

DRAFT
Metropolitan Washington Air Quality Committee
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Summary of October 26, 2005 Control Measures Workshop

Attendance:

Members and Alternates

Dave Brownlee, Calvert County
Hon. Sharon Bulova, Fairfax County
Julie Crenshaw, Chair, AQPAC
Hon. Redella S. Del Pepper, Alexandria
Hon. Thomas Dernoga, Prince George's County
Hon. Nancy Floreen, Montgomery County
Fariba Kassiri, Montgomery County Department of Environmental Protection
Maurice Keyes, District of Columbia Department of Transportation
Hon. Leta Mach, City of Greenbelt
Howard Simons, Maryland Department of Transportation
Hon. Linda Smyth, Fairfax County
Beverly Warfield, Prince George's County
Hon. Patrice Winter, City of Fairfax

Others Present:

Olivia Achuko, District of Columbia Department of Health
Kambiz Agazi, Fairfax County
Gary Allen, Center for Chesapeake Communities
Randy Carroll, Maryland Department of the Environment
Jonathan Cohen, William James Foundation
Chris Cripps, US Environmental Protection Agency Region III
Dave Duval, Fairfax County
Deirdre Elvis-Peterson, District of Columbia Department of Health
Alden Hathaway, Environmental Resources Trust
Alex Hekimian, Montgomery County M-NCPPC
Debra Jacobson, George Washington University Law School
Rodney Livingston, CEC
Chris Meoli, Virginia Department of Environmental Quality
Mary Richmond, Montgomery County Department of Environmental Programs
Walt Seedlock, Metropolitan Washington Airports Authority
Arnold Solomon, Mirant MidAtlantic
Kanathur Srikanth, Virginia Department of Transportation
Flint Webb, Fairfax County Federation of Citizens' Associations
Michael Zamore, Maryland-National Capitol Park and Planning Commission

Staff:

Joan Rohlfs, COG/DEP
Jeff King, COG/DEP

Dave Robertson, COG Executive Director
Lee Ruck, COG General Counsel

Rich Denbow, COG/DEP Consultant
Stuart Freudberg, COG/DEP
Ron Kirby, COG/TPB
Daivamani Sivasailam, COG/TPB

Sunil Kumar, COG/DEP
Leah Boggs, COG/DEP
Mike Clifford, COG/TPB

1. Call to Order

MWAQC Vice Chair Nancy Floreen called the meeting to order at 12:15 p.m. and welcomed everyone.

2. Chair's Report: Purpose of the Workshop

Ms. Floreen stated she was serving as chair because Mr. Kauffman, MWAQC Chair, was unavailable. The meeting is being held to focus on the need to clean up the air to meet EPA's air quality standards. This past season brought good news in that the region did not exceed the 1-hour ozone standard, but there were exceedances of the 8-hour ozone standard. Since the 8-hour air quality plan is due first, in June 2007, this meeting will focus on new control measures to be considered for that plan. The fine particulate matter plan is due in April 2008. The attainment date for the 8-hour standard is 2010.

Ms. Floreen described the structure of the meeting. There are two staff presentations, followed by four discussion groups that will be divided into two sessions. Attendees will have the opportunity to participate on two discussion groups.

3. Does the Washington Region Need Control Measures?

Joan Rohlfs gave a presentation on the challenges we face in meeting the 8-hour ozone standard in the region. The region has made considerable progress in reducing ozone concentrations in recent years. During the 2005 ozone season, no exceedances of the 1-hour standard were recorded. This is the first time this has happened in many years. However, there were 19 exceedances of the 8-hour standard during the 2005 ozone season. EPA modeling shows that the region will not meet the 2010 deadline for attainment with current controls – new control measures will be needed by 2007 to bring us into attainment by 2010.

Staff has conducted a preliminary analysis of emissions and control measures. Controls that are currently "on the books" and "on the way" will reduce emissions in 2009 by greater than 21% compared to 2002 levels. Ms. Rohlfs presented graphs of the 2002 base year emission inventory by source category and by the top contributing sources for NOx and VOC. The top contributing VOC sources are highway gasoline-powered vehicles (31%), residential heating (14%), off-road gas vehicles (12%), and consumer solvents (7%). The top contributing NOx sources are highway gasoline-powered vehicles (31%), electric generation (23%), highway diesel-powered vehicles (18%) and off-road diesel-powered vehicles (7%).

Ms. Rohlfs stated that attainment modeling will be completed in the winter of 2005. The control strategy plan can be finalized in January and February 2006. New legislation and regulations will need to be introduced in the winter and spring of 2006, and the SIP will be completed in the Fall/Winter of 2006.

4. Ozone Transport Commission Regional Priority Measures

Jeff King gave a presentation on the Ozone Transport Commission's (OTC) efforts to develop regional control measures. OTC has formed three major workgroups to address: Stationary and Area Source RACT, EGU Multipollutant Controls, and Clean Corridors. These groups are developing extensive lists of possible control measures that can be adopted and implemented by states in the OTC region. On October 5, OTC announced a slate of potential priorities for regional adoption and further investigation for development of model rules that states can adopt. Mr. King reviewed several of the priorities.

5. Discussion Groups

The following discussion groups were formed to address questions and brainstorm ideas for further discussion and recommendation:

a) Power Plants/Stationary Sources

Nancy Floreen moderated this discussion group. She posed the following questions to the group: Should states consider early retirement of emission reduction credits from stationary sources for actions such as facility shutdowns? What are the benefits of pursuing multipollutant legislation instead of regulations at the state level? What factors should be considered in developing new rules targeting smaller stationary sources such as boilers, peaking units, and distributed generation units.

Ms. Floreen asked if states have the power to retire emission reduction credits. Arnold Solomon, Mirant MidAtlantic, replied that states do have that authority.

One hurdle to address is that the credits are bought and sold on the open market, so retiring credits may not translate directly into emission reductions in the Washington nonattainment area. It may result in emission reductions elsewhere in the country. There may still be a benefit to the region in the form of less ozone transport into the region, but the direct benefit to the region in the SIP is more difficult to identify and claim for credit. We need to determine if reductions from early retirement of credits are creditable to emission reductions in the SIP. Chris Cripps, EPA, said they may be.

Alden Hathaway, Environmental Resources Trust, said his organization is helping communities get SIP credits by retiring NOx credits that are awarded to them through a set aside and are carved out for renewable energy and energy efficiency. In the OTC model rule for CAIR, each state has an allocation of NOx credits that they give to the electric utility industry. There is a provision that sets aside 5% for new sources. Out of that 5%, his organization has been working with various governments to get some of the set aside for renewable energy and energy efficiency purposes pursued by the governments in the form of a credit.

The group felt that an example of a state that has retired credits would be helpful.

There are two big issues with respect to the question: companies have to be willing to sell the credits, and if a plant shuts down, there has to be the ability to prevent these credits from being released to the market.

A related issue raised by a participant is when large utilities are using diesel generators to come online when peaking issues arise, which typically happen on the hottest days of summer. These diesel generators have high emissions.

Regarding the other two questions, one participant stated that he believes that pursuing multipollutant legislation is a waste of our limited time and we would be better served focusing on making CAIR better. He also stated that he believes it is more effective to go after the larger emitters rather than the smaller stationary sources.

Ms. Floreen said the question we need to address is what are the realistic options? We also need to determine what can be agreed upon for a regional strategy.

b) Energy Efficiency and Renewable Energy Measures

The session, moderated by Debra Jacobsen, began with a discussion of the status of work in the three states to establish the regulatory framework needed to enable SIP credit for energy efficiency and renewable energy measures. A working group, including representatives from electric utilities, Fairfax County, and environmental and public interest groups has recommended to the VA DEQ that the agency adopt an EERE set--aside for NOx allowances in the VA regulations implementing the EPA Clean Air Interstate Rule. Both MD and DC will need to adopt new regulations by Sept. 2006 awarding NOx allowances to spur energy efficiency and renewable energy measures in order to be able to achieve SIP credit for EERE measures from 2009 forward. The CAIR NOx trading regulations will replace all existing NOx trading regulations, including those in effect for MD, starting in the 2009 allowance allocation year.

Members recommended that energy performance contracting and the Leadership in Energy and Environmental Design (LEEDs) be considered for potential adoption as part of the approach to meet the 8-hour ozone standard.

Energy performance contracting involves establishing a relationship between a facility owner and an energy service company (ESCO). Under a formal agreement, an ESCO will provide the upfront capital investment to upgrade an existing facility to become more energy efficient. The investment is paid back from the energy cost savings over the life of the project.

The LEEDs program establishes a rating system for building performance. To improve overall building efficiency, local jurisdictions can provide incentives to developers to meet the highest LEEDs ratings categories.

Examples of performance contracts, including one available through COG, can be provided to members.

c) Transportation Strategies

Ron Kirby moderated. He provided background on the contribution of onroad sources to the inventory and trends into the future. He stated that the purpose of this discussion group is to look at controls on transportation sources, including alternative fuels, retrofits, reduced idling,

and others. Mr. Kirby posed three questions to the group: what are the top five most important initiatives to reduce emissions from the transportation sector, what are the major barriers to overcome in reducing those emissions, and should we be looking at ways to reduce CO2 from the transportation sector? He pointed out that we need to have emission reductions in place by 2009 to meet the reduction requirements for attainment. This is important to note, because it takes lead time to adopt the controls through regulation or legislation, and additional time to take effect in the fleet if the control is a technology requirement.

Some participants expressed interest in the OTC corridor Strategy that would implement truck stop electrification projects and chip reflash along the I-95 corridor. One person noted that the benefits in the region from this measure may not be very high because there are few truck stops.

A participant stated that we may need additional VOC reductions, and these are harder to get from the onroad sector because vehicles already have low VOC emission rates, and gasoline-powered vehicles are the primary source of onroad VOCs. Diesel-powered vehicles have very low VOC emissions.

Regarding the CAL LEV II standards, the participants felt that reductions from the rule would not be achieved in time for our deadline so it is a low priority for this effort.

Mr. Kirby stated a preference for pursuing a program like one recently started in New Jersey. New Jersey passed legislation in September 2005 to reduce onroad diesel emissions from school buses, refuse trucks, buses, etc. The program's implementation is contingent upon voter approval on November 8th of an initiative to reallocate revenue already generated by the state's corporate business tax. The program would reimburse fleet owners for 100% of the cost of installing emission reducing equipment over the next 10 years. The program will fund installation of particulate traps and other devices. It will also study the health risks to children on school buses, with the possibility of requiring lower tailpipe standards for school buses.

In relation to onroad diesel retrofits, Mr. Kirby discussed a provision on the recently passed transportation bill that allows CMAQ money to be used to retrofit off-road diesel construction equipment. He said there may be some "low hanging fruit" in this category in the form of cost effective emission reductions.

A participant suggested looking at incentives as a way to encourage vehicle purchases and use, such as a registration fee that is higher for vehicles with high emissions and lower for low emission vehicles. The higher fee could be used to provide incentives to purchase lower emitting vehicles.

Another participant suggested a VMT-based registration fee where the vehicle owner pays annually based on the number of miles driven.

d) Environmental Best Practices/Contracts

The session, moderated by Mary Richmond, focused on discussing the potential for use of best practices to reduce emissions and improve air quality. Three main questions were discussed, as follows.

- 1) What sectors could be targeted for best practice approaches?
 - Energy and Power
 - Construction and Development
 - On- and Off-Road Mobile Sources

- 2) What best practice programs should be considered for development in the region?
 - Green Power Purchasing
 - Incentives for developers to use approaches such as green roofs, solar panels, tree canopies, and energy efficient appliances and home building materials. Consider homeowner opt-in.
 - Smart Growth and Urban Heat Island Mitigation
 - Anti-Idling, especially Buses
 - Episodic Approaches (Air Quality Action Days)
 - Low-Emitting Refuse Haulers and Transit/School Buses

- 3) What do local governments need to advance best practice programs?
 - Model Contracts
 - Data on Effectiveness
 - Demonstrations
 - Public Education and Outreach
 - Lead By Example

7. Discussion Group Recommendations

The Discussion Group moderators reported.

a) Power Plants/Stationary Sources

Ms. Floreen reported that the group struggled with the issue of the most effective way to control power plant emissions and the ability to retire credits. There are some questions to address about the ability to retire credits and the ability to take SIP credit before we can develop a clear recommendation. Some stated that we should be realistic and not expect any help from regional or national multipollutant legislation because it does not appear to have broad enough support, and that when deciding on which stationary sources to pursue for additional controls, we should focus on the bigger contributors rather than smaller sources.

b) Energy Efficiency and Renewable Energy Measures

Ms. Jacobs stated that the group believes we need regulations in place to get SIP credit for energy efficiency and renewable energy measures. There are some mechanisms in place in Maryland, but they need more work. Virginia is working on the issue, no action is being pursued in DC. There was interest from the group in pursuing LEED certification and other standards, as well as performance contracting.

c) Transportation Strategies

Mr. Kirby stated the group discussed the importance of distinguishing between VOC and NO_x emissions from onroad sources and controls for each. They also noted that since vehicles are getting cleaner, it is harder to get reductions from reduced VMT. Each unit of VMT reduced

results in a smaller amount of pollution reduced, so we need control programs that are more far reaching to have an effect. Regarding certain measures, the group believes the CAL LEV II standards will not help us with reductions in the timeframe needed. Options the group feels are worth pursuing further are the OTC Corridor Strategy, diesel vehicle retrofits such as the New Jersey program, and a vehicle registration fee differential.

d) Environmental Best Practices/Contracts

Ms. Richmond said that the group believes that the energy and power, construction and development, and on- and off-road mobile source sectors should be targeted for environmental best practice initiatives. Specific programs that were recommended included green power purchasing and low-emitting refuse haulers and transit/school buses. She also said that the group recommends that more incentives be given to developers to include renewable energy and energy efficiency into their projects. She also said that it is important the local governments lead by setting a good example.

8. Date for Next Meeting and Adjourn

The next full MWAQC meeting will take place on December 14 from 10-12. The meeting was adjourned at 2:00 p.m.