

**ARKANSAS POLLUTION CONTROL & ECOLOGY COMMISSION  
ECONOMIC IMPACT/ENVIRONMENTAL BENEFIT ANALYSIS**

**Rule Number & Title: Regulation Number 19, Regulations of the Arkansas Plan of Implementation for Air Pollution Control**

**Petitioner: Arkansas Department of Environmental Quality**

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**2A. ECONOMIC IMPACT**

**1. Who will be affected economically by this proposed rule?**

**State: a) the specific public and/or private entities affected by this rulemaking, indicating for each category if it is a positive or negative economic effect; and b) provide the estimated number of entities affected by this proposed rule.**

- a) *Entities affected by this rulemaking are facilities that emit greenhouse gases (GHGs). Examples of affected entities are fossil-fuel fired power plants, paper mills, and cement kilns.*

*Without revision of Regulation Number 19 to incorporate the Federal Tailoring Rule (federal rule), sources emitting amounts of CO<sub>2</sub> as low as 100 tpy will be subject to GHG permitting, which would create a negative economic impact on businesses large and small. Also, without revision of the Regulation to incorporate the federal rule, sources would have to seek GHG permits from EPA, a process which is much more time-consuming and expensive than permitting through the State.*

- i. *In Chapter 2, Definitions, a change has been made to the definition of “Federally Regulated Air Pollutant” to exclude GHGs from the definition unless the GHG emissions are from a stationary source emitting or having the potential to emit 75,000 tpy CO<sub>2</sub>e emissions or more and regulated under Chapter 9 of Regulation Number 19. This revision establishes a threshold specific to GHG emissions below which Regulation 19 will not be applicable.*
- ii. *Under the “Adoption of Regulations” section of Chapter 9, the Federal Tailoring Rule has been adopted largely verbatim from the federal language, with the exception of some minor additions for clarification. Also under this section, a “stay” provision was added, so that in the event the federal rule is stayed,*

*invalidated, or otherwise rendered unenforceable at the federal level, the expenditure of minimal personnel hours and financial resources on the part of ADEQ and the Commission will be necessary to suspend the GHG permitting requirements in Arkansas's Regulations until the Commission makes a final decision on whether or not to amend Regulation 19. The "stay" provision will also benefit affected industries, which will look to ADEQ for guidance on permitting requirements should the federal rule be overturned or otherwise rendered unenforceable. Without the "stay" provision, the affected industries would potentially be subjected to a delay in permitting as ADEQ and the Commission revisited the rulemaking and permitting processes. This proposed revision has no positive or negative economic effects on public or private entities, unless the federal rule is overturned or otherwise rendered unenforceable, in which case negative effects on affected industry will be avoided. The revisions made to Regulation Number 19 in this rulemaking are intended to ensure that ADEQ's implementation of the GHG tailoring rule is carried out in a manner that is no more stringent than the federal program.*

b) *The number of entities affected by this rule will vary.*

Sources and Assumptions: *Federal Tailoring Rule (75 FR 31514, June 3, 2010).*

## **2. What are the economic effects of the proposed rule?**

**State: a) the estimated increased or decreased cost for an average facility to implement the proposed rule; and b) the estimated total cost to implement the rule.**

a) *From a facility standpoint, there is no cost above what is required by the federal rule to implement the rule changes for which this statement is being prepared.*

b) *See response to 2 a.*

Sources and Assumptions: *Regulation Number 19 has been revised to align with the federal rule, and is no more stringent than the federal rule.*

## **3. List any fee changes imposed by this proposal and justification for each.**

*No changes to the fee structure were made in this rulemaking (see separate rulemaking for Regulation No. 9).*

## **4. What is the probable cost to ADEQ in manpower and associated resources to implement and enforce this proposed change, and what is the source of revenue supporting this proposed rule?**

*It is estimated that there will be a minimal cost to implement proposed changes in the form of staff hours spent to make permit modifications.*

Sources and Assumptions: *No change to ADEQ resources is anticipated for this rule*

*change at this time.*

**5. Is there a known beneficial or adverse impact to any other relevant state agency to implement or enforce this proposed rule? Is there any other relevant state agency's rule that could adequately address this issue, or is this proposed rulemaking in conflict with or have any nexus to any other relevant state agency's rule? Identify state agency and/or rule.**

*There is no known impact to another state agency nor is there another state agency's rule that could address any of the proposed changes. This rulemaking is not in conflict with, nor has any nexus to, any other relevant state agency's rule.*

Sources and Assumptions: *Not applicable.*

**6. Are there any less costly, non-regulatory, or less intrusive methods that would achieve the same purpose of this proposed rule?**

*No.*

Sources and Assumptions: *Not applicable.*

## **2B. ENVIRONMENTAL BENEFIT**

**1. What issues affecting the environment are addressed by this proposal?**

*The federal rule requires permitting of GHG emissions, including CO<sub>2</sub>. The proposed revisions to Regulation 19 serve to satisfy the federal rule's regulation of GHGs.*

**2. How does this proposed rule protect, enhance, or restore the natural environment for the well-being of all Arkansans?**

*By adopting the proposed revisions, Regulation Number 19 will not conflict with other proposed state rulemakings or with the federal rule or be more stringent than the federal rule, and the intended purpose of the regulation will be clarified.*

Sources and Assumptions: *GHG permitting, including CO<sub>2</sub>, has been addressed by EPA and will be addressed by APC&EC pending adoption of federally enforceable regulations.*

**3. What detrimental effect will there be to the environment or to the public health and safety if this proposed rule is not implemented?**

*Regulation Number 19 will be inconsistent with Regulation Number 26 which is being revised to conform to, while being no more stringent than EPA's GHG permitting requirements. This inconsistency among state air regulations will cause confusion for*

*the regulated community because, without these revisions, the regulated community would be required to seek the applicable GHG permits from EPA in addition to the permitting requirements as specified in existing state regulations. In addition, without the “stay” provision, Arkansas sources would be required to obtain permits with GHG conditions even if the federal rule is overturned or otherwise rendered unenforceable*

Sources and Assumptions: *Not applicable.*

**4. What risks are addressed by the proposal and to what extent are the risks anticipated to be reduced?**

*There are no risks addressed by this proposal.*

Sources and Assumptions: *Not applicable.*