

# EPA'S FINAL GOOD NEIGHBOR PLAN FOR 2015 OZONE NAAQS

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## MWAQC-TAC

April 11, 2023

# Summary

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- On March 15, 2023, EPA issued its final Good Neighbor Plan
- The Good Neighbor Plan ensures that 23 states meet the Clean Air Act’s “Good Neighbor” requirements by reducing pollution that significantly contributes to problems attaining and maintaining EPA’s health-based air quality standard for ground-level ozone (2015 Ozone NAAQS) in downwind states.
- The final Good Neighbor Plan ensures that emissions reductions will happen as quickly as possible and be aligned with Clean Air Act deadlines for states to achieve the 2015 ozone NAAQS – which vary according to the severity of nonattainment.

# Summary

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- The initial phase of NOx emissions reductions takes effect as soon as possible prior to the August 3, 2024, attainment date for areas classified as Moderate nonattainment.
- Further emissions reductions phase in at the beginning of the 2026 ozone season to coincide with the August 3, 2027, attainment date for Serious nonattainment areas.

# Approaches to Reduce Ozone Pollution

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1. NOx Allowance Trading Program for Fossil Fuel-Fired Power Plants in 22 States
2. NOx Emissions Standards for Nine Large Industries in 20 States



# NOx Allowance Trading Program for Fossil Fuel-Fired Power Plants

- Beginning in the 2023 ozone season, EPA will include power plants in 22 states in a revised and strengthened Group 3 Cross-State Air Pollution Rule (CSAPR) ozone season trading program.
- Short term – EPA is setting 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.
- Longer-term – 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.
- This program will secure significant reductions in ozone-forming pollution while providing power plants operational flexibility they need to continue providing reliable and affordable electric service.



# NOx Allowance Trading Program for Fossil Fuel-Fired Power Plants

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- This program will secure significant reductions in ozone-forming pollution while providing power plants operational flexibility they need to continue providing reliable and affordable electric service.
- The final rule's 2027 budget for power plants reflects a 50% reduction from 2021 ozone season NOx emissions levels.

# NOx Allowance Trading Program for Fossil Fuel-Fired Power Plants

- Additional features:
  - 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 NOx 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 NOx 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.



# NOx Emissions Standards for Nine Large Industries

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- Beginning in the 2026 ozone season, EPA is setting enforceable NOx emissions control requirements for existing and new emissions sources in industries that are estimated to have significant impacts on downwind air quality and the ability to install cost-effective pollution controls.
- These standards would collectively achieve an approximately 15% reduction in NOx emissions from 2019 ozone season, point source emissions.





# NOx Emissions Standards for Nine Large Industries

- The reduction in NOx emissions comes from the following types of emissions sources:
  - 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**.



# Expected Outcomes of Final Rule

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- EPA estimates that the final Good Neighbor Plan will reduce ozone forming NOx emissions from the 23 significantly contributing upwind states by approximately 70,000 tons during the 2026 ozone season (May 1 – September 30) compared to a business-as-usual scenario.
  - About 25,000 tons will come from fossil fuel-fired power plants – reducing their ozone season NOx emissions. The additional 45,000 tons of NOx emissions reductions would come from the other covered industrial sources.
- The final Good Neighbor Plan will also reduce other harmful pollutants from power plants. In 2026 alone, EPA estimates that annual sulfur dioxide emissions will drop by 29,000 tons, annual fine particle emissions by 1,000 tons, and annual carbon dioxide emissions by 16 million metric tons.

# Health and Environmental Benefits of Final Rule

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- In 2026, the final Good Neighbor Plan will prevent up to 1,300 premature deaths, reduce hospital and emergency room visits for thousands of people with asthma and other respiratory problems, help keep hundreds of thousands of children and adults from missing school and work due to respiratory illness, and decrease asthma symptoms for millions of Americans.
- For each year from 2027 through 2042, EPA estimates the benefits will be approximately as large as in 2026, although the annual benefits decline slightly over time based on EPA's projection that the health status of the population will improve over this period.
- These emissions reductions will also result in a broad range of unquantified benefits, including improving visibility in national and state parks and increasing protection for sensitive ecosystems, coastal waters and estuaries, and forests.



# Contact Information

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