

BEFORE THE ARKANSAS POLLUTION CONTROL AND ECOLOGY COMMISSION

IN THE MATTER OF AMENDMENTS TO )  
REGULATION NO. 19, REGULATIONS OF THE )  
ARKANSAS PLAN OF IMPLEMENTATION )  
FOR AIR POLLUTION CONTROL )

DOCKET NO. 06-012-R

STATEMENT OF BASIS AND PURPOSE  
FOR REGULATION NO. 19, REGULATIONS OF THE ARKANSAS PLAN OF  
IMPLEMENTATION FOR AIR POLLUTION CONTROL

The Arkansas Pollution Control and Ecology Commission (the "Commission") is given the power and responsibility to promulgate rules and regulations. Pursuant to Ark. Code Ann. § 8-1-203(b)(1), the Commission is granted the power and responsibility to promulgate rules and regulations implementing the substantive statutes which are administered by the Arkansas Department of Environmental Quality (hereinafter "ADEQ" or "Department").

On October 27, 2006, ADEQ filed a Petition to Initiate Rulemaking to Amend Regulation No. 19, Regulations of the Arkansas Plan of Implementation for Air Pollution Control. The revisions to the Regulations of the Arkansas Plan of Implementation for Air Pollution Control are the result of state legislative or federal regulatory changes enacted or promulgated since 2004. The proposed amendments to Regulation No. 19 were precipitated by the following:

Federal Clean Air Interstate Rule  
and the  
Clean Air Act Section 182(a)(3)(B)

Amendment of Regulation No. 19 is necessary in order to make the regulation conform with statutory language affected by the above-referenced federal rule (40 CFR Part 96) made by EPA. Pursuant to Regulation 8, Section 3.6.2(3), all technical standards are

based upon those provided by 40 CFR Part 96, which is incorporated by reference into Regulation No.19.

The areas addressed by the amendments adopted by the Commission are:

1. Legislative and Federal Regulatory Changes.

(A) Addition of Chapter 14 to fulfill the State's obligation as part of the Clean Air Interstate Rule (CAIR). CAIR will control the Interstate transport of NO<sub>x</sub> and SO<sub>2</sub> emitted by fossil-fuel fired Electric Generating Units (EGUs) by creating an interstate cap and trade program. Chapter 14 is entitled CAIR NO<sub>x</sub> Ozone Season Trading Program General Provisions. The Department added four sections as follows:

1. Reg 19.1401 Adoption of Regulations. This section lists the federal regulations replaced by Regulation 19, Chapter 14 as well as those federal regulations which are incorporated by reference.
2. Reg. 19.1402 State Trading Budget. This section lists the annual allocations for CAIR NO<sub>x</sub> Ozone Season allowances.
3. Reg. 19.1403 Timing Requirements for CAIR NO<sub>x</sub> Ozone Season Allowance Allocations. This section lists the timing requirements for EGUs which commenced operation before January 1, 2001, as well as the timing requirements for EGUs which commenced operation on or after January 1, 2001.
4. Reg. 19.1404 CAIR NO<sub>x</sub> Ozone Season Allowance Allocations. This section establishes the criteria for CAIR NO<sub>x</sub> Ozone Season Allowance Allocations.

(B) Amendment of Reg. 19.705 which is entitled Record Keeping and Reporting Requirements. The Department added a section which requires that a certifying statement accompany each emission inventory.

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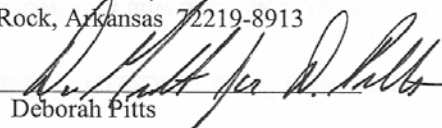
  
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EXHIBIT A