

CIBO NO_x SIP CALL MESSAGE

Concerns Relating to an Aging Industrial Energy Base

In an attempt to achieve the national ambient air quality standard for ozone, EPA is rushing into a poorly evaluated, control for control's sake, NO_x emissions reduction strategy that will cause severe adverse impact on industry in 22 eastern states. EPA has failed to conduct the subregional and source-specific modeling analyses needed to fully determine what sources contribute significantly to ozone formation and transport. Rather, they have overstated the results of regional modeling prepared by Ozone Transport Assessment Group (OTAG) and concluded that all sources, regardless of emissions characteristics, stack height, or proximity to non-attainment areas, contribute in substance to ozone non-attainment. EPA has also misinterpreted OTAG's consensus control strategy recommendations and established uniform reduction requirements for utilities (85%) and non-utility industrial sources (70%) that in many cases are not reasonably achievable. Further, EPA's expectation that a regional NO_x emissions reduction trading program will ensure reasonable control costs is false because the stringency of the control requirements will not allow creation of excess reductions for trade. EPA has taken a one-size fits all approach. This is false in the industrial sector alone and a greater fallacy when considering industrial and utility differences.

Industrial manufacturing sources will bear the brunt of the adverse impacts because: 1) their 70% reduction requirement is not achievable, 2) their small size relative to utilities places them at a disadvantage in bargaining for scarce excess reductions in any trading market that may develop, and 3) as consumers of electric power, industrial sources will bear the pass-through costs for utility controls in addition to the cost of controlling their own combustion sources. EPA has failed to quantify or materially consider the adverse impact that the NO_x SIP Call will have on industrial sources. The NO_x SIP Call as it is currently structured will cost non-utility industrial sources billions of dollars and it is not clear that the environment will benefit. When considering the aging industrial energy base within the country, and the many pressures faced by companies trying to keep their operations going, questions related to keeping an older plant operating must be given serious consideration. The competition for new plants and jobs by states, regions and countries is strong.

Recommendations

EPA needs to stop rushing to judgment and take the time to apply the necessary science to determine those sources where controls will yield true ozone benefits. In our assessment, the proposed NO_x SIP Call ignores the uniqueness of industrial operations and blindly sets a "control for control's sake" approach without considering either feasibility of controls on industrial combustion devices or the need to "equitably" share the costs of necessary emissions reductions among contributing sources. We believe the following elements are essential for the successful implementation of NO_x controls on industrial sources while at the same time maximizing the public benefit:

- I. **Additional Modeling** – Time and resources must be allocated to allow use of the best available science in conducting regional, subregional and source-specific modeling analyses as needed to establish regional control strategies;

- II. **State-Wide NO_x Budgets** – Set statewide NO_x budgets for industrial sources to minimize low-benefits monitoring and emissions accounting requirements; let non-utility sources opt-in to the source specific budget and cap-and-trade provisions as an option;
- III. **Case-By-Case Technology Assessments** – For non-utility point sources, allow companies to conduct combustor-specific assessments to determine feasible control options and their costs;
- IV. **Equitably Share Costs** – Where controls on specific sources are shown to produce a significant benefit, require non-utility point sources to bear control costs that are no higher than the average dollar per ton NO_x control costs experienced by the utility sector within a given area.

CIBO appreciates your consideration of our concerns and looks forward to working with individual states in working out fair NO_x control strategies for industrial sources.

The Council of Industrial Boiler Owners (CIBO), an association of industrial power plant operators located throughout the country, believes that industrial power plant operations are in jeopardy from the myriad of environmental regulations to be faced over the next decade. The combined regulatory consequence of the ozone and PM_{2.5} NAAQS, regional haze, hazardous air pollutant standards, and global warming initiatives is overwhelming. If these initiatives are not handled responsibly, industry within the Eastern United States faces serious adverse economic impact and wide-spread domestic and international dislocation.