

ECONOMIC IMPACT/ENVIRONMENTAL BENEFIT ANALYSIS

Answer to best of the proponent's ability, as required by ADPCEC Regulation 8, Chapter 3.5

STEP 1: DETERMINATION OF ANALYSIS REQUIREMENT (to be included in petition to initiate rulemaking)

ARKANSAS POLLUTION CONTROL AND ECOLOGY COMMISSION REGULATION NUMBER 19 REGULATIONS OF THE ARKANSAS PLAN OF IMPLEMENTATION FOR AIR POLLUTION CONTROL

1A. Is the proposal expressly addressed by a Federal requirement?

Yes.

1B. If 1A is YES, is proposed regulation equivalent, or more stringent, or less stringent than federal requirement?

- If equivalent – Economic Impact/Environmental Benefit Analysis is not required
- If more stringent - Economic Impact/Environmental Benefit Analysis is required
- If less stringent - Economic Impact/Environmental Benefit Analysis is not required, but does require federal agency approval prior to adoption if the proposal is part of an authorized state program.

Equivalent to federal requirements, thus an Economic Impact/Environmental Benefit Analysis is not required. The proposed amendment of Regulation Number 19 will add Chapter 14 to the regulation. The proposed addition of Chapter 14 fulfills the State's obligations as part of the Clean Air Interstate Rule (CAIR). CAIR will control the interstate transport of NO_x and SO₂ emitted by fossil-fuel fired Electric Generating Units (EGUs) by creating an interstate cap and trade program. ADEQ engaged in a series of meetings with stake holders to discuss the proposed changes to Regulation Number 19.

EPA established trading budgets for each state, but has allowed each state to determine how to distribute the allowances in that state. CAIR will be implemented in two phases. For Arkansas EGUs, Phase I of EPA's rule caps NO_x emissions at 11,515 tons per ozone season starting in 2009, while Phase II will limit NO_x emissions to 9,596 tons beginning in 2015. NO_x emissions from EGUs are currently estimated at 19,000 tons per ozone season in Arkansas.

Another proposed revision to Regulation 19 addresses the Emission Inventory Certifying Statement Requirement under the Clean Air Act Section 182(a)(3)(B) for all areas designated nonattainment for the 8-hour ozone national ambient air quality standard (NAAQS) and classified marginal or higher under subpart 2, part D, title I of the Act. The emission inventory certifying statement will be added to Section 19.705 to comply with the above Act.

STEP 2: THE ANALYSIS (to be included in petition to initiate rulemaking, if required)

2A. ECONOMIC IMPACT

Not required.

2B. ENVIRONMENTAL BENEFIT

Not required.

EXHIBIT E