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**From:** megan.berge@bakerbotts.com  
**Sent:** Thursday, December 22, 2016 4:15 PM  
**To:** Mccarthy, Gina  
**Cc:** A-AND-R-DOCKET; Leslie.Couvillion@BakerBotts.com  
**Subject:** EPA-HQ-OAR-2015-0500; Petition for Reconsideration of the Cross-State Air Pollution Update Rule  
**Attachments:** OK Cogen CSAPR Update Petition for Reconsideration.PDF

Administrator McCarthy,

Attached please find a petition by Oklahoma Cogeneration, LLC for reconsideration of the final rule entitled "Cross-State Air Pollution Rule Update for the 2008 Ozone NAAQS," Docket No. EPA-HQ-OAR-2015-0500, 81 Fed. Reg. 74,504 (Oct. 26, 2016). A hard copy of the petition with enclosures was transmitted to EPA, today, by Federal Express.

Best,  
Megan Berge

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December 22, 2016

**VIA ELECTRONIC SUBMISSION AND HAND DELIVERY**

Office of the Administrator (Mail Code 1101A)  
US Environmental Protection Agency  
1200 Pennsylvania Avenue NW, Room WJCN 3000  
Washington DC 20460

**RE: Request for Reconsideration of EPA's "Cross-State Air Pollution Rule Update for the 2008 Ozone NAAQS" (EPA Docket No. EPA-HQ-OAR-2015-0500)**

Dear Administrator:

Pursuant to Section 307(d)(7)(B) of the Clean Air Act, Oklahoma Cogeneration, LLC ("OK Cogen") respectfully petitions the U.S. Environmental Protection Agency ("EPA" or "Agency") for reconsideration of the final rule entitled "*Cross-State Air Pollution Rule Update for the 2008 Ozone NAAQS*," 81 Fed. Reg. 74,504 (Oct. 26, 2016) ("CSAPR Update Rule" or "Final Rule"). Specifically, OK Cogen requests that EPA recalculate unit-level allocations of seasonal nitrous oxide ("NOx") allowances for 2017 and beyond for OK Cogen's Oklahoma Cogeneration LLC Unit CC01 (Boiler ID CC01; ORIS ID 50558; CAMD Unit ID 90991) using data-substitution called for by the Final Rule. EPA's current calculations rely on a single (highly unrepresentative) year of data for Unit CC01, resulting in a significant allowance shortfall. This outcome contradicts EPA's own stated methodology and policy goals.

OK Cogen is a small (two full-time employees, with 18 operational personnel) electric service company located in Oklahoma City, Oklahoma. The company is committed to environmental compliance and efficient NOx emissions controls. OK Cogen operates a single, independent 120 MW (nominal) natural gas-fired combined-cycle and topping-cycle cogeneration power plant ("Unit CC01").<sup>1</sup> The facility consists of a natural gas-fired combustion turbine ("gas turbine"), a supplementary fired Heat Recovery Steam Generator that can receive additional energy from a natural gas-fired duct burner ("duct burner"), and a single automated extraction condensing steam turbine generator ("steam turbine").<sup>2</sup> As a direct means of controlling NOx

<sup>1</sup> Formerly known as the PowerSmith Cogeneration Project.

<sup>2</sup> The unit's normal load (from gas and steam turbine electricity production) is 107 MW. The duct burner is used to make maximum load, and is used infrequently (only when called upon for dispatch by the Southwest Power Pool). In 2016, the duct burner was called upon twice, for a total of 15 hours of run time.

emissions, this system injects steam into the gas turbine combustion chamber. The combined exhaust gases exit through a common main stack. The electricity is sold under a long term Power Purchase Agreement to a local electric utility company that serves customers in Oklahoma and Western Arkansas. Unit CC01 has been in operation since 1989. It was the first natural gas-fired combined-cycle cogeneration plant built and operated in Oklahoma.

## BACKGROUND

CSAPR addresses the "good neighbor" provision of the Clean Air Act, which prohibits sources within each state "from emitting any air pollutant in an amount which will . . . contribute significantly" to any other state's nonattainment, or interference with maintenance of, any National Ambient Air Quality Standard ("NAAQS"). 42 U.S.C. § 7410(a)(2)(D)(i)(I). EPA defines "significant contribution" by reference to (1) a state's "linkage" to downwind receptors (i.e., emissions of approximately 1 percent of compliant ambient levels) and (2) the ability of the state to achieve emission reductions at the relevant cost threshold.<sup>3</sup> CSAPR achieves emissions reductions through annual and ozone season emissions trading programs.

EPA finalized CSAPR in 2011 to address three NAAQS, including the 1997 ozone NAAQS. 76 Fed. Reg. 48,208 (Aug. 8, 2011) ("Original CSAPR Rule" or "CSAPR"). In December 2011, EPA finalized a supplemental CSAPR rule that added several states, including Oklahoma, to the ozone season NOx program. 76 Fed. Reg. 80,760 (Dec. 27, 2011) ("Supplemental CSAPR Rule"). Various groups challenged CSAPR, resulting in a stay of the rule. See *EME Homer City Generation, L.P. v. EPA*, No. 11-1302 (D.C. Cir. Dec. 30, 2011). CSAPR and Supplemental CSAPR Rule requirements and deadlines were effectively tolled pending resolution of the litigation. See 79 Fed. Reg. 71,663 (Dec. 3, 2014). In April 2014, the U.S. Supreme Court generally upheld the rule. See *EPA v. EME Homer City Generation LP*, 134 S. Ct. 1584 (2014). The stay was lifted in October 2014. See *EME Homer City*, No. 11-1302 (Oct. 23, 2014). Phase 1 of the CSAPR ozone season program began in May 2015.

EPA published the CSAPR Update Rule in October 2016 to address good neighbor provisions with respect to the 2008 ozone NAAQS. The Agency had published a proposed rule about 10 months earlier. See 80 Fed. Reg. 75,706 (Dec. 3, 2015) ("Proposed CSAPR Update Rule" or "Proposed Rule"). In the Final Rule, EPA found that 22 eastern states, including Oklahoma, had failed to submit a state implementation plan to meet their good neighbor obligations. For these 22 states, EPA issued federal implementation plans that generally update existing CSAPR NOx ozone season emission budgets, and that implement these budgets through modifications to the existing CSAPR NOx ozone season allowance trading program. The Final Rule addresses only emission reductions from electric generating units ("EGUs"). Implementation will start in the 2017 ozone season (May - September 2017).

EPA made several significant changes between the Proposed and Final CSAPR Update Rules. Most notably for OK Cogen:

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<sup>3</sup> EPA uses the Integrated Planning Model v.5.15 ("IPM") to predict how many emissions reductions are available at the relevant cost thresholds. IPM is a dynamic, linear programming model used to project power sector behavior under current and future conditions. IPM's primary objective is to provide estimates of least-cost capacity expansions, electricity dispatch, and emission control strategies while meeting energy demand and environmental, transmission, dispatch, and reliability constraints. See <https://www.icf.com/solutions-and-apps/ipm>.



(1) **In calculating allocations for Oklahoma units in the Final Rule, EPA did not use data-substitution.** Both the Proposed and Final Rules call for EPA to use up to *five* years of historic heat input data and up to *eight* years of historic NOx emissions data.<sup>4</sup> To accomplish this, both rules also call for EPA to use a data-substitution method (so that if data is not available from EPA's preferred data source for a given year, EPA can pull equivalent data from an alternative source).<sup>5</sup> EPA followed this method in the Proposed Rule.<sup>6</sup> But in the Final Rule, EPA switched to using a *single year of historic baseline data without any data-substitution* for Unit CC01. See EPA, Final Rule, *Unit-Level Allocations and Underlying Data for the CSAPR Update for the 2008 Ozone NAAQS* ("Final Allocation Spreadsheet TSD"). Unit CC01's allowance allocation **dropped more than 70 percent** from the Proposed Rule to the Final Rule, from 40 allowances to 12 allowances.

(2) **In calculating Oklahoma's budget in the Final Rule, EPA used a revised formula with new inputs.** Both the Proposed and Final Rules call for EPA to set state budgets as the minimum of either (1) historic emissions<sup>7</sup> or (2) IPM-predicted 2017 emissions. In the Final Rule, EPA introduced new variables to the formula for calculating IPM-predicted 2017 emissions, including (1) a NOx emission rate "delta" (equal to the difference between an IPM 2017 Base Case and IPM 2017 Policy Case emission rate); and (2) an "adjusted" historic emission rate, based on a newly-developed adjusted historic dataset. With these new variables, EPA added several steps to the calculation and increased its complexity. See 81 Fed. Reg. at 74,547-48. Due in large part to these changes, Oklahoma's budget **dropped about 28 percent** from the Proposed Rule to the Final Rule, from 16,215 tons to 11,641 tons, more than any other state.<sup>8</sup> Oklahoma's reduced state budget contributed to Unit CC01's reduced allowance allocation.

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<sup>4</sup> To calculate allocations, EPA first "uses the average of the three highest years of heat input data out of a consecutive five-year period to establish the heat input baseline for each unit," and calculates initial heat input-based allowance allocations based on each unit's percentage share of the state's total ozone season heat input. 81 Fed. Reg. at 74,564. Next, EPA "constrains the unit-level allocations so as not to exceed the maximum historical baseline emissions, calculated as the highest year of emissions out of a consecutive eight-year period." *Id.* This methodology "bases a unit's allocation on the unit's historical heat input but limits any unit's allocation to its historical maximum emissions." EPA, *Allowance Allocation Final Rule TSD* at 6 (Aug. 2016) ("Allocation TSD"), available at <https://www3.epa.gov/airmarkets/CSAPRU/CSAPR%20Allowance%20Allocations%20Final%20Rule%20TSD.PDF>.

<sup>5</sup> The two data sources EPA says it will look to are: (1) EPA's Clean Air Markets Division ("CAMD"), for years for which it is available; and (2) the U.S. Energy Information Administration ("EIA"), for years for which CAMD data is unavailable.

<sup>6</sup> With some caveats: EPA did not include 2014 EIA data because it was unavailable at the time the Proposed Rule was published. Thus, for units without 2014 CAMD data, EPA did not "backfill" or substitute any EIA data. Additionally, EPA did not include data for years for which a unit was not yet operating (e.g., if a unit that began operating in 2012, EPA used available 2012-2014 heat input and NOx emissions data). See EPA, Proposed Rule, *Unit Level Allocations and Underlying Data for the CSAPR for the 2008 Ozone NAAQS* ("Proposed Allocation Spreadsheet TSD"). Excel file available at <https://www.epa.gov/airmarkets/proposed-cross-state-air-pollution-update-rule>. Further, as discussed below, EPA inappropriately relied on annual, not monthly, EIA data and made arbitrary downward adjustments to reported EIA data for cogeneration and combined-cycle units. EPA should use monthly, reported (i.e., unadjusted) EIA data in the revised Final Rule allocations.

<sup>7</sup> Based on a baseline year of 2014 in the Proposed Rule and 2015 in the Final Rule.

<sup>8</sup> Under the Proposed Rule formula, Oklahoma's IPM-predicted 2017 emissions were *higher* than historic emissions. Thus, Oklahoma's budget was set equal to historic (2014) emissions. Under the revised Final Rule formula, Oklahoma's IPM-predicted 2017 emissions were *lower* than historic (2015) emissions. Thus, Oklahoma's budget was set equal to these lower IPM-predicted emissions. This change was not driven solely by the switch from a 2014 to 2015 historic baseline. The primary driver appears to be the new IPM-derived emission rate "delta." Oklahoma's IPM 2017 Base Case emission rate is unrealistically and arbitrarily high—

**REQUEST FOR RECONSIDERATION**

**I. Requested Technical Correction**

**A. EPA Should Correct Errors In OK Cogen’s Allowance Allocations**

EPA’s unit-level allowance allocation calculations in the Final Rule are arbitrary and capricious as applied to OK Cogen’s Unit CC01. EPA’s failure to perform EIA data-substitution—and use of a single historic baseline year for some units—goes against the Final Rule’s own prescribed methodology. It also puts units on unequal footing: some units, like Unit CC01, received allocations based on one year of operation, while other units received allocations based on multiple years of operation. This effectively penalizes units, like Unit CC01, that were not required to report to CAMD in prior years. OK Cogen is especially disadvantaged because Unit CC01’s single year of available CAMD data (2015) is highly unrepresentative of the unit’s historic operations.

EPA must recalculate OK Cogen’s allocations for Unit CC01 to avoid this unfair and arbitrary outcome. Specifically, EPA must use (1) five years of reported heat input data (2011-2015) and eight years of reported NOx emissions data (2008-2015); and (2) EIA data-substitution, where CAMD data is unavailable. Therefore, OK Cogen’s allocations for Unit CC01 should be based on 2011-2014 EIA and 2015 CAMD heat input data and 2008-2014 EIA and 2015 CAMD NOx emissions data. EPA should use monthly (not annual), reported (not adjusted) data. Corrected calculations,<sup>9</sup> summarized in Table 1, show that OK Cogen likely is entitled to 62 total allowances compared to 12 allowances under the current calculation: **an increase of 50 allowances, or more than 500%**. See Appendix A (CD-Rom Enclosure) for detailed calculations.<sup>10</sup>

**Table 1. Comparing OK Cogen’s Unit CC01’s Average Heat Input, NOx Emissions Maximum Historic Baseline, and Final Allowance Allocations Under the Final Rule and a Corrected Rule.**

	<b>Final Rule (No EIA Data)</b>	<b>Corrected Rule (Monthly Reported EIA Data)</b>	<b>Difference</b>
<b>3-Year Average Heat Input</b>	<b>284,731 MMBtu</b> (based on 2015)	<b>1,478,244 MMBtu</b> (based on 2011-2013)	<b>1,193,513 MMBtu</b>
<b>NOx Emissions Maximum Historic Baseline</b>	<b>43 tons</b> (based on 2015)	<b>163 tons</b> (based 2011)	<b>120 tons</b>
<b>Final Allocation</b>	<b>12 tons</b>	<b>62 tons</b>	<b>50 tons</b>

significantly higher than Oklahoma’s historic actual or adjusted 2015 emission rates. As a result, Oklahoma’s NOx emission rate “delta” also is arbitrarily high. This means the Final Rule formula over-estimates how many emissions reductions are available in the state. This error carries through the entire calculation, resulting in final IPM-predicted 2017 emissions that are unrealistically low. These arbitrarily low model-predicted rates became the basis for Oklahoma’s final budget. Compare EPA, Proposed Rule, Appendix E- Detailed Budget Calculations, Excel file available at <https://www.epa.gov/airmarkets/proposed-cross-state-air-pollution-update-rule-ozone-transport-policy-analysis-tsd> with EPA, Final Rule, Appendix E: Budget Calculations, Excel file available at <https://www.epa.gov/airmarkets/final-cross-state-air-pollution-rule-update>.

<sup>9</sup> The corrected calculations are based on EIA heat input data from the 923 Report Form and as published on the EIA website at <http://www.eia.gov/electricity/data/browser/#/plant/50558/?freq=M&pin=>. See Appendix B (CD-Rom Enclosure).

<sup>10</sup> At minimum, technical corrections using annual, adjusted EIA data (i.e., the EIA data EPA used in the Proposed Rule) likely still would raise OK Cogen’s allocation.



## B. The Requested Corrections Are Supported By The Final Rule

### 1. The Final Rule Calls for Multiple Historic Baseline Years

OK Cogen's request to EPA is straightforward: simply do what you said you would do (but did not actually do). The Final Rule calls for using a five-year (2011-2015) historic baseline period for heat input data, and an eight-year (2008-2015) historic baseline period for NOx emissions data. See Allocation TSD at 6-7. EPA's rationale for using multiple historic baseline years is sound: it helps ensure that outlier data from a single unrepresentative year (e.g., where heat input or NOx emissions levels were significantly lower than usual) does not skew the calculations.<sup>11</sup> As EPA recognizes, the power sector is susceptible to a range of variables affecting fuel use and emissions, including equipment failures, changing market forces, and weather patterns. See 81 Fed. Reg. at 74,566. One year of historic data cannot capture the inherent variability in a unit's operations from year to year, or ozone season to ozone season.

Nonetheless, EPA set Unit CC01's allocations based *solely on 2015* operations. 2015 was a highly unrepresentative year for the unit because of unexpected mechanical equipment failures.<sup>12</sup> ***The unit was out-of-service for repairs during most of the 2015 ozone season (from May 5 to July 31, 2015).*** As a result, fuel usage/heat input and NOx emissions for the 2015 ozone season were uncharacteristically low.<sup>13</sup> Indeed, the unit typically dispatches *more* during the ozone season than other times of the year. For the 2016 ozone season, Unit CC01's dispatch rate was higher, much closer to historic levels. OK Cogen believes this trend of higher dispatch will continue. Market forces are likely to drive more and more dispatch of natural gas-fired units as the coal-fired units prevalent in the region phase out of service.

EPA's reliance on solely 2015 CAMD data to establish the Unit CC01's allocations is arbitrary and capricious. It results in the exact outcome EPA tried to avoid through a multi-year allocation methodology, unfairly penalizing Unit CC01.

### 2. The Final Rule Calls for Data Substitution

Again, the requested corrections simply ask EPA to do what the Agency said it would do. EPA's prescribed methodology calls for using historic data from *up to two* different sources: (1) CAMD, if available for a given year; and (2) EIA, if CAMD data is unavailable for a given year. See Allocation TSD at 6-7. Indeed, for many units EPA *must* look to a historic data source other than CAMD to be able to use the multi-year baseline periods called for in the Final Rule. Prior to Phase I of the CSAPR program in 2015, many units, like Unit CC01, had no obligation to report data to CAMD under any EPA program. Unit CC01 has only a single year

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<sup>11</sup> See Allocation TSD at 7. EPA chose a multi-year heat input baseline because "[s]electing the three highest, non-zero ozone season heat input values within the five-year baseline reduces the likelihood that any particular single year's operations (which might be negatively affected by outages or other unusual events) determine a unit's allocation." *Id.* EPA chose a multi-year NOx emissions baseline "in order to capture the unit-level emissions before and after the promulgation of the original CSAPR. *Id.*

<sup>12</sup> While OK Cogen has an aggressive preventative maintenance program, unexpected equipment maintenance is a part of all power plant's operations.

<sup>13</sup> In 2014, Unit CC01 also experienced multiple ozone season outages due to mechanical equipment failures. The unit did not experience similar ozone season outages in 2011-2013.

of reported CAMD data (2015), but has multiple years of EIA data (to before 2008, the earliest relevant baseline year under the Final Rule). Under such circumstances, EPA's methodology calls for the Agency to use a combination of 2015 CAMD data and 2008-2014 EIA data. It is arbitrary and capricious for EPA not to apply this methodology to Unit CC01.

EPA also states it will look to publicly available, *reported* EIA data.<sup>14</sup> EPA does not state, in either the Final Rule or the Allocation TSD, that it will adjust EIA data from what is reported directly on the EIA forms.<sup>15</sup> EPA therefore should use *monthly (not annual), reported (not adjusted for combined-cycle or cogeneration units)* EIA data whenever EIA data is called for in allocation calculations. Monthly data is better than annual data with a crude 5/12 multiplier because monthly data more accurately reflects actual ozone season operations.<sup>16</sup> Reported heat input data is better than downward-adjusted heat input data for cogeneration and combined-cycle units because reported data more accurately reflects these units' actual fuel use, as well as their highly efficient processes.<sup>17</sup> Using monthly, reported EIA data also is consistent with EPA's treatment of CAMD data, which EPA did not adjust when incorporating it into the Final Rule's current allocation calculations. Treating EIA and CAMD data differently would be arbitrary and capricious.

### **C. EPA Should Issue the Technical Corrections Through a Direct Final Rule**

EPA should issue the requested corrections through a direct final rule as an alternative to full notice-and-comment rulemaking.<sup>18</sup> Direct final rules rely on the Administrative Procedure Act's "good cause"

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<sup>14</sup> Specifically, EPA "used historical heat input and emissions data [EIA] forms, 860, 906, 920, and 923. These data are publicly available at <http://www.eia.doe.gov/cneaf/electricity/page/data.html>." Allocation TSD at 6.

<sup>15</sup> In the Proposed Rule, EPA appears to have altered OK Cogen's reported EIA data for Unit CC01 in two ways: (1) instead of looking at *monthly* data for ozone season months, EPA took *annual* data and multiplied it by 5/12 to estimate ozone season operations (because the ozone season comprises 5 months out of the year); and (2) instead of using total reported heat input values, EPA applied a downward "proportional nameplate capacity adjustment" to account for the fact that Unit CC01 is a combined-cycle unit with both a gas turbine and a steam turbine that produce electricity (basically, EPA multiplied the gas turbine's share of total nameplate capacity (~59 percent) by total heat input, thereby "discounting" the total heat input by about 41 percent). Email correspondence with EPA (Nov. 7, 2016) and EPA contractors (Nov. 21, 2016). Both of these data manipulations are inappropriate. EPA did not apply either of these changes to OK Cogen's EIA ozone season data in the Original CSAPR or Supplemental CSAPR Rules. Instead, EPA historically has used reported, monthly EIA data—as it should again here.

<sup>16</sup> The 5/12 ozone season multiplier incorrectly assumes that Unit CC01 operates more or less the same during all 12 months of the year. In fact, Unit CC01 operates *significantly more* during the ozone season because it is a highly-efficient natural gas-fired unit that is called on during peak periods of electricity demand, which often coincide with ozone season summer months. Further, monthly EIA data for May-September for 2008-2014 is available for Unit CC01. There is no good reason not to use it.

<sup>17</sup> The "proportional nameplate capacity adjustment" for cogeneration and combined cycle units misunderstands how these units operate and punishes these units for being efficient. At a typical combined-cycle plant like Unit CC01, waste heat (exhaust) from the gas turbine produces steam that powers a steam turbine to generate extra electricity. *All* fuel consumed in combined-cycle units is therefore used in electricity generation: fuel is combusted in the gas turbine to either produce power or produce steam, which produces power. The adjustment ignores this fact and underestimates how much of the unit's heat input goes toward electricity production. Therefore, the adjustment punishes units for employing a more efficient process that reuses gas turbine exhaust to produce steam and more electricity, rather than just venting it off.

<sup>18</sup> A direct final rule is "a rule that is issued in final form, without prior notice and comment, that becomes effective on a particular date unless adverse comment is submitted within a specified period of time." EPA Office of General Counsel, *Direct Final Rulemaking Guidance for EPA Rule Writers*, Attachment 1, § 2 (1998). Available at

exemption from notice-and-comment rulemaking,<sup>19</sup> while giving the Agency “the benefit of any public input that may unexpectedly surface.” Direct Final Rulemaking Guidance at § 2 (citation omitted). EPA uses direct final rules for “noncontroversial rules where [the Agency does not] expect adverse comment,” including routine or minor actions. *Id.* at §§ 4, 6. EPA previously has issued direct final rules under the CSAPR program. *See, e.g., Revisions to Federal Implementation Plans To Reduce Interstate Transport of Fine Particulate Matter and Ozone*, 77 Fed. Reg. 10,342 (Feb. 21, 2012). Here, the corrections to EPA’s allocation calculations for Unit CC01 are a non-controversial, minor action unlikely to attract adverse comment because they (1) would affect only a subset of units within a single state; and (2) are necessary to correct clear technical errors in EPA’s application of the Final Rule’s allocation methodology.

Further, time is of the essence. A direct final rule generally is a more efficient procedural mechanism than notice-and-comment rulemaking. The 2017 ozone season begins in just over five months. OK Cogen needs to get the correct amount of allowances on the books for Unit CC01 as soon as possible in order to plan, and carry out, its compliance strategy for the 2017 ozone season.

## II. Reconsideration is Required by the Clean Air Act

### A. Legal Standard

The Clean Air Act requires that EPA grant reconsideration of a final rule when a petitioner raising an objection can show that: (1) it was impracticable to raise the relevant objections during the comment period or the grounds for such objection arose after the period for public comment; and (2) the objection is of central relevance to the outcome of the rule. 42 U.S.C. § 7607(d)(7)(B). In such a situation, reconsideration is mandatory: EPA “*shall* convene a proceeding for reconsideration of the rule and provide the same procedural rights as would have been afforded had the information been available at the time the rule was proposed.” *Id.* (emphasis added).

The notice-and-comment requirements of the Clean Air Act and the Administrative Procedure Act further require that EPA’s “proposed rule and its final rule . . . differ only insofar as the latter is a ‘logical outgrowth’ of the former.” *Env’tl. Integrity Project v. EPA*, 425 F.3d 992, 996 (D.C. Cir. 2005). A “final rule is a ‘logical outgrowth’ of a proposed rule only if interested parties should have anticipated that the change was possible, and thus reasonably should have filed their comments on the subject during the notice-and-comment period.” *Id.* at 998. The “test is whether a new round of notice and comment would provide the first opportunity for interested parties to offer comments that could persuade the agency to modify its rule.” *Id.* at 996.

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<https://yosemite.epa.gov/oaqps/rdms.nsf/591caf4ab155e210852566de00539f57/c92ad1453ad5de6885256728006a0f30!OpenDocument> (“Direct Final Rulemaking Guidance”). In conjunction with a direct final rule, EPA’s typical practice is to simultaneously publish a separate, parallel proposed rule. If EPA receives significant adverse comments on the direct final rule, the Agency will withdraw the direct final rule and address the public comments in a subsequent final rule based on the parallel proposed rule. *Id.* at § 4.

<sup>19</sup> 5 U.S.C. § 553(b)(3)(B) (Section 553’s notice-and-comment requirement does not apply “when the agency for good cause finds . . . that notice and public procedure thereon are impracticable, unnecessary, or contrary to the public interest.”).



## B. Failure to Comply with Notice and Comment Requirements

The grounds for OK Cogen's objection arose after the public comment period. Before the Final Rule was issued, OK Cogen could not have expected or anticipated that EPA would set Unit CC01's allocations based on a *single* historic baseline year and *only* CAMD data. Both the Proposed and Final Rules call for EPA to set unit allocations using multiple historic baseline years<sup>20</sup> and EIA data-substitution. EPA did this in the Proposed Rule, but not in the Final Rule. What EPA did in the Final Rule looks like a clear technical error. It would be impracticable, if not impossible, for OK Cogen to have anticipated and submitted comment on an error that EPA *had not yet committed* during the public comment period, but committed for the first time in the Final Rule.

OK Cogen therefore had no meaningful opportunity to comment on the final allocations. EPA did not provide notice of or seek comment on the possibility of switching from *multiple* to *single* historic baseline years, or from using *both* CAMD and EIA data to *only* CAMD data. Had EPA done so, OK Cogen would have submitted comments that these changes would arbitrarily and unfairly penalize Unit CC01. As it stands, OK Cogen was caught by surprise by the new unit-level allocation data inputs. EPA may not "use the rulemaking process to pull a surprise switcheroo on regulated entities." *Env'tl. Integrity Project*, 425 F.3d at 998.

In yet another "surprise switcheroo," OK Cogen was stunned by the cut in Oklahoma's budget from the Proposed to the Final Rule—the *biggest reduction of any state*. This reduction resulted largely from the significant revisions EPA made to its formula for calculating model-predicted statewide emissions. Because state budgets dictate the size of the available allowance "pool" for units within the state, the drop in Oklahoma's budget contributed to the drop in OK Cogen's allocations under the Final Rule. Had EPA provided notice of its plan to drastically reduce Oklahoma's budget, OK Cogen would have submitted comments explaining how the revised formula significantly overestimates the amount of emissions reductions achievable in the state and results in an overly stringent budget.

OK Cogen's objection also is of central relevance to the outcome of the rule. EPA's data errors have left OK Cogen with a major, unexpected allowance shortfall for the 2017 ozone season. Correcting these errors is critical to OK Cogen's ability to plan for and achieve compliance with the CSAPR Update Rule, especially given the extremely near-term compliance timeframe for the 2017 ozone season. Correcting these errors also would provide a fairer and more representative distribution of allowances within Oklahoma, allowing for more efficient compliance on a state-wide level. Compliance feasibility and efficiency are central to the outcome of the CSAPR Update Rule.

## CONCLUSION

In summary, OK Cogen requests that EPA reconsider the CSAPR Update Rule. As described above, EPA must recalculate the allowance allocations for OK Cogen's Unit CC01 using a corrected methodology that is based on multiple historic baseline years (not just one year) and data-substitution using a combination of

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<sup>20</sup> The only difference between the Proposed and Final Rule methodologies was a one-year shift in the relevant baseline periods. Because 2015 data was not yet available, the Proposed Rule calculated allowance allocations based on a 2010-2014 heat input baseline period and a 2007-2014 NOx emissions baseline period. The Final Rule uses a 2011-2015 heat input baseline period and a 2008-2015 NOx emissions baseline period. See Allocation TSD at 6.

CAMD and EIA data (not just CAMD data). EPA should use monthly, reported (unadjusted) data for these calculations. EPA should issue these technical corrections through a direct final rule because they are noncontroversial and are needed on an extremely short time frame.

Sincerely,

  
James R. Beers  
LLC Managing Member

Enclosures (CD-Rom):

**Appendix A:** Revised 2017 CSAPR Update Allowance Allocation Calculations for Oklahoma Cogeneration LLC

**Appendix B:** Published EIA Data for Oklahoma Cogeneration LLC 2008-2014

CC: David Risley  
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## **Appendices**

Along with an electronic submission of this petition, OK Cogen is supplying EPA with a CD-Rom containing the two Appendices (Appendix A and B). The Appendices are Excel datasheets and workbooks demonstrating the calculations described in this petition. The CD-Rom contains both a "locked" (i.e., password-protected, read-only) version and an "unlocked" courtesy working copy of each file. Appendix A-1 is a modification of EPA's Final Rule Allocation Spreadsheet TSD. Detailed revised calculations for the reapportionment analysis are contained in Columns AB-AI.



Plant Name	State	ORIS ID	Boiler ID	CAMD Unit ID	Step 1				Step 2 & 3		Step 4		Step 5		Step 6		Step 7		Step 8		Step 9 & 10		Data Flags	Reapportionment Analysis - Revised Calculations						
					2011 Ozone Season Heat Input (mmBtu)	2012 Ozone Season Heat Input (mmBtu)	2013 Ozone Season Heat Input (mmBtu)	2014 Ozone Season Heat Input (mmBtu)	2015 Ozone Season Heat Input (mmBtu)	Average of 3 Highest Non-Zero Ozone Season Heat Inputs from 2011 to 2015 (mmBtu)	Average of three highest non-zero values in columns F-J	State Level Summation of Unit Level Three Year Average Ozone Season Heat Input (mmBtu)	Unit's Percentage Share of State's Ozone Season Heat Input	Ozone Season NO <sub>x</sub> Emissions (tons)	2008 Ozone Season NO <sub>x</sub> Emissions (tons)	2009 Ozone Season NO <sub>x</sub> Emissions (tons)	2010 Ozone Season NO <sub>x</sub> Emissions (tons)	2011 Ozone Season NO <sub>x</sub> Emissions (tons)	2012 Ozone Season NO <sub>x</sub> Emissions (tons)	2013 Ozone Season NO <sub>x</sub> Emissions (tons)	2014 Ozone Season NO <sub>x</sub> Emissions (tons)	2015 Ozone Season NO <sub>x</sub> Emissions (tons)		Ozone Season NO <sub>x</sub> Maximum Historic Baseline (tons)	Final Transport Rule Season Allocation 2017 (tons)	EIA Data Substitution	Calculate X - O to determine if reapportionment is applied.	If AB = (+), then include the heat input for each source to determine reapportionment	For reapportionment if O < X (portion of max heat rate for past 5 years is less than maximum emission rate for past 8 years)	Calculated Allocations - Revised for OK Cogen
AES Shady Point	Oklahoma	106711A	90961					3,069,468	3,069,468	341,045,302	0.00900	11,408	103							198	198	128		96	3,069,468	0.01288	103	25.10	127.78	0.17
AES Shady Point	Oklahoma	106711B	90962					3,098,716	3,098,716	341,045,302	0.00906	11,408	104							203	203	130		99	3,098,716	0.01300	104	25.34	129.00	0.77
AES Shady Point	Oklahoma	106712A	90963					2,995,953	2,995,953	341,045,302	0.00875	11,408	100							206	206	125		106	2,995,953	0.01257	100	24.50	124.72	0.23
AES Shady Point	Oklahoma	106712B	90964					2,963,255	2,963,255	341,045,302	0.00869	11,408	99							205	205	124		106	2,963,255	0.01243	99	24.23	123.36	0.52
Anadarko	Oklahoma	30063	2028	133,468	150,086	12,801	3,316	2,208	98,785	341,045,302	0.000290	11,408	3	10	0	17	20	1	0	0	0	4		17	98,785	0.00041	3	0.81	4.11	-2.81
Anadarko	Oklahoma	30067	8326	4,542	7,815	1,238	74,648	179,233	341,045,302	0.000256	11,408	3	2	2	1	0	0	0	3	6	6	4		3	87,233	0.00037	3	0.71	3.63	9.21
Anadarko	Oklahoma	30068	8328	5,661	8,440	1,829	102,895	287,814	341,045,302	0.000390	11,408	4	2	2	1	0	0	0	4	11	11	6		7	133,050	0.00056	4	1.09	5.54	7.69
Anadarko	Oklahoma	30069	90429	41,507	48,134	26,593	295,179	339,270	341,045,302	0.000663	11,408	8	4	7	2	2	1	12	12	12	9		7	226,861	0.00095	8	1.88	9.44	4.93	
Anadarko	Oklahoma	300610	90430	31,749	46,205	23,001	277,087	360,321	341,045,302	0.000668	11,408	8	0	7	1	2	1	11	13	13	10		8	227,864	0.00096	8	1.90	9.40	5.14	
Anadarko	Oklahoma	300611	90431	38,284	43,771	20,674	246,624	356,087	341,045,302	0.000632	11,408	7	1	6	2	2	1	10	13	13	9		8	215,494	0.00090	8	1.76	8.97	0.32	
Anadarko Plant	Oklahoma	30064	90966					736,757	341,045,302	0.002180	11,408	25								9	9	9		-16						
Anadarko Plant	Oklahoma	30065	90967					1,118,066	341,045,302	0.003278	11,408	37								14	14	14		-24						
Anadarko Plant	Oklahoma	30066	90968					1,335,829	341,045,302	0.003917	11,408	45								17	17	17		-27						
Chouteau Power Plant	Oklahoma	77571	3155	1,690,022	2,695,834	1,704,144	1,177,991	2,299,246	2,233,075	341,045,302	0.006548	11,408	75	30	25	29	17	30	17	11	20	30		-44						
Chouteau Power Plant	Oklahoma	77572	3156	1,786,931	2,742,217	2,080,949	1,604,912	2,203,365	2,203,365	341,045,302	0.006461	11,408	74	26	25	36	22	31	21	14	16	36		-48						
Chouteau Power Plant	Oklahoma	77573	90617	1,751,203	2,880,624	2,323,423	1,766,885	2,293,282	2,499,110	341,045,302	0.007328	11,408	81							7	9	9		-74						
Chouteau Power Plant	Oklahoma	77574	90618	2,106,231	2,984,166	2,627,158	1,939,519	2,534,858	2,715,394	341,045,302	0.007982	11,408	94							7	8	7		-81						
Comanche (8059)	Oklahoma	80597251	3452	2,355,466	3,027,044	2,331,458	830,954	400,981	2,871,332	341,045,302	0.007640	11,408	88	613		467	652	875	652	101	789	108		-81						
Comanche (8059)	Oklahoma	80597252	3453	2,036,004	1,118,659	2,376,484	827,743	402,644	1,843,715	341,045,302	0.005436	11,408	62	652	964	701	509	304	524	227	864	77		-93						
Grand River Dam Authority	Oklahoma	1651	95	18,403,552	13,685,149	11,137,886	11,098,938	12,995,997	15,028,233	341,045,302	0.04005	11,408	903	2,746	2,631	2,653	3,393	2,734	962	952	1,046	629		2,890	15,028,233	0.06305	903	122.91	625.61	0.54
Grand River Dam Authority	Oklahoma	1652	96	18,269,015	16,338,246	15,658,304	14,282,766	11,908,354	16,755,188	341,045,302	0.049129	11,408	560	3,075	3,380	3,235	3,112	3,154	1,339	1,170	906	701		2,819	16,755,188	0.07029	560	137.03	697.50	0.50
Green Country Energy, LLC	Oklahoma	55146CTGEN1	4006	3,024,874	4,885,757	3,244,307	3,599,882	4,251,264	341,045,302	0.012465	11,408	142	54	54	57	43	62	39	52	54	62	62		-80						
Green Country Energy, LLC	Oklahoma	55146CTGEN2	4007	3,511,385	5,018,229	3,454,453	3,363,115	4,060,730	341,045,302	0.012305	11,408	140	38	63	47	56	66	44	45	54	66	66		-75						
Green Country Energy, LLC	Oklahoma	55146CTGEN3	4008	2,040,433	4,687,392	3,855,251	3,421,369	4,566,724	341,045,302	0.012805	11,408	146	47	53	49	29	60	43	45	54	60	60		-86						
Horseshoe Lake	Oklahoma	29516	2000	2,728,199	2,784,078	293,186	1,626,279	981,552	2,379,519	341,045,302	0.006977	11,408	80	327	377	397	351	376	36	200	120	397		318	2,379,519	0.00998	80	19.46	99.06	0.94
Horseshoe Lake	Oklahoma	29517	2001	4,653,860	3,830,768	2,988,490	2,132,490	3,824,373	341,045,302	0.011214	11,408	128	201	316	301	365	319	227	183	26	365	160		237	3,824,373	0.01604	128	31.28	159.20	0.50
Horseshoe Lake	Oklahoma	29518	2002	4,244,154	6,019,651	3,154,859	1,811,771	909,174	4,472,888	341,045,302	0.013115	11,408	150	94	163	427	270	496	300	159	129	498		348	4,472,888	0.01876	150	36.53	186.20	0.43
Horseshoe Lake	Oklahoma	29519	2003	1,851,581	94,721	53,165	31,030	346,428	341,045,302	0.000624	11,408	8	2	4	2	8	2	10	16	16	16		7	281,003	0.00118	8	2.30	11.30	2.53	
Horseshoe Lake	Oklahoma	295110	1999	168,485	91,773	50,907	319,982	334,326	341,045,302	0.000804	11,408	9	2	3	10	7	4	2	14	17	11		8	274,264	0.00115	8	2.24	11.43	-3.78	
Hugo	Oklahoma	67721	2908	14,053,803	12,443,868	15,779,223	15,100,853	12,181,799	14,977,960	341,045,302	0.043918	11,408	501	1,438	1,351	1,264	1,289	1,124	1,472	1,465	1,079	1,472		971	14,977,960	0.06284	501	122.50	623.52	0.56
McCain Energy Facility	Oklahoma	55457CT1	4808	4,764,423	5,209,353	3,965,515	3,648,240	5,100,267	5,128,014	341,045,302	0.015036	11,408	172	58	71	69	71	81	59	53	78	81		-90						
McCain Energy Facility	Oklahoma	55457CT2	4809	5,355,735	4,911,199	4,389,374	3,776,632	5,193,702	5,153,545	341,045,302	0.015111	11,408	172	61	79	72	74	76	67	56	74	79		-93						
Mooreland	Oklahoma	30081	2029	267,927	22,551	6,087	26,841	105,773	341,045,302	0.000310	11,408	4	11	4	11	49	3	1	7	49	4		45	105,773	0.00044	4	0.87	4.40	-10.08	
Mooreland	Oklahoma	30082	2030	1,404,730	1,292,673	1,178,776	1,110,082	1,746,617	1,481,340	341,045,302	0.004344	11,408	50	90	128	104	114	106	77	110	173	173		123	1,481,340	0.00621	50	12.11	61.67	0.54
Mooreland	Oklahoma	30083	2031	1,600,846	1,080,048	653,393	482,996	1,111,429	341,045,302	0.003259	11,408	37	49	94	138	113	71	41	35	28	138	47		101	1,111,429	0.00466	37	9.09	46.27	1.56
Muskogee	Oklahoma	29523	2004						341,045,302	0.000000	11,408	0								175	175			175	0	0.00000	0	0.00	0.00	
Muskogee	Oklahoma	29524	2005	14,645,468	14,714,430	11,346,599	14,015,059	407,653	14,458,319	341,045,302	0.023984	11,408	484	2,117	2,453	2,460	2,216	1,991	1,898	2,191	39	695		1,977	14,458,319	0.06066	484	118.23	601.89	0.51
Muskogee	Oklahoma	29525	2006	13,528,094	13,585,714	13,404,315	17,485,084	13,286,081	14,869,987	341,045,302	0.04369																			

**Attachment A-2**  
**Oklahoma Cogeneration, LLC**  
**Historical Ozone Season Data Based on EIA Published Data and Accepted Emission Calculation Methodology**  
**Summary of Historical Operating Hours, Fuel Consumption, and Emissions (2008 - 2015)**  
**Table 1**

**Historical Heat Input Rate and Emissions Summaries for Past Ozone Seasons Using Published EIA Data, Accepted Emission Factors, and CEMS Data (when available)**

Ozone Season	Total Operations	Startup (SU) and Shutdown (SD) Operations	Duct Firing Hours	Gas Turbine Heat Input from EIA	Gas Turbine Heat Input During SU & SD	Duct Burner Heat Input from EIA	Total Fuel Consumption from EIA	Gas Turbine Normal Ops NOx Emissions <sup>c</sup>	Gas Turbine SU & SD NOx Emissions <sup>c</sup>	Duct Burner NOx Emissions <sup>c</sup>	Total NOx Emissions <sup>c</sup>	Notes
	Hours	Hours	Hours	MMBTU	MMBTU	MMBTU	MMBTU	Tons	Tons	Tons	Tons	
2008	1,990	56	101	1,465,055	41,387	21,955	1,487,010	115	10	1	126	<sup>b</sup>
2009	1,389	56	146	1,185,566	47,969	16,404	1,201,970	93	12	0	105	<sup>b</sup>
2010	1,936	62	617	1,651,538	53,151	83,671	1,735,209	130	13	2	145	<sup>b</sup>
2011	2,060	57	560	1,884,478	52,209	74,892	1,959,370	148	13	2	163	<sup>b</sup>
2012	1,669	81	257	1,420,029	68,547	36,567	1,456,596	111	17	1	130	<sup>b</sup>
2013	1,194	77	103	1,006,842	65,085	11,924	1,018,766	79	16	0	96	<sup>b</sup>
2014	373	20	10	315,280	16,803	957	316,237	25	4	0	29	<sup>b</sup>
2015	360	<sup>a-1</sup>	<sup>a-1</sup>	<sup>a-1</sup>	<sup>a-1</sup>	<sup>a-1</sup>	284,731	<sup>a-1</sup>	<sup>a-1</sup>	<sup>a-1</sup>	43	<sup>a-1</sup>
2016	971	<sup>a-2</sup>	<sup>a-2</sup>	<sup>a-2</sup>	<sup>a-2</sup>	<sup>a-2</sup>	732,462	<sup>a-2</sup>	<sup>a-2</sup>	<sup>a-2</sup>	45	<sup>a-2</sup>

**NOx Emission Factors (2008 - 2014)**

**Table 2**

Operations For Each Emission Factor	NOx Emission Factor <sup>b</sup>	NOx Emission Factor Units	NOx Emission Factor Basis
Gas Turbine, Normal Operations	0.157	lb/MMBTU	<sup>b-1</sup>
Gas Turbine, Startup and Shutdown	0.5	lb/MMBTU	<sup>b-2</sup>
Duct Burner	0.053	lb/MMBTU	<sup>b-3</sup>

<sup>a-1</sup> Based on temporary CEMS data. Emissions are reported for the combined stack, only.

<sup>a-2</sup> Based on permanent CEMS data. Emissions are reported for the combined stack, only.

<sup>b</sup> NOx emission factors are based on the best available emission calculation methodology at the time:

<sup>b-1</sup> 1989 Stack Test, 100% Gas Turbine Load, No Duct Firing, Steam Injection Operational (NOx emission controls)

Since gas turbine and duct burner emissions are considered separately, each emission factor represents the emissions from the respective unit, only.

<sup>b-2</sup> GE 7E Gas Turbine Technical Bulletin (GER-3435.pdf, Page 7, Figure 7 at maximum firing temperature of 2,075 °F).

<sup>b-3</sup> 1996 Stack Test, Duct Burner Contribution, Only

<sup>c</sup> Emissions Calculation Equations:

Emissions (Tons) = [ Emission Factor (lb/MMBTU) \* Fuel Consumption (MMBTU) ] / 2000 (lb/Ton) ]

Total Emissions (Tons) = Gas Turbine Normal Ops Emissions (Tons) + Gas Turbine SU & SD Emissions (Tons) + Duct Burner Emissions (Tons)





## Summary

### EIA Web Data Summary

<b>Published EIA Data</b>	
<b>Year</b>	<b>MMBTU/ozone season</b>
2014	316,237
2013	1,018,766
2012	1,456,596
2011	1,959,370
2010	1,735,209
2009	1,201,970
2008	1,487,010