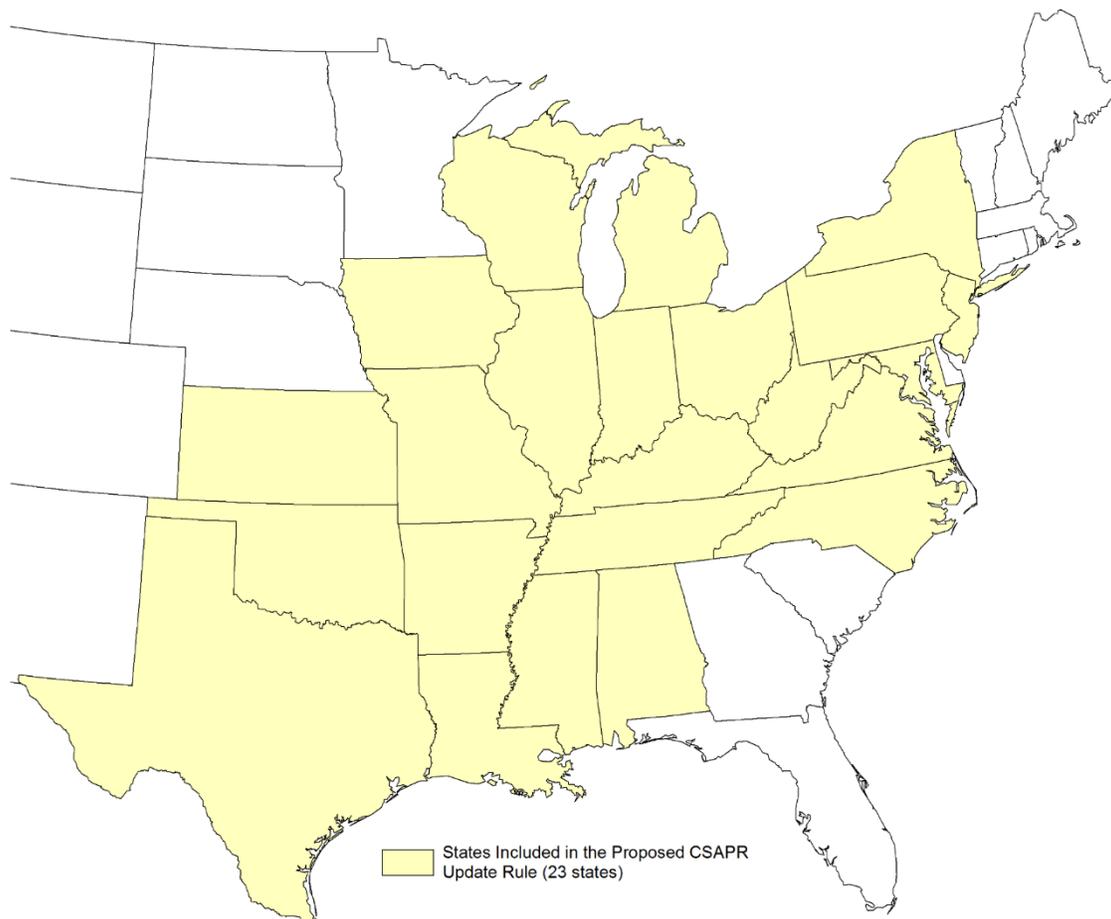


FACT SHEET
Proposed Cross-State Air Pollution Update Rule

SUMMARY OF ACTION

On November 16, 2015 the EPA proposed an update to the Cross-State Air Pollution Rule (CSAPR) ozone season program by issuing the CSAPR Update Rule. Starting in 2017, this proposal would reduce summertime emissions of oxides of nitrogen (NO_x) from power plants in 23 states in the eastern half of the U.S., providing \$1.2 billion in health benefits to millions of Americans. The CSAPR Update Rule would reduce air quality impacts of the interstate transport of air pollution on downwind areas' ability to meet the 2008 ozone standard, and it also responds to the July 2015 remand of certain CSAPR budgets by the United States Court of Appeals for the D.C. Circuit. This proposal supports states' obligations to address the problem of air pollution that is transported across state lines and helps address the Agency's role in backstopping states' obligations under the Clean Air Act.

Proposed Cross-State Air Pollution Update Rule Region



Benefits and Costs

- Ozone is linked to a variety of serious public health effects. Exposure to ozone can harm the respiratory system (the upper airways and lungs) and aggravate asthma and other lung diseases. Evidence indicates ozone also is likely to be one of the many causes of asthma development. Exposure to ozone is linked to early death from respiratory and cardiovascular causes.
- Emissions of NO_x can react in the atmosphere to create ground-level ozone pollution, or smog. These pollutants can travel great distances, often crossing state lines and making it difficult for some states to meet or maintain the national clean air standards that protect public health and welfare. Reducing transport of these pollutants across state borders would help downwind states meet and maintain the health-based NAAQS for ozone.
- In March 2008, to better protect the health and welfare of Americans, EPA strengthened the national air quality standards for ozone by setting an 8-hour standard at 75 parts per billion (ppb) – and, among other things, triggered states' obligation to reduce transported pollution that could affect downwind areas' ability to meet the standard.
- Reducing the transport of ozone season NO_x pollution that crosses state borders would help downwind states meet and maintain these standards. The EPA estimates that the proposed CSAPR Update Rule would reduce summertime NO_x emissions from power plants in the East by 85,000 tons in 2017 compared to projections without the rule. Due to this proposed rule and other changes already underway in the power sector, ozone season NO_x emission will be 150,000 tons lower in 2017 than in 2014, a reduction of more than 30 percent.
- The proposal would result in public health benefits worth up to an estimated \$1.2 billion (2011\$) per year by preventing harmful and costly health effects, including:
 - Over 93,000 asthma attacks
 - Almost 80,000 days of missed work and school
 - Over 400 hospital and emergency room visits, and
 - Up to 130 premature deaths.
- The proposal would result in climate-related co-benefits, estimated at around \$23 million per year.
- These emission reductions would also improve visibility in national and state parks, and increase protection for sensitive ecosystems including Adirondack lakes and Appalachian streams, coastal waters and estuaries, and forests.
- The benefits of the proposal far outweigh the estimated costs of \$93 million per year.

- For every dollar invested through the proposed CSAPR Update Rule, American families would see up to \$13 in health benefits.
- The effects of this proposed rule on employment and retail electricity prices are modest and vary year by year. EPA analysis shows small employment gains and losses in both the electricity generation and fuels sectors as some companies upgrade and optimize existing NO_x pollution control equipment to comply with the rule, and some generation is shifted from coal-fired electric generating units (EGUs) to gas-fired units.
- EPA also projects that the proposed rule would have a minimal impact on electricity prices. Given the modest price changes expected under the proposed rule, the impact on consumer, commercial and industrial annual electric bills is also small.

KEY FEATURES

- The Clean Air Act's "good neighbor" provision requires states to address interstate transport of air pollution that affects the ability of downwind states to attain and maintain clean air standards. The "good neighbor" provision requires states to submit State Implementation Plans, or SIPs, that reduce pollution that contributes significantly to air quality impacts in downwind states.
- The Clean Air Act gives EPA a backstop role to issue Federal Implementation Plans (FIPs), as appropriate, in the event that states do not submit approvable SIPs. The proposed CSAPR Update Rule addresses this backstop role.
- States and EPA have been working together closely to address the "good neighbor" provision. EPA supports the work that states are already doing to reduce ozone pollution and to develop SIPs to address the Clean Air Act "good neighbor" provision. Several states have submitted "good neighbor" SIPs for the 2008 ozone standards that we are currently reviewing and that may lead to approvable SIPs.
- On June 30, 2015, EPA issued a final notice finding that a number of states have failed to submit "good neighbor" SIPs for the 2008 ozone standards. These findings established a 2-year deadline for the EPA to either approve a SIP or finalize a FIP that addresses the "good neighbor" requirement. States may choose to have their emissions sources controlled by the FIP rather than developing their own plan. For those states that have failed to submit an approvable plan or where EPA has disapproved the plan, the Clean Air Act requires the Agency to put in place FIPs.

- The proposed rule is a partial solution, meaning that it may not fully address the problem of transported ozone pollution in the East. However, it would result in important reductions in ozone pollution that crosses state lines and, in conjunction with other federal and state actions, this proposal would assist downwind states in the eastern United States in attaining and maintaining the 2008 ozone standard.
- Today's proposal is focused on air pollution transport issues in the East but the EPA requests comment on whether to include western states in this rule.

Applying the CSAPR 4-step approach

- The CSAPR, finalized in July 2011, was designed to help states meet the 1997 ozone NAAQS. Now that the CSAPR approach to define upwind state obligations under the "good neighbor" provision has been affirmed by the Supreme Court, the EPA is applying this 4-step approach to the 2008 ozone NAAQS.
 1. Identify downwind receptors that are expected to have problems attaining or maintaining clean air standards;
 2. Determine which upwind states contribute to these identified problems in amounts sufficient to "link" them to the downwind air quality problems;
 3. Identify upwind emissions that significantly contribute to downwind nonattainment or interfere with downwind maintenance of a standard by quantifying available upwind emission reductions and apportioning upwind responsibility among linked states;
 4. Adopt FIPs that require sources to reduce the identified upwind emissions via regional emissions allowance trading programs.
- EPA has determined that ozone season NO_x emissions in 23 eastern states¹ affect the ability of downwind states to attain and maintain the 2008 ozone NAAQS.
- This proposal focuses on the power sector because our analysis shows that, in contrast to other sectors, the power sector has a substantial amount of cost-effective NO_x reductions that could be achieved by 2017. The proposed CSAPR Update Rule affects 3,047 electric generating units at 913 coal-, gas-, and oil-fired facilities in 23 states.
- For the 2017 ozone season, EPA found that meaningful NO_x reductions can be made quickly and affordably by optimizing operation of existing pollution control technology, turning on existing pollution controls that are currently idled, upgrading to state-of-the-art low-NO_x combustion controls, and shifting

¹ Alabama, Arkansas, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Michigan, Mississippi, Missouri, New Jersey, New York, North Carolina, Ohio, Oklahoma, Pennsylvania, Tennessee, Texas, Virginia, West Virginia, Wisconsin

generation to lower-emitting power plants. Because this proposal uses an existing, familiar, and proven framework, these sources can adapt quickly to achieve cost-effective reductions.

- The EPA will continue to look at the availability, cost-effectiveness, and timing of emissions reductions from other sectors for potential inclusion in a future transport rule.

CSAPR NO_x ozone season trading program

- In order to update the existing CSAPR ozone season program as quickly as possible and deliver over a billion dollars in important public health benefits by the 2017 ozone season, EPA is proposing to adopt FIPs for each of the 23 states that may not have submitted approvable SIPs and whose emissions are projected to contribute to downwind ozone air quality problems. These FIPs would update the existing CSAPR NO_x ozone season emission budgets for each state's fleet of electricity generating units (EGUs) and implement these budgets through the existing CSAPR NO_x ozone season allowance trading program.
- Under a trading program, sources have significant flexibility in deciding how to meet emission reduction requirements. Using the CSAPR allowance trading program allows facility owner/operators to determine their own compliance path. EPA is proposing unit-level allowance allocations as part of this action. However, the proposal does not make any unit-specific requirements except that facilities hold enough allowances to cover their emissions for the ozone season and that emissions are monitored and reported in compliance with 40 CFR Part 75.
- Power sector emissions trading is a proven approach to addressing regional air pollution issues in a cost-effective way. EPA has over 20 years of experience implementing successful power sector trading programs, including programs to reduce ozone season NO_x emissions.

BACKGROUND

- EPA issued the Cross-State Air Pollution Rule (CSAPR) in July 2011. As amended, CSAPR requires 28 states in the eastern half of the United States to significantly improve air quality by reducing power plant emissions that cross state lines and contribute to ozone and fine particle pollution in other states. CSAPR was scheduled to replace the Clean Air Interstate Rule starting on January 1, 2012. A number of petitioners challenged CSAPR in the D.C. Circuit in *EME Homer City v. EPA* (Case No. 11-1302), and the D.C. Circuit subsequently issued decisions that stayed and then vacated the rule before implementation began. On April 29, 2014, the U.S. Supreme Court reversed the D.C. Circuit's vacatur, and on October

23, 2014, the D.C. Circuit granted EPA's motion to lift the stay and shift the CSAPR compliance deadlines by three years. The EPA issued an interim final rule revising the compliance deadlines in its regulations, and CSAPR Phase I implementation began January 1, 2015 for annual programs and May 1, 2015 for the ozone season program, with Phase II to begin in 2017.

- The April 2014 Supreme Court decision also remanded the CSAPR litigation to the D.C. Circuit, and on July 28, 2015, the D.C. Circuit remanded the ozone season budgets for 11 states to EPA for reconsideration. In response to the D.C. Circuit remand in *EME Homer City*, EPA is proposing in today's rule to replace the Phase 2 CSAPR ozone season NO_x emissions budgets for nine states (Maryland, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Texas, Virginia, and West Virginia) with updated budgets designed to address interstate transport with respect to the 2008 ozone NAAQS. The proposal would also remove two states (South Carolina and Florida) from the CSAPR ozone season NO_x trading program.
- In preparation for issuing today's proposal, EPA conducted an extensive outreach process with our state partners to assess and gather feedback on the next steps to address interstate air pollution transport.
 - On January 22, 2015, EPA issued a memo and preliminary air quality modeling data to help states as they develop SIPs to address transport of air pollution for the 2008 ozone standards.
 - On March 15, 2015, EPA attended a meeting organized by the State Collaborative on Ozone Transport in Washington, D.C. States and EPA shared their knowledge of actions planned and underway that could achieve NO_x emissions reductions during the 2015 summer ozone season from emissions sources in eastern states.
 - On April 8, 2015, EPA held a workshop in which states and EPA shared their understanding of actions that should be taken to address interstate ozone transport for the 2008 NAAQS under the "good neighbor" provision.
 - On July 23, 2015, EPA issued a Notice of Data Availability, providing the opportunity to review and comment on the Agency's updated air quality modeling data. EPA indicated in this NODA that the agency intended to use the data in applying Steps 1 and 2 of the CSAPR approach to develop the proposed updates to state budgets.

HOW TO COMMENT

- EPA will accept comments for 45 days after publication in the Federal Register.
- Comments on the proposal, identified by Docket ID No. **EPA-HQ-OAR-2015-0500**, may be submitted by one of the following methods:
 - **Federal eRulemaking portal:** Follow the online instructions for submitting comments at <http://www.regulations.gov>
 - **Email:** Send your comments via electronic mail to A-and-R-Docket@epa.gov. Include docket ID No. EPA-HQ-OAR-2015-0500 in the subject line of the message.
 - **Fax:** Fax your comments to: 202-566-9744.
 - **Mail:** Environmental Protection Agency, EPA Docket Center (EPA/DC), Mailcode 28221T, Attention Docket ID No. OAR-2015-0500, 1200 Pennsylvania Avenue, NW., Washington, DC 20460.
 - **Hand Delivery or Courier:** Deliver your comments to: EPA Docket Center, Room 3334, 1301 Constitution Ave., NW, Washington, DC, 20004. Such deliveries are only accepted during the Docket's normal hours of operation, and special arrangements should be made for deliveries of boxed information.
- At the same time that EPA is issuing this proposal, the agency is publishing a Federal Register notice with details about the public hearing for the proposed CSAPR Update Rule. The hearing, scheduled for December 17, 2015 in Washington, D.C., provides interested parties the opportunity to present perspectives concerning the proposed action. You can learn more about the hearing and how to register in the Federal Register notice and online at: <http://www2.epa.gov/airmarkets/proposed-cross-state-air-pollution-update-rule>.

FOR MORE INFORMATION

- To read or download a copy of the proposed rule, go to <http://www2.epa.gov/airmarkets/proposed-cross-state-air-pollution-update-rule> or <http://www.regulations.gov> (EPA's electronic public docket and comment system). The proposed rule is also available in hardcopy at the EPA Docket Center's Public Reading Room. Materials for this proposed action can be accessed using Docket ID No. EPA-HQ-OAR-2015-0500.
- For further information about the proposed action, contact Mr. David Risley of EPA's Office of Atmospheric Programs, Clean Air Markets Division, at (202) 343-9177 or by e-mail at risley.david@epa.gov.