

ECONOMIC IMPACT STATEMENT OF PROPOSED RULES OR REGULATIONS

Act 143: Regulatory Flexibility

Department Arkansas Department of Environmental Quality
Division Air Division
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Title or Subject: Amendment to Chapter 14: Clean Air Interstate Rule (CAIR) to the Arkansas Pollution Control and Ecology Regulation 19 Regulations of the Arkansas Plan of Implementation for Air Pollution Control

Benefits of the Proposed Rule or Regulation

1. Explain the need for the proposed change(s). Did any complaints motivate you to pursue regulatory action? If so, Please explain the nature of such complaints.
*Chapter 14 of Regulation 19 contains Arkansas's provisions of the Clean Air Interstate Rule (CAIR). CAIR controls the interstate transport of NO_x and SO₂ emitted by fossil-fuel fired Electric Generating Units (EGUs) through the use of a cap and trade program. October 19, 2007, the United States Environmental Protection Agency (EPA) modified portions of CAIR that were previously incorporated by reference into Chapter 14 of Regulation 19. The Department proposes this rulemaking primarily to make the provisions of Regulation Number 19 conform to this change. EPA has revised the calculation methodology for the efficiency standard in the cogeneration unit definition to exclude energy input from biomass making it more likely that units co-firing biomass will be able to meet the efficiency standard and qualify for an exemption to CAIR. This change is required to be made in all CAIR affected states by January 1, 2009.
The proposed changes were not brought about by complaints about the existing regulation.*
2. What are the top three benefits of the proposed rule or regulation?
 - *The proposed changes will ensure our State Implementation Plan will conform to federal requirements.*
 - *The proposed changes include a correction of a typographical error to allow for greater clarity of the rule.*
 - *The proposed rule continues to provide Arkansas with the flexibility to change allocations.*
3. What, in your estimation, would be the consequence of taking no action, thereby maintaining the status quo?
EPA may deem our State Implementation Plan deficient and could decide to impose a Federal Implementation Plan in the state.
4. Describe market-based alternatives or voluntary standards that were considered in place of the proposed regulation and state the reason(s) for not selecting those alternatives.
None. EPA mandated these changes to a plan that was already and will remain a market-based program.

Impact of Proposed Rule or Regulation

5. Estimate the cost to state government of collecting information, completing paperwork, filing recordkeeping, auditing and inspecting associated with this new rule or regulation.
No additional costs are anticipated as a result of these changes. Administration of the trading program associated with CAIR will be conducted by EPA's Clean Air Market's Division. There are no costs to Arkansas to participate. Minimal costs are associated with providing annual data to EPA.

6. What types of small businesses will be required to comply with the proposed rule or regulation? Please estimate the number of small businesses affected.
Small businesses will not be affected by the proposed Regulation 19 revision.
7. Does the proposed regulation create barriers to entry? If so, please describe those barriers and why those barriers are necessary.
The proposed regulation will provide no barriers to entry. Businesses affected by this regulation are obligated to participate by EPA.
8. Explain the additional requirements with which small business owners will have to comply and estimate the costs associated with compliance.
There are no additional requirements for small business owners.
9. State whether the proposed regulation contains different requirements for different sized entities, and explain why this is, or is not, necessary.
There are not different requirements for different sized entities. The proposed regulation may reduce the number of facilities affected; however, CAIR applies to fossil-fuel fired EGUs with a nameplate capacity greater than 25 megawatts unless they meet the requirements for an exemption.
10. Describe your understanding of the ability of small business owners to implement changes required by the proposed regulation.
Small businesses are not required to implement any changes.
11. How does this rule or regulation compare to similar rules and regulations in other states or the federal government?
All states are required to change their regulations to be identical or substantially similar to the changes we are making.

Provide a summary of the input your agency has received from small business or small business advocates about the proposed rule or regulation.

Small businesses were not consulted; however, ADEQ is required to make changes to the existing regulation. Before this regulation was originally adopted, ADEQ engaged in a series of meetings with stake holders to discuss the proposed changes to Regulation Number 19.