



MICHIGAN CLEAN AIR COMPLIANCE ADVISORY PANEL (CAP) MEETING MINUTES September 9, 2008

Attendees: Barry Cargill, Cargill Associates, CAP Chair
Dave Fiedler, Environmental Assistance Program, ESSD, MDEQ
Lynn Fiedler, Acting Assistant Division Chief, AQD, MDEQ
Marcia Horan, P² and Compliance Assistance, ESSD, MDEQ
Dr. Ginnie Jones, SSJ, General Public CAP member
Jim Ostrowski, Environmental Assistance Program, ESSD, MDEQ
Sue Pemberton, Lansing Board of Water and Light
Brian Warner, Wolverine Power Cooperative
Bruce Wigginton, Mason Auto Body

Air Quality Rules and Program Update – Lynn Fiedler

On July 11, 2008, the D.C. Circuit vacated EPA's Clean Air Interstate Rule (CAIR). This will have an impact on utilities, including the new coal-fired power plant permits, and Air Quality Division (AQD) rules which were based upon the reductions that would have been achieved by CAIR. The following is some background on CAIR.

- On March 10, 2005, the Environmental Protection Agency (EPA) announced the Clean Air Interstate Rule (CAIR), a rule that will achieve the largest reduction in air pollution in more than a decade. This action, called the "Interstate Air Quality Rule" when it was proposed in January 2004, offers steep and sustained reductions in air pollution as well as dramatic health benefits at more than 25 times greater than the cost by 2015.
- Through the use of the proven cap-and-trade approach, CAIR achieves substantial reductions of sulfur dioxide (SO₂) and nitrogen oxides (NO_x) emissions and is a powerful component of the Administration's plan to help over 450 counties in the eastern U.S. meet EPA's protective air quality standards for ozone or fine particles.
- SO₂ and NO_x contribute to the formation of fine particles and NO_x contributes to the formation of ground-level ozone. Fine particles and ozone are associated with thousands of premature deaths and illnesses each year. Additionally, these pollutants reduce visibility and damage sensitive ecosystems.
- CAIR covers 28 eastern states and the District of Columbia. In this rule, EPA finds that SO₂ and NO_x emissions from 25 states and the District of Columbia contribute to unhealthy levels of fine particles in downwind states. In addition, NO_x emissions in 25 eastern states and the District of Columbia contribute to unhealthy levels of 8-hour ozone in other downwind states.
- Based on an assessment of the emissions contributing to interstate transport of air pollution and available control measures, EPA has determined that achieving required reductions in the identified states by controlling emissions from power plants is highly cost effective.

- States must achieve the required emission reductions using one of two compliance options: 1) meet the state's emission budget by requiring power plants to participate in an EPA-administered interstate cap and trade system that caps emissions in two stages, or 2) meet an individual state emissions budget through measures of the state's choosing.
- CAIR provides a Federal framework requiring states to reduce emissions of SO₂ and NO_x. EPA anticipates that states will achieve this primarily by reducing emissions from the power generation sector. These reductions will be substantial and cost-effective, so in many areas, the reductions are large enough to meet the air quality standards. The Clean Air Act requires that states meet the new national, health-based air quality standards for ozone and PM_{2.5} standards by requiring reductions from many types of sources. Some areas may need to take additional local actions. CAIR reductions will lessen the need for additional local controls.
- This final rule provides cleaner air while allowing for continued economic growth. By enabling states to address air pollutants from power plants in a cost effective fashion, this rule will protect public health and the environment without interfering with the steady flow of affordable energy for American consumers and businesses.
- If states choose to meet their emissions reductions requirements by controlling power plant emissions through an interstate cap and trade program, EPA's modeling shows that:
 - In 2010, CAIR will reduce SO₂ emissions by 4.3 million tons -- 45% lower than 2003 levels, across states covered by the rule. By 2015, CAIR will reduce SO₂ emissions by 5.4 million tons, or 57%, from 2003 levels in these states. At full implementation, CAIR will reduce power plant SO₂ emissions in affected states to just 2.5 million tons, 73% below 2003 emissions levels.
 - CAIR also will achieve significant NO_x reductions across states covered by the rule. In 2009, CAIR will reduce NO_x emissions by 1.7 million tons or 53% from 2003 levels. In 2015, CAIR will reduce power plant NO_x emissions by 2 million tons, achieving a regional emissions level of 1.3 million tons, a 61% reduction from 2003 levels.
 - In 1990, national SO₂ emissions from power plants were 15.7 million tons compared to 3.5 million tons that will be achieved with CAIR. In 1990, national NO_x emissions from power plants were 6.7 million tons, compared to 2.2 million tons that will be achieved with CAIR.
- The Bush Administration continues to believe that the President's Clear Skies legislation is a more efficient, effective, long-term mechanism to achieve large-scale national reductions. Clear Skies legislation applies nationwide and is modeled on the highly successful Acid Rain Program. The Agency remains committed to working with Congress to pass legislation.

On August 18, 2008, EPA announced their proposed nonattainment area designations for 24-Hour PM 2.5. Twenty five states had areas identified as proposed nonattainment areas. In Michigan, EPA is intending to designate the 7 counties of Southeast Michigan (Livingston, Macomb, Monroe, Oakland, St. Clair, Washtenaw, and Wayne) as a single nonattainment area and the counties of Kent and Ottawa as a nonattainment area in West Michigan. AQD had

recommended that Wayne and St. Clair each be a separate area and that Ottawa not be included as a nonattainment area. EPA is soliciting public comments on their intended designation and will have a final decision by December 18, 2008.

Instead of each DEQ program talking to their stakeholders about new fees for the 2010 budget, it will be done in a more centralized approach. Fee discussions will be held in November and December.

AQD will be filling some vacant positions. This is the first time they have hired since 2003. They are having trouble attracting engineers to apply for vacancies in the permit section.

Climate Change, Energy Efficiency Activities – Marcia Horan

The Clean Air Act is not set up to handle the regulation of CO₂. Climate action should be addressed under energy policies not regulated sources of air pollution. If regulated under the Clean Air Act, small boilers at apartment buildings may end up being regulated. Unfortunately the courts are going down this path. The political system may not be able to deal with this major policy. The east and western regions of the country have been involved in climate action for some time now. Finally the Midwest Governor's Association has our region in the game.

The Michigan Climate Action Council (MCAC) will be issuing a comprehensive Climate Change plan for Michigan by December 31, 2008. The plan will contain policy actions and recommendations for implementation and addressing the barriers. It is very hard to reach consensus on all of the recommendations. Everyone at the table will be giving up something.

Action Item:

The CAP would like this topic on the agenda for the next meeting: December 2, 2008.

Implementing a MDEQ "Take a Stand" Day – Tim McGarry

It would be difficult for the DEQ to provide a "Take a Stand" Day similar to the one MIOSHA does in August. The DEQ has many more regulatory programs than MIOSHA and resolving compliance issues could often take much more time and capital expenditures. The discussion focused on what initiatives the DEQ could undertake to benefit Michigan businesses.

According to Tim, about 90% of all violations are corrected with no escalated enforcement. The other 10% are handled through consent orders and/or escalated enforcement. The Department is working on a more integrated approach to enforcement. In the past, each division or bureau sent out its own enforcement letters, each varying in its message. Tim's office has developed new template "notice" letters that all programs will use. This will replace the letters of violation which had an adversarial tone to them. The notice letters seek more cooperation and resolution to the violation.

Tim meets regularly with the Department's Multimedia Coordinators (district supervisors representing each of the divisions and Bureau). They are pursuing some multimedia inspections of sources. Instead of an inspector from each of the divisions showing up at different times of the year, one multimedia inspection could be conducted which would be a time saver for the company. Multimedia visits are a major component of Environmental Results Programs. A company's compliance with all environmental regulations is reviewed all at once. Tim invited Jim Ostrowski and Dave Fiedler to attend the next MMC meeting on September 24th.

The Air Quality Division has asked the Environmental Assistance Program to put on an enforcement workshop sometime in 2009. The workshop could contain some of the materials Tim spoke about at an enforcement session at the Michigan Environmental Compliance Conference (MECC) in June. Those presentations had large numbers of attendees.

Bruce Wigginton has spent thousands of dollars to have a consultant assist them in complying with environmental regulations. However, this is no guarantee that his shop is complying with all the regulations. Bruce would like to see a voluntary program where the DEQ will make a visit and give the shop certification and recognition that they are in compliance. This would eliminate the concern that they may be doing something wrong and provide some good public relations.

Jim and Dave will be making a presentation to the Director and Senior Management team about Environmental Results Program and recommending that the ERPs be developed for many more sectors with the EAP taking the lead. The ERPs have the small business owner doing the certification, not the DEQ.

The Mobile Green Classroom

The United Association of Journeymen and Apprentices of the Plumbing and Pipefitting Industry (UA) invited the CAP to view their mobile classroom of sustainable technologies which was parked near the Capitol. CAP members saw demonstrations and exhibits on fuel cells, wind power generation, solar heating, grey water toilet flushing, anaerobic treatment, and geothermal heat pump technologies. One of the presenters mention that just the timely replacement of stream traps can save companies thousands of dollars in energy costs.

New Meeting

- Tuesday, December 2, 2008.