

# **Report Out of the Legacy Source Work Group to the CAAAC**

CAAAC's Subcommittee on  
Economic Incentives and Regulatory  
Innovation

September 18, 2008



# Charge from the CAAAC

- May 2008 CAAAC Meeting
- **Charge:** To identify what has been successfully tried to retire older and dirtier sources (mobile and stationary) to determine whether there are common themes to the successful approaches.
  - Legacy sources can include anything from a small source (e.g., a weed wacker) up to large stationary source (e.g., a coal-fired industrial plant)
  - Legacy sources a health, EJ, and political issue
  - Legacy sources can be large part of inventory
  - Legacy reductions are usually cost effective

# Work Group Participants

- **CAAAC:** John Campbell, Tony DeLucia, Dave Foerter, Eddie Terrill, Gene Trisko, Anna Garcia, John McManus, Mike Formica, Ben Henneke, Jack Goldman, John Guy, Tim Johnson, John Crouch, Lisa Gomez, Rick Bolton, Ralph Marquez, Bill Auberle, Jeff Muffat, Bob Wyman, Ursula Kramer, Janet McCabe, Stephen Hartsfield,
- **EPA:** Anna Wood, Ken Adler, Pat Childers

# How We Organized Our Work

1. Identified the legacy sources with some successful retirement program experience;
2. Discussed the programs or approaches that have worked well to encourage the turnover of legacy sources (and some that did not); and
3. Developed recommendations for the next administration for successfully dealing with legacy sources

# Results of the Work Group's Effort

- Recommendation for Transition Team
  - Our focus today
  - Simple by design
- Draft Background Report
  - Relevant background
  - Recommendation details
- Chart of legacy source programs reviewed

## Proven Approaches to Encourage Turnover of Legacy Sources

1. Financial Incentives (purchases, grants, rebates, tax credits)
  - Carl Moyer and TERP for diesel units
  - Lawnmower buybacks
2. Green contracts
  - Supply chain management
  - Port Drayage
3. Local/state requirements
  - New York Taxis
  - CA Trash Haulers

## Policy Recommendations in Three Parts

- ▶ **New Federal Legacy Fund**
  - **\$50-100 Billion Fund**
  - **Pays up to 1/3 of the multi-pollutant health benefit value for reductions from replacement or retrofit**
  - **Similar to TERP or Carl Moyer**
  - **Encourages/funds states to create Air Quality Finance Agencies (AQFAs) for additional financing opportunities**
- ▶ **Encourage Green Contracts or State/Local Regulations**
  - **Federal Legacy Fund still pays up to 1/3 of health benefit value**
  - **Allows faster or targeted reductions**
- ▶ **Federal Regulation**

### **FUNDING:**

- **Health System Cost Savings (Federal share is about 60% of health costs)**
- **GhG Allowance auction funds, SEPs, pollution taxes,**

# NEXT STEPS

- ▶ **CAAAC Approval of Policy Recommendations**
- ▶ **Complete Recommendation/Report Document**
  - Complete research for % of inventory/ Federal health share
  - Write recommendations sensitively
  - Volunteer writers/editors welcome
- ▶ **Present Recommendation to Transition Team**

## **If Accepted:**

- ▶ **Help draft legislation**
- ▶ **Initiate EPA maximum 12 month study, re:**
  - Multi-pollutant benefit calculations
  - Legacy source quantification