequestration. Since PM monitoring funds had been under Section 103 in FY 2012, they remain there.
- ❑ The sequester reduces state/local air grants in FY13 by \$11.8 million, from \$235.7 million to \$223.9 million.

FY 13 Sequestration – NACAA Recommendations

- ❑ EPA asked NACAA for input on distribution of the \$11.8-million reduction in FY13 funds from sequestration, providing some preliminary options.
- ❑ With extremely short turn-around time, NACAA's Board held a call and agreed on the following recommendations:
 - ◆ Cut funds left in 2nd phase of NO₂ Near-Road monitoring program, as EPA proposed, *but only if EPA committed to formally extending deadline by at least 1 year*. This is the 2nd phase of the program and many locations already have a monitor in place.
 - ◆ Spread remaining cuts across the other elements of the §103/105 program (including state/local direct grants and off-the-top programs).
 - ◆ Emphasize to EPA that regions should work with states/locals to negotiate best and most flexible way to accommodate reductions in their areas.

FY 14 – President's Request

- ❑ The President released his FY 2014 budget on 4/10/13, much later than the typical early February announcement.
- ❑ The FY 2014 request increased federal funding for state and local air grants (§103 and 105) by \$21.5 million over FY12 enacted levels (total of \$257.2 million).
- ❑ This increase is intended to support state/local agencies' core programs, including, but not limited to, developing and implementing SIPs, expansion of monitoring networks, and GHG permitting.
- ❑ The request includes a 4-year phase-in of shifting PM_{2.5} monitoring funds from §103 (no match required) to §105 (match required).

FY 14 Appropriations – NACAA's Response

□ NACAA's Response

- ◆ NACAA submitted testimony to both the House and Senate Appropriations Committees,
 - ✓ Supporting the Administration's funding level for air grants.
 - ✓ Recommending that PM_{2.5} monitoring grants remain under \$103 so matching funds will not be needed.
- ◆ NACAA staff will meet with House and Senate majority and minority appropriations staff to discuss association's recommendations.
- ◆ NACAA staff will provide model letters, other information to assist members in educating their Congressional delegations.

Major NACAA Activities

- ❑ NACAA publishes its *Washington Update* every Friday.
- ❑ The association staffs 13 Committees; anyone can join.
- ❑ NACAA comments on most major regulatory proposals.
- ❑ We have created several specialty workgroups, including collaborative efforts with ECOS, NASEO and NARUC.
- ❑ We host and maintain two Web Sites – 4cleanair.org and Air Web; we'll soon be launching a total redesign and update.
- ❑ We conduct about a dozen meetings/workshops each year.
- ❑ We periodically publish model rules and guidance.

Highlights of NACAA Activities

- NACAA is actively supporting EPA's Proposed Tier 3 Vehicle and Gasoline Sulfur Standards.
 - ◆ NACAA worked with other stakeholders to encourage EPA to propose the Tier 3 rule.
 - ✓ All key stakeholders except the oil industry support Tier 3.
 - ◆ EPA issued its proposal on March 29, 2013.
 - ◆ NACAA (Nancy Seidman) testified at EPA's April 24 public hearing in Philadelphia and submitted written testimony for the record of the April 29 hearing in Chicago.
 - ✓ Drew on NACAA's October 2011 report, *Cleaner Cars, Cleaner Fuels, Cleaner Air: The Need for and Benefits of Tier 3 Vehicle and Fuel Regulations*.
 - ✓ Offered strong support for Tier 3 proposal: "We know of no other strategy that can achieve such substantial, immediate and cost-effective reductions as Tier 3.
 - ✓ Highlighted the significant emission reductions and air quality benefits, modest program cost, high cost effectiveness, jobs that will be created, current availability of technologies and gasoline and need for federal action by 12/31/13.

Highlights of NACAA Activities

- NACAA's specialty workgroups focus on key implementation issues.
 - ◆ NACAA/ECOS/EPA SIP Reform Workgroup – Twice-monthly calls; key focus now is on remediating the SIP backlog; also oversees the PM2.5 Full-Cycle Analysis Process (FCAP) to examine and make recommendations on key process and technical steps, rules, guidance and other resources needed for successful implementation of the 2012 PM2.5 NAAQS.
 - ◆ PM2.5 Implementation Workgroup – Monthly calls; issues include designations, PSD, precursors, implications of court decision mandating use of Subpart 4 vs. Subpart 1.
 - ◆ Infrastructure SIP Workgroup – Intensive effort to review EPA's draft all-NAAQS i-SIP guidance; culminated in the submittal to EPA of 23 pages of workgroup members' comments on the draft guidance.
 - ◆ State/EPA Workgroup on Work Prioritization – NACAA/ECOS/EPA initiative to identify the top 10 opportunities for greater efficiency or reduced burden without compromising public health.

Highlights of NACAA Activities

- NACAA is conducting a dialogue with EPA on the agency's Air Facility System (AFS) modernization project and its Federally Reportable Violations (FRV) policy.
 - ◆ AFS – NACAA members met with OECA's AA in 9/2012 to discuss EPA's AFS modernization project; those discussions raised issues with the FRV policy.
 - ◆ FRV – At issue is EPA's 2010 "clarification" memo regarding FRV reporting requirements.
 - ✓ States and locals not reporting FRVs consistently (e.g., some give EPA all of their data, some only report High Priority Violations, a subset of FRVs).
 - ◆ NACAA members met with EPA officials on 1/23/13 to discuss the FRV policy.
 - ◆ At that meeting, NACAA and EPA agreed to hold 5-6 calls to focus on specific issues raised by the FRV policy.
 - ◆ EPA has committed to revising the FRV policy to address state and local concerns and provide clarity.

Highlights of NACAA Activities

- NACAA Air Regulator Dialogue on Energy Efficiency
 - ◆ NACAA launched this dialogue last December.
 - ◆ It was formed to help interested NACAA members learn more about tapping energy efficiency (EE) for air quality benefits.
 - ◆ Participants have raised a number of important issues:
 - ✓ Which EE data do you use?
 - ✓ Where do you obtain the data?
 - ✓ Which EE programs result in enough air quality benefits to be worth exploring?
 - ◆ NACAA members participating: AK, AR, CO, MA, MI and NC
 - ◆ The dialogue also includes other important stakeholders, including EPA (HQ and regions), state energy offices and state PUCs.

Other Issues in Which NACAA is Involved

- ❑ Near-Road NO₂ Monitoring
- ❑ National Air Toxics Assessment
- ❑ Reciprocating Internal Combustion Engines
- ❑ National Program Manager Guidance
- ❑ EPA's Draft Quality Standards (QAPP)
- ❑ Guidance for PM_{2.5} Permit Modeling
- ❑ AFO Emissions Estimation Methodology
- ❑ Learning Management System (APTI-Learn)
- ❑ Start-up, Shutdown and Malfunction Emissions

For Further Information:

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