

Werner, Christopher

From: Liljegren, Jennifer
Sent: Thursday, September 27, 2018 9:43 AM
To: Werner, Christopher
Cc: Palma, Elizabeth
Subject: FW: EPA Comments on Indiana 2015 Ozone Transport SIP

Indiana

From: Aburano, Douglas
Sent: Friday, September 21, 2018 10:30 AM
To: DELONEY, SCOTT <sdeloney@idem.IN.gov>
Cc: Liljegren, Jennifer <Liljegren.Jennifer@epa.gov>; Rosenthal, Steven <rosenthal.steven@epa.gov>
Subject: EPA Comments on Indiana 2015 Ozone Transport SIP

Dear Mr. Deloney,

Good morning, Scott. Thank you for notifying us of the public comment period. Below are comments on the Indiana 2015 Ozone Transport SIP with public comment period closing September 21st.

1. 1. Indiana indicated its intention to use a 1 ppb “significance threshold,” and cites an April 2018 memorandum from Peter Tsigotis titled “Guidance on Significant Impact Levels for Ozone and Fine Particles in the Prevention of Significant Deteriorations Permitting Program.” As an initial matter, EPA’s technical analysis to support the selection of 1 ppb as the ozone SIL does not contain information that can be used to evaluate the collective contribution from upwind states at downwind receptors, which is a key element for consideration in view of the regional nature of ozone transport. In addition, the EPA notes that the contribution threshold alone was not intended to represent a “significant contribution,” as suggested in the proposed SIP, but rather a contribution that merits more consideration to determine whether a state impacting a downwind receptor above that threshold will significantly contribute to nonattainment or interfere with maintenance of the NAAQS. The memo EPA released in August 2018, provides information and analysis regarding collective contribution with regard to the 2015 ozone NAAQS. This memorandum indicates that the EPA believes it may be reasonable and appropriate for states to use a contribution threshold equivalent to 1 ppb to identify states that are “linked” to downwind air quality problems with respect to the 2015 ozone NAAQS. Accordingly, we do not believe the analysis of the April Tsigotis memo, which addresses a separate EPA program, alone provides an adequate justification for use of the 1 ppb threshold in the context of interstate transport. We acknowledge that Indiana used a placeholder rather than EPA’s collective contribution memorandum, since it was not available at the time Indiana created this SIP submittal. Now that this analysis and memo are available, we encourage Indiana to strike any reference to the SIL memo.
2. 2. EPA encourages Indiana to explain how its approach to identifying and addressing the state’s potential impact on maintenance receptors is consistent with the court’s holding in *North Carolina v. EPA* to consider variability in ozone concentrations due to meteorology. This is especially relevant to the Sheboygan receptor, where the current DV is 80 ppb despite model predictions showing attainment by 2023. Although there may be flexibility for looking at maintenance, maintenance must still be considered separately from nonattainment receptors under *North Carolina v. EPA* particularly regarding variability in ozone concentrations due to meteorology.
3. 3. EPA encourages Indiana to include a comprehensive analysis of the existing controls on sources, NOx reduction potential, and cost of controls for sources, including EGU and non-EGU sources or facilities. An assessment of factors that influence EGU emissions (such as but not limited to allowance prices, fuel prices, and enforceable limits) in the future is recommended. For example, EPA’s records indicate there may be as many as two dozen non-EGU facilities

with more than 300 tons per year of NO_x emissions in Indiana. EPA encourages Indiana to include a comprehensive assessment of all of the NO_x emitting non-EGU facilities, including their NO_x emissions sources/units, reduction potential, and cost of any potential control options. Showing that no further cost-effective reductions are available, if that is the case, will bolster the strength/approvability of the submittal.

4. 4. Indiana could strengthen its submittal by providing information about expected market demand projections and dispatch behavior in the wake of the additional (beyond ERTAC assumptions) retirements it highlights. It would be helpful to show that incremental generation from equal or more emissions-intensive units is not projected to replace retiring emissions-intensive generation to satisfy future market demand, if that is the case. This type of fleet-wide analysis of the state's EGUs would be more persuasive than the current approach which is limited to identification of select units that are believed to be overestimated in ERTAC v.2.7, without consideration of whether the rest of the fleet was appropriately estimated or underestimated. Adding certainty to its emission projections through these types of considerations is useful for demonstrating no risk of emission reductions being impermanent due to emissions shifting. Moreover, if the state determines there is some risk of emissions shifting in lieu of emissions reductions, they could use the observation as grounds to discuss its approach to ensure reductions through enforceability of the anticipated reductions. See *Emissions Inventory Guidance for Implementation of Ozone and Particulate Matter National Ambient Air Quality Standards (NAAQS) and Regional Haze Regulations*. Environmental Protection Agency. July 2017. Pages 116-120. Available at https://www.epa.gov/sites/production/files/2017-07/documents/ei_guidance_may_2017_final_rev.pdf
5. 5. Indiana could strengthen its back trajectory analysis (section 6.10) by adding back trajectories for additional altitudes above the surface, for example 250, 500, and 750 meters.
6. 6. The D.C. Circuit's decision in *EME Homer City Generation, L.P. v. EPA*, 696 F.3d 7 (2012), which held that upwind emission reductions should be allocated in proportion to the size of the upwind states' contributions (the "red lines" approach referred to in the proposed SIP), was overturned by the Supreme Court in 2014, 134 S. Ct. 1584 (2014). The Supreme Court held that the good neighbor provision "does not dictate the particular allocation of emissions among contributing States advanced by the D.C. Circuit" and found the EPA's consideration of costs was "an efficient and equitable solution to the allocation problem." 134 S. Ct. at 1606-07. Thus, while the "red lines" approach is not necessarily prohibited by the statute, it is also not mandated by the statute. Indiana proposes to apply a version of the "red lines" approach to identify Indiana's share of the downwind nonattainment and maintenance problems to which the state is linked. The EPA notes that there appear to be errors involved in the math of this calculation.

We also reviewed the non-transport portions of your infrastructure submittal and do not have any comments on that portion.

Please let me and/or Jenny Liljegren know if any of these comments need additional explanation or if you would like to discuss these comments.

Thank you for the opportunity to comment on this submittal.

Doug

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