



ENERGY AND ENVIRONMENT CABINET

Matthew G. Bevin
Governor

Charles G. Snaveley
Secretary

DEPARTMENT FOR ENVIRONMENTAL PROTECTION
DIVISION FOR AIR QUALITY
200 FAIR OAKS LANE, 1ST FLOOR
FRANKFORT, KENTUCKY 40601
PHONE (502) 564-3999
www.dep.ky.gov

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U.S. Environmental Protection Agency
EPA Docket Center
Docket ID No. EPA-HQ-OAR-2015-0500
Mail Code 28221T
1200 Pennsylvania Avenue, NW
Washington, DC 20460

Re: Docket ID No. EPA-HQ-OAR-2015-0500 - Comments on EPA's Proposed Cross-State Air Pollution Rule (CSAPR) Update for the 2008 Ozone National Ambient Air Quality Standard (NAAQS), 80 FR 75706, December 3, 2015

On behalf of the Commonwealth of Kentucky, the Division for Air Quality (Division) respectfully submits the following comments in response to the December 3, 2015 *Federal Register*, soliciting comments on EPA's proposed CSAPR update for the 2008 ozone NAAQS. After careful review and consideration, the Division finds that the rulemaking is based upon incomplete and inaccurate air quality modeling analyses.

It should be noted that the Division provided corrections and comments regarding the 2017 emissions projection data utilized for EPA's updated ozone transport modeling in response to the August 4, 2015 *Federal Register* notice, where EPA specifically requested comments, clarifications, and corrections. These critical corrections are not included in the analyses upon which this significant rulemaking is determined. In one particular instance, EPA projected a Kentucky electric generating unit as operating in 2017. However, that emission unit retired in 2010. This gross inflation of actual emissions data, along with EPA assigning an incorrect significance level, led to EPA's incorrect determination that Kentucky is a significant contributor to a nonattainment area.

In closing, the Division cannot support this proposed rule that is seriously flawed. For the reasons identified in the attached comments, EPA should withdraw this proposal. The Division appreciates the opportunity to comment on this proposed rule and requests EPA's consideration of our comments. If you have any questions regarding the Division comments provided, please contact Mr. Martin Luther, Environmental Scientist V in the Program Planning and Administration Branch, at (502) 564-3999, Ext. 4412.

Sincerely,

A handwritten signature in black ink that reads "Sean Alteri".

Sean Alteri
Director

**Kentucky Division for Air Quality (Division) Comments Regarding EPA's Proposed
Cross-State Air Pollution Rule (CSAPR) Update for the 2008 Ozone NAAQS
(80 FR 75706, December 3, 2015)**

Preface

The Kentucky Division for Air Quality has been in generally supportive of previous NO_x emission trading programs (e.g., NO_x SIP Call, CAIR) as cost-effective and flexible approaches for addressing states' "good neighbor" provisions of the Clean Air Act (CAA). However, the Division cannot support EPA's proposed CSAPR update as it is seriously flawed and should be withdrawn (*not finalized*) for the following reasons:

1. **Extremely ill-timed and premature rulemaking:** This proposed CSAPR update is extremely ill-timed and premature. Given the on-going changes in the electric utility energy sector due to the impact of EPA's MATS rule in the 2015-2017 timeframe (e.g., *EGU retirements and fuel switching*), this is the wrong time for this rule. The Division urges EPA to withdraw this proposed rule and allow the recent 2015 and other planned 2016-2017 EGU NO_x emission reductions due to MATS related EGU retirements and fuel switching to be fully realized before going forward with any CSAPR update.

2. **Lack of transparency:** The docket for this rulemaking does not appear to contain all the necessary documentation and reproducible calculations to demonstrate how EPA determined the proposed 2017 NO_x ozone season emissions budget for Kentucky EGUs. The Ozone Transport Policy Analysis Technical Support Document (TSD), Appendix E - Detailed Budget Calculations spreadsheet does not provide enough information to reproduce the 2018 IPM \$500/ton, \$1300/ton, and \$3400/ton Cost Threshold Case Ozone Season NO_x Emissions (tons) and Heat Input (TBtu) values provided by EPA. Absent this critical information, the Division cannot provide meaningful comments regarding this proposal.

In addition, during a December 14, 2015 conference call with EPA and states to discuss the proposed CSAPR update, EPA indicated that IPM parsed files (i.e., IPM unit level results) for the various \$/ton cost threshold EGU controls were not available. As such, it is not possible to determine what NO_x emission controls and reductions were assumed by EPA for the 2017 ozone season for individual Kentucky EGUs. Also, during the August 4, 2015 comment period for the proposed ozone transport NODA, EPA presented IPM information for IPM v5.14. However, under this proposed rule CSAPR update, EPA has made significant EGU emission changes with the introduction of IPM v5.15 (*which includes consideration of EPA's Clean Power Plan*). This change led to more stringent EGU ozone season emission budgets in this proposed rulemaking. There is no clear explanation in this proposed rule as to how or why EGU emissions decreased so drastically from IPM v5.14 to IPM v5.15. The Division urges EPA to withdraw this proposed rulemaking.

3. **Correct all identified technical problems and provide another opportunity for public comment before final rulemaking.** EPA should fix the technical issues identified in comments received from the Division and other commenters regarding the August 4, 2015, Ozone Transport Modeling NODA for the 2008 Ozone NAAQS.

EPA's 2017 Ozone Season Budget for Kentucky is inaccurate. The Division found that EPA had identified seven Kentucky EGUs as not operating in 2017, while the Division has no information that those particular units will not operate in 2017. Additionally, the Division found that EPA had identified one Kentucky unit as operating in 2017, while the Division knows that the unit is retired and has not operated since 2010. The Division urges EPA to withdraw this proposed rule and correct all technical issues identified in comments submitted to EPA for both the August 4, 2015, NODA and for this December 3, 2015, proposed rule, and provide another opportunity for public review and comment before proceeding with a final rulemaking.

4. **Proposed Ozone Season NOx Emissions Budget Reduction Too Much Too Soon and budget not based on the appropriate \$/ton EGU NOx cost threshold for Kentucky:**

This proposed action, which provides a 2017 EGU ozone season budget based on a \$1300 per ton EGU NOx removal cost threshold, is a significant reduction from the original CSAPR 2017 EGU ozone season budget for Kentucky, lowering the budget by 34% beginning on May 1, 2017 (*See Table 1 below*). The Division contends that such a NOx emission reduction by the 2017 ozone season is too stringent and premature, places an undue hardship on Kentucky EGUs, may adversely affect electric power grid reliability, and is not based on the appropriate \$ per ton EGU NOx cost threshold for Kentucky. The \$1300 per ton EGU NOx cost threshold proposed by EPA is based on the widespread availability of restarting idled SCRs to full operation and the installation of newer state of art combustion controls. This is not an appropriate option for Kentucky as its coal-fired EGUs with SCRs have not been idle.

The more stringent budget alternative for Kentucky, which is based on a \$3400 per ton EGU NOx removal cost threshold and the restarting of idled SNCRs to full operation, would reduce the original CSAPR 2017 ozone season NOx budget for Kentucky by 36% (*See Table 1 below*). This more stringent budget is also not appropriate for Kentucky since Kentucky's SNCRs have not been idled.

The most appropriate NOx ozone season budget for Kentucky should be based on an EGU NOx cost threshold of \$500 per ton of NOx removal, applied to partially-operating SCRs and SNCRs, to fully operate their NOx controls. Due to the concerns expressed above, the Division requests that EPA adopt the 2017 CSAPR ozone season least stringent alternative budget that is based on the \$500 per ton EGU NOx cost threshold for Kentucky. This ozone season budget differs less than 1% from the original CSAPR 2017 ozone season budget for Kentucky (*See Table 1 below*). It should be noted that none of the EGU NOx cost thresholds examined by EPA provided NOx ozone season budgets (i.e., with NOx emission reductions) that changed the attainment status for any one monitor (receptor).

Table 1. Proposed and Alternative CSAPR EGU NOx Ozone-Season Budgets for Kentucky

2014 EPA CAMD Kentucky Ozone Season NOx Emissions (tons)	EPA's Original 2017 CSAPR NOx Ozone Season Budget for Kentucky (tons)	EPA's <u>Proposed Update</u> for the 2017 CSAPR NOx Ozone Season Budget for Kentucky (Based on EPA's \$1300/ton EGU NOx Cost Threshold) (tons)	Proposed 2017 Ozone Season NOx Emissions Budget Reduction for Kentucky (tons)	Proposed 2017 Ozone Season NOx Emissions Budget Reduction Percentage for Kentucky (%)
33,896	32,674	<u>21,519</u>	11,155	34%
	39,536 (includes variability limit)	<u>26,038</u> (includes variability limit)	13,498	
2014 EPA CAMD Kentucky Ozone Season NOx Emissions (tons)	EPA's Original 2017 CSAPR NOx Ozone Season Budget for Kentucky (tons)	EPA Considered <u>Ozone Season Least Stringent</u> NOx Emission Budget Alternative for Kentucky (Based on EPA's Original CSAPR \$500/ton EGU NOx Cost Threshold) (tons)	Proposed 2017 Ozone Season NOx Emissions Budget Reduction for Kentucky (tons)	Proposed 2017 Ozone Season NOx Emissions Budget Reduction Percentage for Kentucky (%)
33,896	32,674	<u>32,783</u>	-109	- 0.33%
	39,536 (includes variability limit)	<u>39,667</u> (includes variability limit)	-131	
2014 EPA CAMD Kentucky Ozone Season NOx Emissions (tons)	EPA's Original 2017 CSAPR NOx Ozone Season Budget for Kentucky (tons)	EPA Considered <u>Ozone Season More Stringent</u> NOx Emission Budget Alternative for Kentucky (Based on EPA's \$3400/ton EGU NOx Cost Threshold) (tons)	Proposed 2017 Ozone Season NOx Emissions Budget Reduction for Kentucky (tons)	Proposed 2017 Ozone Season NOx Emissions Budget Reduction Percentage for Kentucky (%)
33,896	32,674	<u>20,945</u>	11,729	36%
	39,536 (includes variability limit)	<u>25,343</u> (includes variability limit)	14,193	