

# Federal “Good Neighbor Plan” for 2015 Ozone NAAQS

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# Canadian Wildfires

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# Final Rule Overview

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- The Good Neighbor Plan requires that 23 states meet the Clean Air Act's "Good Neighbor" requirements by reducing pollution that "significantly" contributes to problems attaining EPA's 2015 Ozone National Ambient Air Quality Standards (NAAQS), in downwind states.
- Beginning in the 2023 ozone season, EPA included power plants in 22 states in a revised and strengthened Group 3 Cross-State Air Pollution Rule (CSAPR) ozone season trading program. EPA set the initial control stringency based on reductions achievable through immediately available measures, such as consistently operating emissions controls already installed at power plants.
- Beginning in the 2026 ozone season, EPA is setting enforceable NO<sub>x</sub> emissions control requirements for existing and new emissions sources in industries in 20 states.

# The 4-Step Interstate Transport Framework

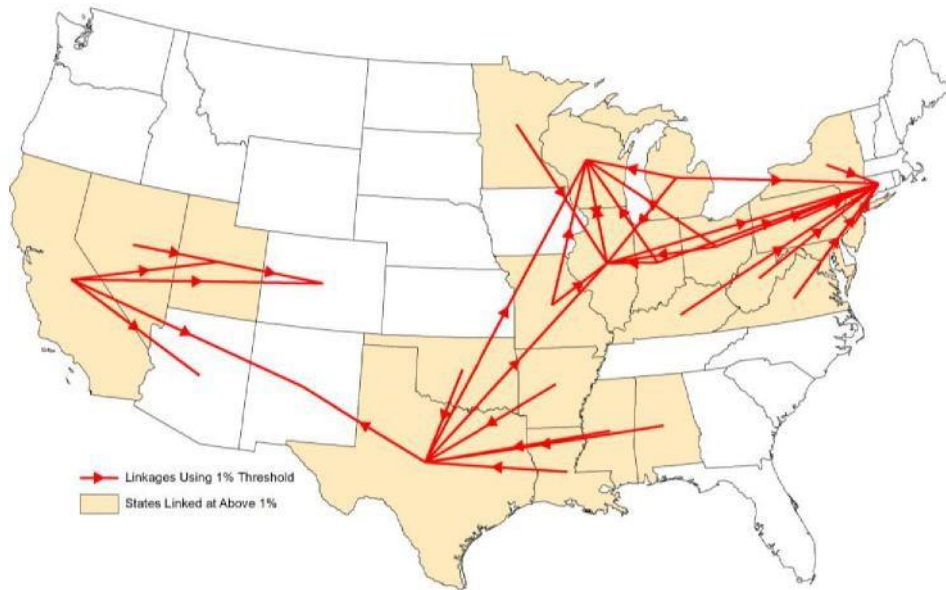
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**EPA evaluates SIPs and/or prepares FIPs using the 4-step interstate transport framework to quantify necessary emissions reductions to address interstate ozone pollution (defined as “significant contribution”).**

- Identify downwind receptors expected to have problems attaining or maintaining the NAAQS.
- Determine which upwind states are “linked” to these downwind air quality problems and thereby warrant further analysis of their emissions .
- For states linked to downwind air quality problems, identify upwind emissions on a statewide basis that significantly contribute to nonattainment or interfere with maintenance of a standard in any area, considering cost- and air-quality-based factors.
- For upwind states that are found to have emissions that significantly contribute to nonattainment or interfere with maintenance of the NAAQS downwind, implement the necessary emissions reductions within the state.

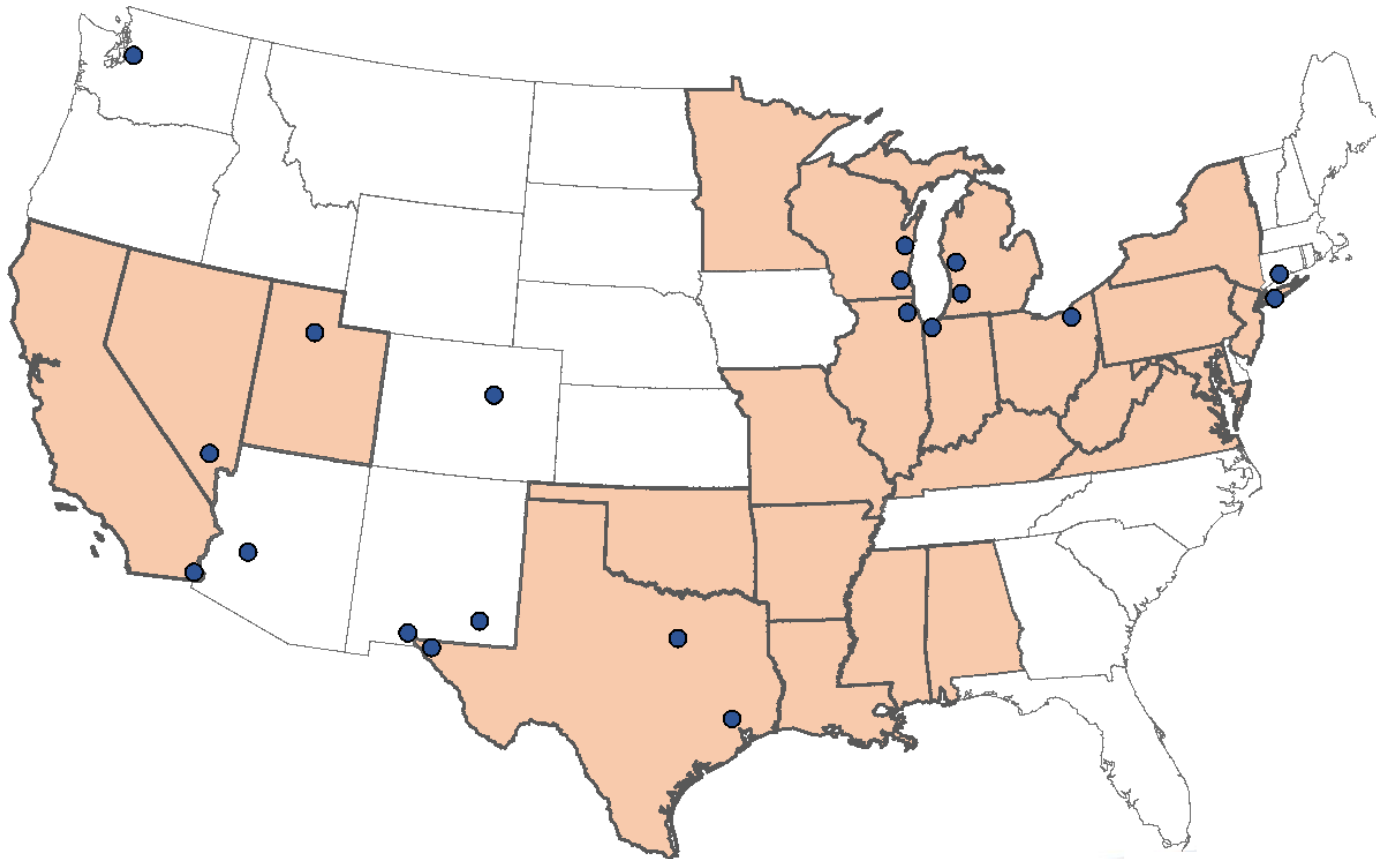
# Transport Linkages for 2015 Ozone NAAQS

## Transport Linkages from Final Rule Modeling



- Interstate air pollution refers to pollution from upwind emissions sources that impact the air quality in another state
- These pollutants can travel great distances
- Transport of pollutants across state borders can make it difficult for downwind states to meet the NAAQS for ozone and potentially other pollutants.

# Final Rule Modeling-Based Receptor Areas and Upwind States in 2023



**Step 1:** EPA identified nonattainment and/or maintenance problems in 2023 in the following areas:

**Yuma, AZ; Phoenix, AZ, Denver, CO; Coastal CT; Chicago, IL; Hobbs, NM; Las Cruces, NM; Cleveland, OH; Dallas/Ft Worth TX; El Paso, TX; Houston/Brazoria/Galveston, TX; Las Vegas, NV; Salt Lake City, UT; and along the shoreline of Lake Michigan.**

**Step 2:** EPA identified 23 upwind states that are linked above 1% of the NAAQS or 0.70 ppb to downwind air quality problems in 2023: **Alabama; Arkansas; California; Illinois; Indiana; Kentucky; Louisiana; Maryland; Michigan; Minnesota; Mississippi; Missouri; Nevada; New Jersey; New York; Ohio; Oklahoma; Pennsylvania; Texas; Utah; Virginia; West Virginia; and Wisconsin.** (Alabama, Minnesota, and Wisconsin are not linked in 2026)



# NO<sub>x</sub> Allowance Trading Program for Fossil Fuel-Fired Power Plants in 22 States

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- In 2023, EPA will include power plants in 22 states in a trading program.
- For 2023 EPA is set the initial control stringency based on the level of reductions achievable through immediately available measures, including consistently operating emissions controls already installed at power plants.
- Thereafter, the final rule sets emissions budgets that decline over time based on the level of reductions achievable through phased installation of state-of-the-art emissions controls at power plants starting in 2024.
- The final rule's 2027 budget for power plants reflects a 50% reduction from 2021 ozone season NO<sub>x</sub> emissions levels.



# Additional Features of the NO<sub>x</sub> Allowance Trading Program

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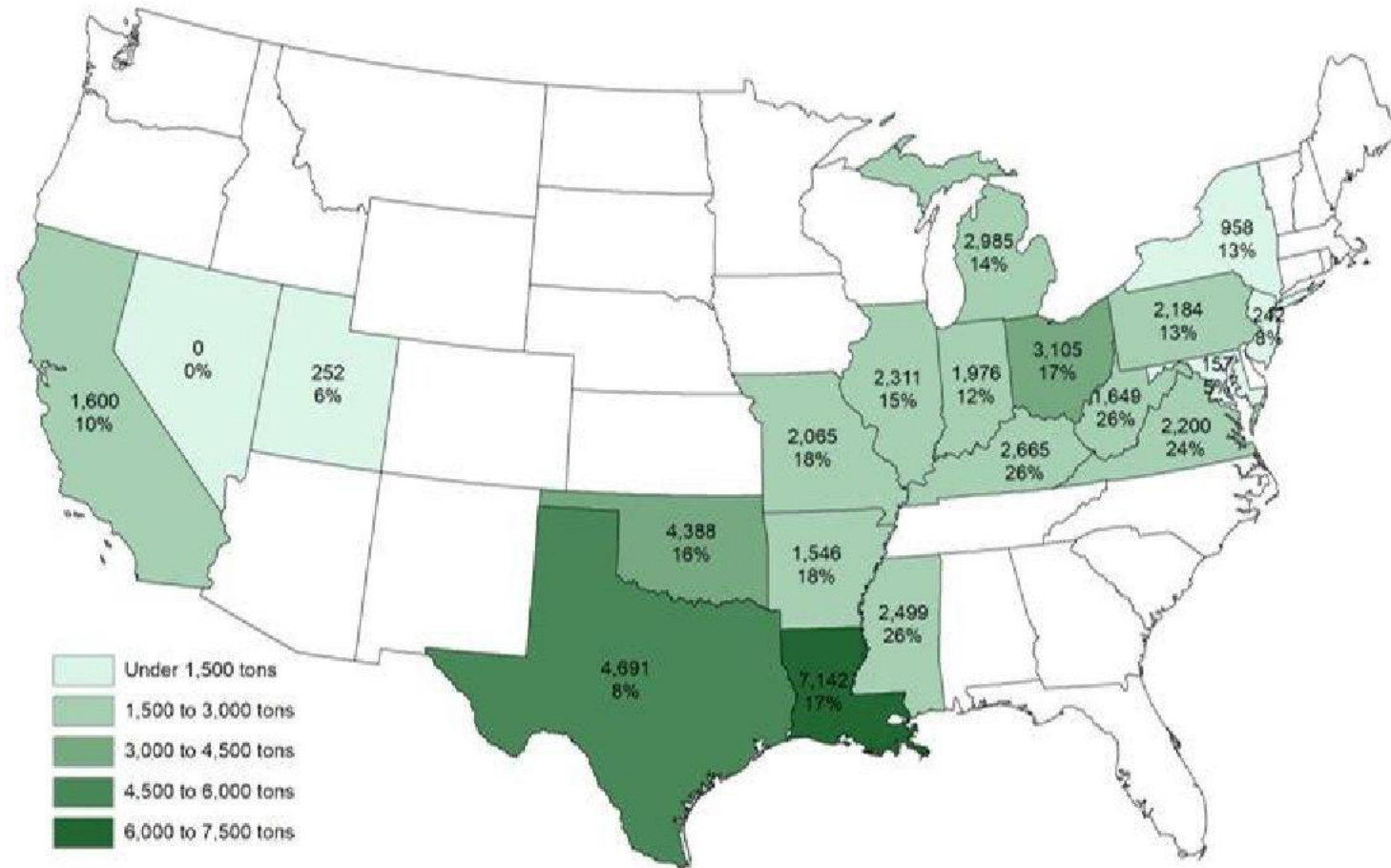
- A backstop daily emissions rate in the form of a 3-for-1 allowance surrender for emissions from large coal-fired units that exceed a protective daily NO<sub>x</sub> emissions rate. This backstop would take effect in 2024 for units with existing controls and one year after installation for units installing new controls, but no later than 2030;
- Annually recalibrating the size of the emissions allowance bank to maintain strong long-term incentives to reduce NO<sub>x</sub> pollution;
- Annually updating emissions budgets starting in 2030 to account for changes in power generation, including new retirements, new units, and changing operation. Updating budgets may start as early as 2026 if the updated budget amount is higher than the state emissions budgets established by the final rule for 2026-2029.

# Industrial Source NO<sub>x</sub> Emissions Limits

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- Beginning in the 2026, EPA is setting enforceable NO<sub>x</sub> emissions control requirements for existing and industrial new emissions sources. The goal is to achieve an approximate 15% reduction in NO<sub>x</sub> emissions from a baseline of 2019 actual emissions as follows:
  - reciprocating internal combustion engines in **Pipeline Transportation of Natural Gas**;
  - kilns in **Cement and Cement Product Manufacturing**;
  - reheat furnaces in **Iron and Steel Mills and Ferroalloy Manufacturing**;
  - furnaces in **Glass and Glass Product Manufacturing**;
  - boilers in **Iron and Steel Mills and Ferroalloy Manufacturing, Metal Ore Mining, Basic Chemical Manufacturing, Petroleum and Coal Products Manufacturing, and Pulp, Paper, and Paperboard Mills**; and
  - combustors and incinerators in **Solid Waste Combustors or Incinerators**.
- A compliance extensions with EPA approval may be granted up to two years

# Industrial Source Ozone Season Emissions Reductions in 2026 Relative to 2019 Ozone Season Emissions



# Missouri SIP

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- States including Missouri were required to submit a SIP to EPA to comply with the Rule as to addressing – regulating – the power plants and industrial sources under the rule
- EPA declared the Missouri SIP to be in adequate
- EPA issues a FIP in March of 2023 placing regulations on Missouri under concurrent jurisdiction

# Missouri Appeal and 8<sup>th</sup> Circuit decision

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- Missouri quickly submitted an appeal and requested a stay of the FIP rule until the merits of the case can be decided
- In late May the 8<sup>th</sup> Circuit issued a stay of the rule with no comment
- Issuance of a stay is unusual
- To issue a stay the court has to find that there is a “likelihood of success on the merits”

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