

**Clean Air Act Advisory Committee Meeting
Mayflower Hotel, Washington, DC
March 24, 2003**

Introduction and Opening Remarks – Assistant Administrator, Jeff Holmstead

Jeff Holmstead, EPA/OAR, began the meeting by mentioning to the committee members that the Clean Air Excellence Awards ceremony were held the prior evening, March 23, 2004, at the Mayflower Hotel. He thanked everyone involved in helping to put the awards ceremony together, especially Pat Childers, EPA/OAR.

Mr. Holmstead reviewed major personnel developments since the last CAAAC meeting. He said that there is a new EPA Administrator, Mike Leavitt. He also said that Sam Napolitano, Office of Atmospheric Programs, is now head of the Clean Air Markets Division.

In addition to personnel developments, Mr. Holmstead said that there have been several new regulatory developments since the last CAAAC meeting. These regulatory developments include the Interstate Air Quality Rule (IAQR) and two mercury proposals, MACT and a Cap and Trade Program. By April 15th, the EPA will be making the final designation of areas in the U.S. that are in non-attainment of the eight hour ozone standard. Also by April 15th, the EPA will submit a response to the court decision concerning the Regional Haze Regulations and the Best Available Retrofit Technology (BART) Guidelines. In February, the EPA finished the final four MACT standards. Mr. Holmstead congratulated all those involved for their hard work on finishing the MACT standards. He also mentioned that under the President's 2005 budget, the EPA/OAR will receive 65 million dollars to fund the retrofitting of diesel school buses.

On the non regulatory front, Mr. Holmstead said that the National Academy of Sciences Report is a very important document that the CAAAC will be reviewing. He also said that on February ninth, EPA's Office of Transportation and Air Quality launched the SmartWay Transport Initiative by announcing 52 companies that have signed on as partners. In addition, on January 26th the Administrator rolled out the Tier II standards, which the automobile manufacturers and fuel suppliers have not only complied with, but have sold more than the required number of vehicles. Mr. Holmstead reminded committee members that January was Radon Action Month, during which time the EPA continued its public outreach campaign to inform the public about Radon. Lastly, Mr. Holmstead said that the EPA continues to work on a number of voluntary climate programs, such as, Climate Leaders, Energy Star, and the Landfill Methane Outreach Program.

Presentation and Discussion of Recent NAS Report on Air Quality Management Strategies – NAS, Rob Brenner, Michael Bradley and Daniel Greenbaum (Verbatim Transcript)

Rob Brenner, EPA/OAR - Your agenda is a little misleading because it lists me as leading a discussion on the NAS report and the truth is we are fortunate enough to have two members of the team that put together the report of the NAS committee who are also members of our committee and they are going to do a presentation on the report. Dan Greenbaum and Michael

Bradley and we are very appreciative both of their work and their willingness to do a presentation today but also their participation in the study and as you look at a list of participants in the study you will see many other people that we are all very familiar with some are members of this committee others are members that we have worked with closely throughout the years.

The reason we are devoting a good chunk of this morning to this report is having read it now and the Academy was gracious enough to present it to many of us at the Agency. We feel that this is a very important study that really has the potential to guide our direction for future years. Every once in a while you get an opportunity like this to take a step back, think about what we have accomplished in air programs and I'll personally say we are very appreciative of the complements in the report for what we have accomplished. Also to take a step back and think about how we continue to make progress. Do we need to think about modifying some of the approaches we use or maybe whole new approaches that happened in the late 70s after we began implementing the 1970 amendments? It happened again in 1990 when we had the new Clean Air Act amendments that we have been implementing. I think there is a lot of feeling out there that it is now time to think again about if there is a set of changes that need to be made, could be made.

The report is a very thoughtful effort based on nearly 2 years of work from a group of people who have been very much involved in clean air issues over the years. We feel it is very important that we take the time to think about how to respond to the report. One of the recommendations they made was that we work with an outside advisory group in thinking through the implications of the report. We have decided that this is the outside advisory group that we would like to begin working with we will probably want to work with others but this will be the core group we want to work with to determine next steps. With that we will have a lot more discussion of process and how we go from here to a point at which we can make some decisions about what changes we can actually make in the program. Before that let me turn this over to Dan and Michael and give you an opportunity to hear from them, get an overview of the report, then we will have a discussion after that. Thank you.

Dan Greenbaum, Health Effects Institute/NAS - Technically this report is called Air Quality Management in the United States. I think those of you who have read through it know that it is actually the Clean Air Act Advisory Committee Full Employment Act of 2004 and we are looking forward to this discussion. Because if there was one audience that would understand and be interested in this report, this is the one, and we are interested in what people have to say and their comments, as Rob said, the way forward, we are very interested in that. This committee was set up, actually as often is the case, out of language in Congress, with the support of EPA to step back. The Academy is often asked to run studies on very specific pieces of the Act. There is some going on now, there have been others in the past, whether it be the carbon monoxide programs or vehicle maintenance programs or NSR programs, nice non-controversial things, but here was an opportunity to look, step back and say let's take a look at large at the Clean Air Act, how its been implemented, what the scientific and technical foundation of that has been and what could we do better. And I think this lays out what our charge is.

There is a copy of this in your packet, if you can't - I know you can't read all of this. We were supposed to evaluate how the Act has been implemented and come up with recommendations.

There were a couple of things that were not in the agenda for this committee specifically and that was both from Congress and from the National Academy of Sciences. We were not supposed to come up with management plans and how do you deal with stratospheric ozone and with climate change. We did include a look at those and you will see those in a minute, to the extent that they clearly intersect with ground level air pollution problems.

The committee was broad in its disciplinary background. We had atmospheric chemists, health scientists, we had toxicologists, we had a number of people with hands on actual experience implementing the Act either at the state or the federal level at different points and of necessity we had a few experts on almost every aspect of the Clean Air Act. The committee met for 10 meetings over two years. We had field meetings in a number of places around the country where we would go and ask, whether be in Denver or L.A. or Atlanta, how has it worked. What has happened, what has not worked? What do you think and that included hearing from both local stakeholders as well as scientists in each of those areas.

The members themselves did a line by line analysis of key components of the Act. What has happened, how has it been implemented, and what has science and technology's role been and where can we improve. You will see in the report, some detailed discussions. That is actually about a third of what the committee wrote. There was a lot of hard looking at every aspect of the Act and how it had been implemented. Now the way the Academy works is that the report is not done when you write it, there is an intensive peer review process and there were 18 peer reviewers identified. This is the list, it is in your book and many of them also bring similar expertise. Some of them come from some of the stakeholder groups who watched the Act and what is going on. That's on purpose to make sure the perspectives are there. We had 120 pages of comments from the reviewers, 500 individual comments that we had to respond to and then the Academy had to say "yes you have done a reasonable job of responding to these comments."

Before I go further, I do want to note that the Academy committees are all volunteers who work on them. There is in the back of the room Greg Wassel who is the project director for the Academy. The staff played a central role in a number of the analyses you will find in the report.

A few key points: The committee looked long and hard at what has happened in the past 30 years, and there is no escaping one conclusion, that we have made substantial progress. There are major challenges ahead and we will talk about those. What we put forward is 5 major inter-related recommendations which Michael will talk about, recommendations that are designed not to go into effect tomorrow, but will need a steady evolution to be thinking about this over a period of time to meet some key long term objectives that we laid out. And we recognize these will need to be implemented with a mix of regulatory legislative and administrative actions. We recommended that EPA convene a panel to do this. That is exactly what we hope this group will help put together.

A very important additional point, the committee makes it very clear that we are not suggesting that everything that is being done to implement the Clean Air Act stop while these recommendations are going on. If anything it is the opposite. The progress should continue even while any dealings with this and any transition should go forward. I won't spend a lot of time.

Being a committee mostly of scientists, the committee of course thought that science and technology were right at the center of everything related to the Clean Air Act. In fact compared to some other legislative enterprises, that is the case. Whether it is the setting of standards and objectives, the MACT standard doesn't happen unless there is a tremendous amount of science. Whether it is designing and implementing the control strategy and the technologies that are going to be able to do that. And whether it is measuring and monitoring the progress, at each of these stages there is a tremendous role for science and technology.

As we all know it has been quite impressive, the progress that has been made. This comes obviously out of EPA's analysis of, over a number of years, the reduction in air pollution that has occurred despite dramatic increases in economic activity, population, vehicle miles traveled, and a variety of other things. The committee, questioning scientists, looked hard at that and you can't attribute every single reduction in pollution that has occurred in the last 30 years to the Clean Air Act. There have been major shifts in our manufacturing base, in our steel industry, and a variety of other things that probably would have happened without a Clean Air Act because of economics. There was no question that the Clean Air Act was substantially responsible for many of these reductions. We did, and we list this in the report, identify a number of places where there have been limitations in how the Act has been implemented. And here are just a few examples: We haven't been able, as well as we need to, to measure progress quantitatively, what we have done. We have a monitoring system that helps us track that, but there are many other areas where we just have not been able to do that as well as we should to know if what we are implementing is actually working. Particularly in the implementation planning process, we have had a single pollutant approach, and a bureaucratic planning process.

You will see some very specific recommendations that deal with this. We have not given ecological effects their fair share of attention. There are a number of very specific recommendations for that. Perhaps most far reaching, we are not sure that all of the resources we are applying to controlling pollution are being used to mitigate the pollutants that pose the greatest risk. We have a series of suggestions for how to improve that. Our overall report, as we have made progress, there is a lot that we should be proud of. Looking ahead there are some things that have emerged or are emerging, that we really need to pay attention to, and that call for us to rethink how we are doing this. So we identify a series of challenges ahead based on that, identify some long term objectives that the implementation should be trying to deal with, and then lay out a series of specific recommendations.

These challenges are not news to anybody in this room, but they were important, we thought, to put into a broader context. The issues of dealing with, at the same time, a new ozone standard, a fine particle standard, and the HAZE standard, raise a whole set of scientific and technical issues, as well as programmatic issues that we have not faced before. Where we go now with air toxics, hazardous air pollutants, and where we go with the next steps of that are important questions that we need to be asking at this time. The science has not, for some of our pollutants, been able to identify a threshold below which we know there is no effect and that raises questions about how do we improve that science and understand better where we go for setting safe standards.

There was a series of issues raised by the committee and in the scientific and technical literature

about environmental justice, and broadly this disproportionate effect that may be occurring on some parts of our population and how do you integrate that into the implementation of the Act. As I alluded to earlier, ecosystem health is something that the science is getting better on that. It is saying that there is more of a link between air pollution and ecosystem health than we have known before.

One of the most challenging issues, and we have begun to deal with it in the last decade of implementing the Act with regional transport of pollutants is the increasing understanding that we are talking about transport on multiple levels - regional transport, cross boarder transport, and intercontinental transport of pollutants and that is a major challenge for the Act.

And finally, but by no means the least, how to maintain progress on air quality in the face of a changing climate. While we don't go to the specifics of how to deal with climate change, because that was outside our arena, we flagged that as an important issue that has to be thought about because every action we take at the ground level also could have implications for climate. I'm just going to wrap up by saying that the objectives we laid out based on this are where we should be making sure every one of our actions is taking implementation in the Act in the future. First to identify and assess the most significant exposures risks and uncertainties, and that cuts across all the pollutants we deal with not just the criteria pollutants for example. Second, to take an integrated multi-pollutant approach in dealing with these, and we have been talking about this for many years and what we try to do in our recommendations is actually suggest how one goes about doing that. Third, to increasingly move to an air shed based approach. We have seen good experimentation with that in certain cases around the country over the last decade. There is more to be done. And finally, to emphasize results over process. To create a better ability to tress whether what we are doing is actually improving the air and public health and ecosystem health, and to turn that back into improved programs. With that I am going to stop and let Mike then tell you briefly about what the specific recommendations were of the report.

Michael Bradley, M.J. Bradley & Associates/NAS - Good morning, one point I just want to make clear which Dan alluded to is what we are talking about here from the Academy's perspective is probably a set of measures or initiatives that can be undertaken given today's authority that exists in the Clean Air Act and the tools and specific directives that the Act provides EPA. There is a whole set of improvements that we think would be necessary but would require more explicit direction through legislation, so there is sort of a balance. We are not expecting, as Dan said, to have everybody involved in air quality management drop today's program and jump into a program that is consistent with what the National Academy of Sciences Committee has to say.

Challenges ahead: I am going to briefly talk about these five points and I'll take them one by one. As you have already heard with the focus on the scientific and technical foundation, was a pretty consistent theme and was focused on pretty significantly and continuously by the committee. I think the areas are listed here and in terms of emissions tracking that is viewed as an area where we have made progress since the 1990 Clean Air Act Amendment, but there is a lot more progress that can be achieved there, especially in smaller sources and non-criteria pollutants, especially characterizing emissions in urban areas.

The air quality monitoring program in the United States is one of the best in the world. There is no doubt about it. We have achieved a great deal and it does inform our programs directly, although again there are places to improve upon there in air toxics and urban environments are two of the areas, and also to give you a better sense on remote areas as well. The ecosystem aspect of understanding what the deposition or exposure levels are out there. Modeling is something that is continuously needing to be applied, new techniques. I think many of you who went through the OTAG NOx SIP Call process saw that as a time of tremendous growth of new assessment tools and modeling applications and I am hoping that over the next 10 years we will have other instances like around air toxics and urban environments where we have the impetus to replicate that kind of growth when it comes to assessment techniques.

Switch down to costs, tracking and implementation costs. This is probably an area that we believe is pretty weak. We looked at it and EPA does a good job of doing a broad national assessment of implementation costs but when it comes to regional programs, state programs, local programs, that is not an area where we see a lot of useful information. The committee felt that the resources that go into supporting the air quality management system need to be expanded, both on the federal level for various EPA programs that are important, but equally important is to make sure the state and locals that are really out there doing a lot of the implementations, doing a lot of the local planning receive enough resources to keep the program thriving and growing.

On national and multi-state control programs again we saw quite a bit of progress in this area in the last decade. I think the committee embraced and continues to urge national control standards to be established for more sources, smaller sources than what has been adopted today. And I think updating those standards more frequently, the NSPS standards is probably a pretty good area where we are way behind in bringing them up to date. Technology neutral standards, these are, the goal here is to set the standard and let the technology be developed or let the market compete to capture those markets in terms of technology. I think stretching technology goals, technology forcing concepts is something that has worked very well in the air quality world, both in stationary and mobile source applications and we think policy makers should look at that and continue to see that as the typical way the market reacts to something. It is the chicken and the egg situation. Often without setting a standard that pushes the technology you are not going to get the technology to improve.

Market based approaches, cap and trade programs these have worked well and the committee embraced using those approaches more in the future. Concern about hotspot issues with cap and trade. When we looked at, and we heard a lot of testimony about older sources that have not come under regulation that should be addressed at some point. I think the committee was pretty clear that it is time to institute programs that capture all of the older sources out there not just large sources but even the smaller sources that you find in more populated areas.

The multi-state transport issue, Dan raised the air shed based planning process. This is consistent with that. The NOx SIP call was a good national program that EPA instituted. The OTC has been doing regional programs for a while, now the IAQR rule is another step in that direction.

The SIP process, everyone loves the SIP process. It's been around for a long time it has evolved in ways that have helped us to address a lot of the air quality problems but I think the committee was pretty strongly in support of revitalizing the SIP process and making some significant changes, and I will talk about a few of those. As Dan indicated we have had a one pollutant approach SIP process, for as long as I have been around, more than 20 years. We really believe it is time to start integrating the various criteria and air toxic ambient goals that we may have. Now EPA has done everything it can to try to align the PM 2.5 and the eight hour ozone planning process, but there are institutional barriers. It is pretty interesting to me that this has become so institutionalized even when you look at different divisions or offices at EPA, there are the ozone folks, the PM 2.5 folks, the CO folks. And we have just had the SIP process affect the way we have done business in such a dramatic way that it is time to step back and say isn't there another way to achieve these goals. It is also realizing that many of the sources that we deal with in the SIP process whether it is ozone or PM 2.5 or others, are emitting a variety of pollutants, not just VOCs, not just air toxics, not just NOx. So it is really time to pull that all together. Hot spots and environmental justice are themes that we believe need to be more adequately addressed in the SIP planning process.

In terms of the process itself, Dan mentioned that the committee really wants to see more emphasis on tracking measurable indicators, whether it is inventory, ambient monitoring, whether it is in the areas - amount of NOx emissions per mega watt hour produced or VMT, whatever it may be, we really think that coming up with a better set of indicators that can be tracked is going to be very useful. The process itself, today, is pretty rigid. We are looking for a more dynamic back and forth process that encourages innovation, encourages some risk taking within some reasonable bounds. The early action ozone discussions that have been going on in the subcommittees are a good example of local and state air agencies trying to get out of the box to come up with a variety of innovative strategies to reduce NOx and VOCs, but from what I understand, the barriers are huge in terms of trying to get there. Obviously this has to be balanced with accountability and measurable results, but today's system is pretty constrained.

The conformity process, the transportation conformity process, we took a hard look at that and really believe the transportation, emissions related transportation, do have a dramatic impact on every area of the country that has tried to achieve various air quality goals. We really have to hold on to that transportation conformity process because it is one of the hooks that we have in land use planning, small hooks we have in land use planning, and it is a very important one. When it comes to enhancing performance and accountability from public agency folks, I think that has to be integrated into the entire process. We need to step back and really take a look from a risk perspective on setting the priorities when it comes to pollutants. We certainly have talked about the dynamic process. We want to see a process that isn't - every three years we come in with a revision of the SIP process - we envision more of every few months sitting down and evaluating some aspect of the SIP, thinking about tweaks and changes, asking the question is it working is it not working, and not having such a rigid dynamic where it is hard to change course when it is obvious that the course set forth needs to be changed.

In the standard setting process we really need to consider multi-pollutant exposures. We need to look at the residual risk issue now that we are just about through the MACT standard process.

We really think that is in need of enhancement and in need of additional scientific underpinning.

Ecosystems, we really feel like that has been the step child. This is an area where EPA has quite a bit of authority and has the ability to set secondary standards and has the ability to put strategies in place to deal with ecosystem exposures that are of concern. There were quite a few presentations that we have heard and we have committee members that were involved in forest and aquatic ecosystem issues. This is clearly an area that has been somewhat left behind. I don't think I need to go through this, I think we have talked about it all. I do believe that the kind of brain power that is around the table here in this committee can be harnessed to assist EPA in wrestling with these recommendations and deciding what it can do with its current authority and what needs to be teed up for congressional consideration in the future.

I think another point that the committee say over and over is the important relationship that continually needs to be fostered and supported between the federal government, EPA, and state and local agencies. That is key to success in the future. Rob, I'll turn it over to you.

Rob Brenner - Thank you very much Dan and Michael. What we are proposing to do this morning is spend the time between now and the break, so that would be about 35 minutes or so just giving the committee members an opportunity to ask questions or make comments about the report. I also sent out to you, I think you have in your packet, a list of questions, both overarching questions, and questions on specific recommendations. What I would propose to do is just start with an opportunity for general discussion. If it turns out that maybe it would be better for us to focus on these specific questions we will go there but I do not want to limit you too much in comments you can make. So why don't we start by just inviting people to make comments or ask questions or react to any of these questions raised in the note here. And then we will take our break, and after the break I want to have a brief discussion before we go to our next agenda topic of next steps - how do we organize from here to continue the assessment of the study and think about what it means for the air programs both at EPA and elsewhere. So with that, why don't I go around starting with Bill.

Bill Becker, STAPPA/ALAPCO - Thanks Rob, I am heartened by the comments in the report with respect to a greater emphasis on multi-pollutant approaches and the like, and more integrated management approaches. I wonder whether the committee in its work also went further with respect to multi-media approaches to air quality management and the inherent limitations of having an Act that focuses specifically on air quality as opposed to the broader issues that we are seeing more and more in many different ways of the appropriateness of a more integrated environmental management approach.

Dan Greenbaum - An excellent point and you will find as you get into chapter 7 which is sort of the heart of the report that while the committee couldn't possibly imagine that it would have the time to fully vet that issue, there were certain issues that we said were extremely important looking forward and one of those was moving from an air pollution focus to a fully multi-media focus and we did call for that, probably as a broader need, but clearly something that cannot be left behind.

Robert Avant Jr., Texas Food & Fibers Commission - Just to follow up on that issue, and expand a little bit on it from a cross-media point of view, and that is we have various regulations, for instance CERCLA, FIFRA, CAA that in various different ways have impacts on air quality. For instance, in the San Joaquin Valley, there is a discussion about VOCs and pesticides and actually enforcing no spray days in the San Joaquin Valley. There are cross-media types of regulatory issues that impact us and I guess my question and maybe my comment is that if that was not considered we probably need to look at it not only in terms of how we regulate on a systems approach, but also from a multi-pollutant point of view, it may be even the multi-human health impacts point of view, and I guess my question is was that considered from the multi-regulatory point of view.

Dan Greenbaum - Having run a state environmental agency that had all of these responsibilities I am fully cognizant of what those issues are. I think to be fair, that the CAA by itself was so large that even bringing us to the point of getting it to be integrated was a challenge. I couldn't agree with you more that we have to be thinking about these things much more broadly. I don't know, in some ways that involves a discussion far beyond this committee. I don't know if Rob or others want to think about doing that because obviously there are comparable committees in the water office and various others who are dealing with other programs but certainly the kind of planning process we are talking about would lend itself, because we are already talking about broadening it and thinking about it in a more holistic way would lend itself to those kinds of issues. And I should add the reason for an emphasis on ecosystems was a clear understanding in the ecosystems area more than any other one of the intersection between for example impacts on water and impacts on air.

Rob Brenner - I'll make a brief comment which is one of the programs we are now developing in the Agency and we have some beginning funding for is a cross-media effort to look at toxics in communities, community based toxics effort and I think that is the sort of thing we feel will help break down some of the stove pipes that you are concerned about between different offices and between media concerns that the Agency has and I think that is a good way for us to proceed. I think inevitably as we start talking about air quality management plans we will begin talking about opportunities to bring in other programs to work with the brownfields folks as they develop their initiative. To work with the water folks as they address deposition issues, so it is a good point and we should perhaps think about being a little more aggressive about interacting with the other offices as we respond, we will invite them in to the process.

Richard Ayers, Ayres Law Group - In the presentations this morning you didn't talk much about compliance and in my experience that is often a very weak spot in state programs. That is a difficult subject, obviously, to talk about at this level, but reorganizing programs, changing what they look like doesn't make too much difference if when the rubber meets the road it doesn't. I wonder to what extent the committee really looked into questions of rates of compliance and difficulties in compliance and mechanisms for increasing compliance and so forth.

Dan Greenbaum - The committee certainly heard from a number of invited guests about their concerns about compliance. We certainly did a fairly detailed analysis of the compliance challenges out there. We would agree that the track record has been not consistent from state to

state, area to area, even from EPA region to EPA region. We didn't focus so much on the past and why that turned out the way it turned out. We focused on the accountability aspects that we would like to see built into the SIP process and the technology aspects of ways to use new tools to measure compliance, broader use of CEMs and other types of techniques.

Michael Bradley - I just quickly add that, in the discussion of changes to the SIP process you will find a lot of discussion about ways to make it more collaborative, dynamic, open to innovation, but you will also find a fairly extensive set of recommendations about how to insure that in cases where all those other things fail there is an ability to ensure that people are doing what they are supposed to be doing, because we understood that there was this tension. That is a challenge if you really want a collaborative process, but it needs to be there.

Lisa Gomez, Sempra Energy - First I want to say that this is obviously a very thoughtful and thought provoking report and I look forward to the opportunity to discuss it and analyze it in more detail. One thing that occurred to me was that the report does not significantly discuss the necessary relationship between a national energy policy and a national air quality policy. I would encourage EPA and this group to consider that relationship as we begin to discuss this report. The need for coordinated national energy policy and air quality policy is evident when you consider many recent developments including the recent emphasis on a national energy bill, increased natural gas and oil prices, the national debate on deregulation and the impact that deregulation may or may not have on air quality, and the issue of coal and if coal is critical to a national energy security policy then we need to obviously consider what that means from an air quality perspective. I just wanted to comment that I think it is important that we think about the relationship of those two important policies as we continue to analyze this report.

Charles Goodman, Southern Company - Again I think Lisa said it well this is an impressive report, it is very thought provoking. I am looking forward to continuing dialogue about the details. I think the point that comes to mind to me, though it really largely is absent in the analysis, is the perspective, the detailed perspective of the regulated community. I think source owners, across the board, when you showed the emissions reductions over the last 30 years, they have spent billions of dollars. In my mind it is a word we all use, the low hanging fruit, we now have most facilities with relatively high percent removal on their operations and now we are more in a mode where we are going to spend billions more on those facilities and it was talked about in here. How are you going to do the risk assessments, how are you going to do the studies to make sure we are investing all of those funds to get the biggest bang for the buck. I think the challenge for the regulated community some times is spending this money with all these uncertainties. Before you get the controls in we have moved on to the next level before we have decided whether we see that - see the benefit of what we have already invested. I interpret from here, I'm not disagreeing with it, over time the goal is to have every source category under some kind of MACT or control rules. They have got the technology. This is what is felt to be the best, and hopefully then, given some amount of time to operate at that level before they get ratcheted again. It probably is a good model. The key is how do we do it the most cost effective way and how do we really do these risk assessments so that when we put in these future dollars we are really focusing on the right things first.

Carolyn Green, Sunoco - Just a couple of brief comments. One is the report recommends a dynamic SIP process which is the planning and rule development process. But I don't really see a comparable flexibility or dynamism in the implementation process itself. Certainly what we have today are requirements that don't take into account what the real world is like in operating facilities. So there are generally limits that you don't exceed no matter what, which just doesn't make a lot of sense. So we wind up forcing people to break the law if an oops happens. I'm also interested in whether there is really been much discussion, one of cost effectiveness. I don't really see a lot of that discussion there, or for tradeoffs, particularly for pollutants. If we are talking about risk, and we are talking about multi-pollutant approaches, I hope that what we are looking at is pushing all of the pollutants together the way we have them and trying to optimize every single one of them because what we find as we control one thing, as we push the ball down in one place, it pops up in another so I hope that as we move forward we really are looking at trying to optimize an overall system. Finally, I hope that as we move forward we really get a better handle on what are the differences between risk identification and risk management because right now that line is really blurred and I don't think we do a good job on either one of them.

Rob Brenner - Jason before I turn to you I will say, Carolyn, I think one of the advantages of a broader air quality management approach is getting at that issue you raised of whether actions taken in one area might exacerbate problems in another area. We can look at these sets of problems together in a more integrated way.

Carolyn Green - Unfortunately at this point what happens is if the problem crops up we automatically add on a control rather than really looking at what the interrelationships are and whether that additional control is going to create another problem.

Michael Bradley - Carolyn, many of the issues that you raise were discussed among committee members and I think, we didn't go into the details of how the new SIP approach, multi-pollutant SIP approach was going to work. There is a certain level of agreement that twenty-some-odd people could come to. On the other hand I think some of the issues you raise are real issues and issues that we certainly see playing out in more of a collaborative SIP approach, specifically the implementation side after the planning has been completed the goal there, as I indicated, was through implementation, not just wait until the end of the implementation period to say how successful have we been. It is during that process revisit, analyze, see how well you are achieving your goals, adjust if necessary along the way.

Dan Greenbaum - If I could just add one thing, I think I would agree with Michael that a lot of these issues were discussed in the committee. I think one of the things that is described in some detail in the report is the desire to see, to build a better understanding of how all the pollutants relate to one another and which ones are important to deal with and which ones are not as important to deal with. We particularly highlight that in the 188 hazardous air pollutants which even the Agency has focused in on some of those and not others and we applaud that and urge more of that thinking. We think that that needs to be thought about at the same time, those pollutants as the others, so you can be looking at them across all of them at the same time. At the same time we do identify that there are lots of compounds out there that we don't regulate now

and have not been regularly looking at whether those should move into a list. Now some of those may not fall into traditional pollutants from combustion sources. They may be very chemical specific, and chemical industry specific, but that holistic approach is going to take a long time to put together, that is why we said that, but is what would like to get you to a much more systematic thinking about which pollutants you do need to pay attention to and which ones you didn't rather than one at a time.

Jason Grumet, National Commission on Energy Policy - In my read, which I admit was a fast one, it seemed like the report very accurately identified that in almost all cases, states are not the right sized institutions to grapple with these problems. The report identifies the importance of national standards and how effective those have been and how we have over time in the last couple of iterations of the Clean Air Act moved towards more and more of an emphasis on national programs. The report emphasizes, I think, the great success we have had with regional exercises like OTAG and talks about how to institutionalize those. It then jumps over states and talks about local problems, environmental justice problems, and the need for new institutions to focus there and I guess I am wondering if the group grappled ever with the question of whether we needed a SIP process and whether the notion of a SIP process, which I think was based on a scientific sense evolving from the Los Angeles Tupperware Bowl where we thought that we had local problems, is really no more the mode with which truly going forward we should be thinking about these efforts. This is a question that I can pleasantly ask now which I wouldn't dare to have asked two years ago. Did that idea ever get any serious discussion?

Dan Greenbaum - We actually had probably several meetings in which there was a rampant discussion of whether we should recommend getting rid of the SIP process altogether. So, yes, it was actively discussed. I think the challenge we faced and I think it's a challenge more broadly faced in implementing any such statute was that when you come down to it, the actual authority to make things happen on the local level is in state law, not purely in federal law. There has to be some mechanism for that to occur. This is a federal system, the Act was structured this way, but it wasn't because of the Clean Air Act it was because of the constitution and so in the end what we were struggling with was how to have that authority at the appropriate level of government where our system allows that to be and requires that to be, but to enhance the way it is done in a more systematic way. I don't think by the way that we do talk about local air quality management plans, but the states are still responsible and we are not suggesting that ultimately it is states that have the responsibility for state implementation plans which include the local ones as well as any state actions. So the lawyers bailed it out.

John Paul, Dayton, Ohio Regional Air Pollution Control Agency - I like the opportunity to look at things. I think this is going to give us a great opportunity to look at the whole process and focus on the priorities. I wanted to agree with something that I think Charles Goodman, you, said. Lets put MACT on all of the major sources and then sit back for a while and see what effect that has. We would really support that suggestion. Bill Becker says it a lot. I also say it a lot. The only way to control air pollution is to control air pollution. A lot of what we do right now, of course, is grant driven and within the grants are all these performance limits and different things we have to do. Number of inspections and number of permits and we really get caught up a lot in the business of air pollution control even though we may know that our time

would be better spent focusing on certain priorities. Let me ask the committee, did you talk any about business that is going to be underlying all of these programs and how we divest ourselves from those activities such that we can focus on bigger activities that have more of an impact on air quality?

Michael Bradley - We did in detail, John, and I think when we talk about stepping back and taking another look at the best way to enhance the SIP process, it includes the evaluation of the programmatic responsibilities that state and locals have and trying to assess what is a top priority and what is a second tier priority. I think that is all on the table as far as the committee is concerned in terms of figuring out the best approach, the integration, and the accountability aspects of what has to be achieved.

Dan Greenbaum - When we talk about emphasizing results over process we actually have specific areas where we would say that to the extent where we can get common metrics for measuring reductions in air pollution as a result of an action, that is where the entire system should be pushing, rather than to the multiple intermediary things that have happened historically, the bean counts the numbers of inspections and all the other kinds of things that have been there because there hasn't been another way to measure this, but have not necessarily been the right way to do it and have been an inefficient way to do it.

Bernie Paul, Eli Lilly - I have two comments, first I wanted to get a better understanding of if there was an intentional under-emphasis of the relationship between transportation planning and air quality or whether the recommendation dealing with improving the conformity process was intended to cover that aspect. From my standpoint, I see at least in the communities where we have facilities, there is a lack of emphasis on transportation planning and how it relates to air quality and we think there could be more. My second comment deals with the aspect of having better information about the emissions themselves. It seems there is quite a bit of discussion in the report about a lack of quality of emissions information and recommendations moving more towards continuous monitoring systems and that type of thing. We are certainly supportive of having better data to work with. One of the things we fear though is as you require companies to utilize continuous emissions monitoring systems, whether it is for demonstrating compliance or just gathering better data, you can't transfer the same compliance mentality about operating those monitoring systems as you do with control systems themselves. Continuous emissions monitoring systems are very fussy instruments and you do not get the same level of performance and reliability out of them as you do your emission control systems and we have seen a number of examples where enforcement actions have been taken because you are not able to run your SIMs 100% of the time. So we would like to have the system recognize that the implications of not being able to collect data are not as significant as the implications of not meeting your emissions limitations.

Michael Bradley - Bernie, on the transportation concerns you raised we did take a hard look at the implications of the transportation networks and their impact of a variety of non-attainment areas and came to the conclusion that transportation conformity was crucial to move forward with and we should look for ways to enhance it. We also certainly recognized all of the programs that the Clean Air Act has set up to deal with, mobile source emissions, and certainly applaud

EPA's efforts recently on heavy duty and non-road and diesel fuel and all those programs. Furthermore, I think the SIP process related to transportation in the innovative side of that, recognize the importance of EPA's initiative on retrofitting diesel vehicles, non-road vehicles, construction equipment and so on as being very very important. So it is that whole mix of initiatives on the transportation side that we felt needed to move forward and we threw out a few others like suggesting that there needs to be a heavy duty I and M program of some kind to flag gross emitters. But I think the committee certainly recognized and hoped that the enhanced SIP process would continue to have a very strong emphasis on transportation sources.

Dan Greenbaum - Just quickly on the continuous monitoring, I think if the committee had its druthers, and knew that it was technologically possible, which it is not, the ideal world here would be you would have continuous emissions monitoring for every source, and it would allow you a lot more flexibility in terms of how you actually regulated those sources because you know what they are actually emitting. Part of the systems and the bureaucracy and the record keeping that we have created is because we don't have that so the committee pushes towards moving more and more in that direction with a fairly detailed discussion of why it makes sense to try and do that but with an eyes open discussion of what some of the challenges are and why for some sources it may never come to pass. And so I think we try to be balanced about that but there is a lot more detail which your comments would be useful in informing the discussion within the Agency about where to go with this.

Tim Hunt, American Forest and Paper Association - I think I too support a lot of the recommendations that are in the report in terms of new systems of regulatory strategies, cap and trade, performance and risk based approaches and strong accountability. We're certainly committed to strong environmental protection. I guess one thing I saw missing from the report is looking at different sectors. We obviously have a lot of discussion right now about mobile sources. We have a discussion about power plant emissions, but for other manufacturers, our baseline emissions, our control equipment, our technologies and equipment are very different from industry to industry. So what is cost effective for the utility may be very different than what is cost effective say for pulp and paper mill, and we as an industry are facing a lot of international competition and I am particularly interested to note the recognition of the fact that a lot of the pollution sources are global in nature now so the extent that we consider new regulatory programs for domestic manufacturing industries that are facing global competition we could end up, in our industry we have seen a lot of closures over the last 10 years. Those facilities closing down and opening up in China or other places where emissions standards are not as stringent. So some recognition that if you push controls beyond what is cost effective, beyond what is reasonable, on a sector, you will end up having international competition, so trying to design programs that work for a sector. I know that is more resource intensive, to look at it that way but it may be a good model in terms of if we retain a SIP program to have some SIP thinking along the lines of sectors rather than necessarily air sheds or some other way that you could slice or dice things.

Michael Wright, United Steel Workers of America - First I want to join those who have commended this committee for a terrific piece of work. I know that NAS committees strive for a broad consensus, but sometimes the source of tomorrow's progress lies in today's agreements. I

wonder if in that sense there were any significant issues on which the committee failed to achieve consensus and if so what the sides of the debate were.

Dan Greenbaum - It is a good question, and to the extent that there are circumstances where the Academy committees will provide a report and there are dissenting opinions expressed, although that's the exception rather than the rule, I think there are certainly issues within this report that were hammered out and where what resulted in recommendations were probably compromises rather than clear cut recommendations as you would expect. On the other hand, some of them, I alluded to one before, the SIP question went back and forth on whether you even need this. I think the other one went to exactly how far we can go down the path of recommending a fully risk oriented approach to every compound because there were committee members who thought that was really the more appropriate way to go because we should be prioritizing according to that and others who were acutely aware of the limitations of our knowledge in order to do that in a systematic way and were afraid that what that could result in is moving back to the kind of way we dealt, for example, with hazardous air pollutants for the first twenty years of the Act which was, there wasn't much action being taken. So for example you will see a proposal for, a straw man, for how to categorize, you might categorize different air toxics in different classes, but it is in a text box as an example rather than we recommend that we move to this specific thing. That is the kind of, that is probably the place where the most controversy occurred. We do make pretty sweeping recommendations for really changing the way we think about air toxics versus criteria pollutants but we stop short of going as far as we might have gone.

Bob Wyman, Latham and Watkins - I have a few comments I will try to get through them quickly. Like everyone else I congratulate you on your work. This must have been daunting and interesting and time consuming and there is a lot there for thought. As you went through that I worried about how the committee could effectively take the next step because it is challenging to do that but that is what we are going to talk about after the break. Just a few comments. First I support the goal of prioritizing risk and perhaps along the lines of what you were saying a minute ago, Dan, I think that risk assessment is an outstanding tool for prioritizing but it is a tough tool to use for managing the risk. In our experience for example in the south coast where risk has been used for quite a while as the benchmark for setting standards we notice among other problems and limitations of using risk assessment as a tool that people, decision makers tend to confuse the estimated risk which is of course appropriately highly conservative with the actual risk. And of course everyone wants zero risk so there is natural tendency to do that. And that is problematic particularly because there are often tradeoffs as some have mentioned, when you regulate one substance at a time, between that and what its alternatives might be. So that is tough to do but certainly a laudable goal. I certainly support the objective of integrated planning.

I remember back in the late 1980s representing the aerospace industry when they were told by EPA regional office to use a chlorinated solvent as the best quickest nearest term solution for VOC reductions. And the industry told the Agency, no we are working on water bourn solvents, we think it is the best long term solution. These other solutions, we think, both will cause us to increase the use of an ozone depleter and increase the risk of toxic air contaminant exposure. The Agency said that is not our job right now. Right now we are looking at VOC reductions. I wish that were not a true story but it is and the industry ultimately had to go to Congress and ask for a

CTG for the industry to look at an integration of all of these goals, and you will see that section. This Agency actually opposed that change, Congress happily went ahead and included it, but it is an important illustration I think of how we really need to do integrated planning and I am totally in support of doing that here in all of the respects identified by the committee.

I think in the context of innovative strategies, I hope that this committee will consider demand side strategies. I think that we have done collectively an outstanding job on the supply side. We have some of the cleanest technology products imaginable. Our real problem is that their penetration in the market is not as great as it might be if we had the right signals to the consumers and if these were made cost effective through various strategies. Certainly when we look at some of the fleets of old vehicles and truck engines, the challenge is accelerating their turnover, and that calls for appropriate demand side strategies among other strategies. I think if we are thoughtful about moving from supply side dominant strategies to complement those with demand side strategies, we will see that we have great opportunities there at very low costs to achieve dramatic improvements in air quality.

A number of folks here around the table have talked about accountability and I agree that should be on the table. Accountability and enforcement, and I think there are opportunities here to recognize the appropriate relationship between increased accountability and increased flexibility and implementation flexibility and also different tiers of enforcement. A few of us a few years ago recommended that it would encourage sources to self report to provide much more high resolution of accountability if there were an incentive on the enforcement side to reduce potential reliability. And it seems to me that is an excellent tradeoff and a way to use incentives to encourage accountability and transparency of performance in ways that would be very dramatic. So I think there is a lot to work on that this report can encourage and look forward to working on that. Rob, in our subcommittee yesterday, we followed the economic incentive subcommittee to talk about process, but I do not want to trump your proposal, so I will defer those comments until after that. Thank you.

Bill Becker - Well I too wanted to congratulate you all for a very thoughtful report and you should be congratulated for a fine effort. I wanted to build upon Jason's and John Paul's comments and some others because I think they are getting to a place where I think we should give more attention to and that is not totally dismantling the SIP but it is flipping the SIP process from a bottom up to a top down and I suggest this because there are three themes that I read from the report that seemed to come to the top in my mind. One, and we have discussed them all, one is while the state and local agencies are doing a superb job, I read that in the report, the most efficient, the most effective programs have occurred from the federal programs, and that is no slight to the states, it is just that the mobile sources and fuels programs, and the regional NOx SIP Call and others have been really effective and efficient and when you add that to a couple of other themes which are we should look at things not piecemeal, but in an integrated manner and the third is, if we do that, maybe we don't need a whole lot of process, whether it is the SIP process or some of these other things that are really according to the regulated sources, mucking up the works.

Maybe there is something percolating here and if I were king and I didn't have to worry about

lawyers and I didn't have to worry about the Clean Air Act, what I would do is I would use an approach like MACT and I would have every new source, no matter where they are located, putting on state-of-the-art controls that integrated NOx, PM, SOx and CO2 and maybe some other pollutants in an optimal way and perhaps these are federal measures or federal guidelines. I would do the same for existing sources like MACT does but I would give industry some additional time, I don't know how much, but this much time, and I would have a cost factor in there but I would look at all of these pollutants in an integrated fashion and then I wouldn't just dismantle the SIP process, but I would keep the SIP process as the way to ameliorate the remaining residual risk so the big piece of the program is this MACT like integrated program and it is supplemented by some process, SIP like, or SIP nothing, that will address, whether it is TCMs or other local measures that need to be adopted in order to ensure that the application of these technologies doesn't reach attainment.

As a quid pro quo for this, which is a very daunting program, perhaps you get rid of much of the process, much of the uncertainty, much of the stuff that affects the industry and affects state and local government and probably EPA. We don't need, we are all in support of monitoring, but we don't need to monitor, spend millions and millions of dollars to monitor air toxics for us to know that four of the top six toxics are coming from motor vehicles. We know what they are and we know how to regulate them, and we don't need to draw lines around non-attainment areas to know what the sources of NOx and PM and SOx and all the pollutants are. John is right, the way to control pollution is to control pollution and of course we don't want to over regulate, God forbid, so we only ask industry to do what industry can do which is a technology based approach augmented by a moderate process that will help fill the residual risk gap. So if I were king I would do it and my question, I'm sorry to take so long, is if that or something like that is coming out of the NAS report, how in the world can we get to that if in a few months states are going to be putting together SIPs for ozone and SIPs for PM and mercury controls and all the piecemeal process oriented stuff that is coming out at a time when we have some very good recommendations whether you take mine or someone else's and maybe that is food for thought at the break.

Don Clay, Koch Industries - I will join the chorus of saying it was certainly good reading the report. I think it is always good when we stand back and take a look and challenge the way we are heading and how we are doing things. I commend the group for doing this and I think there are a lot of good ideas out there. On the other hand, it may have been beyond the scope of the report but I echo a little bit I think what John Paul and perhaps Carolyn said is how much is enough. Before we just forge on more and more with the same type of thing, more complex, we ought to step back and see how much is there. I was also bothered a bit by the, because in the end society will decide where it is going to spend its money, and it is not clear that the best buy would be here if you are going to reduce human health, risk to human health and the environment.

Also the climate we are going to be operating in for the foreseeable future in the federal government I think and in state governments too for that matter, Bill, would be that new money is going to be hard to come by, with the federal deficit coming, no matter who wins the election in November, it is going to be very hard to get additional money. I was a little bothered by the

one statement here like monitoring at \$200 million it would be relatively easy to double that because it would only be one tenth percent of what the costs to control the air in the United States and that is not the way the budget process is going to work. It is going to go for Congress so my bottom line here would be that as we go forward I think it is very important that we identify the problem that we are addressing before we ask for anything new because the only way you are going to get Congressional support or budget support or anything else to show there is a problem and you got a way to address it and I haven't seen enough of that.

I would also, just as a matter of aside, agree with Bob and to some degree Bill, which is always scary when you agree with Bill somewhat that beware of the risk because I agree with Bob the risk is very good for prioritizing but it is very hard to regulate with it other than a registration of pesticides or something. The Agency has not done well with that, and I go back to Bill and certainly Rob and I go back to the MACT program came because of the frustration of trying to regulate with risk because no matter what you wanted to do there was always more data, so if you wanted to do, if you are ready to do this, well don't you want to hear the pharmino-kinetic data, well yeah ok, then I hear that and the next one and what-have-you, so when industry wants something that's at food and drug or pesticide you get a lot of the data, when they don't want something you are surrounded with data and you die with a wealth of data.

And so I look at Lydia and I think for criteria pollutants every five years she is supposed to do that she has trouble keeping up with the now, the idea of considering three criteria pollutants at one time interaction will mean perhaps she will never get anything done. So beware of that, but the bottom line I have is as you go forward, you have got to identify your problem if you are going to track support. It is not enough that you want to do it, but you are going to have to convince others you are going to have to do it and they are going to want to know what problem you are solving. Thank you.

Rob Brenner - Alright thanks, let me start by saying that it's always fascinating to hear the comments of this committee given the diversity of perspectives and the amount of experience people have here in dealing with this issue, these issues. Unfortunately this time it is also a little troubling having started out pretty gun ho about an effort to respond to this report. I guess I've been chastened by how difficult it is going to be. The discussions we just had about things like cross-media issues and risk and compliance and transportation, state/federal roles, sectors, and a bunch of other issues I could name, those are all very troubling issues and I guess it explains why it took you guys close to two years to be able to put together a report like that.

Having said that and having listened to yesterday's conversations in the subcommittees and having had informal chats with many of you I will just put out a straw proposal, don't take it any more seriously than that, it is a straw proposal, and then we will take our break and ask everybody to come back promptly at 10:30 and we will talk about the proposal for fifteen minutes before we move on to the IAQR. The concept I have in mind, having heard this is that we would invite members of the Clean Air Act Advisory Committee to form, those members who are interested, to be part of what would be a temporary subcommittee. I know that members of Bob Wyman's subcommittee expressed a good deal of interest in participating, I know that members of Ben's subcommittee expressed a good, a lot of interest in participating and I am

assuming that other people on the committee will also want to participate and I don't want to limit participation. This would be a subcommittee that between now and the end of the year would go through a process of looking at the report asking the kind of questions, perhaps that we raised in this memo here, undoubtedly a set of other questions that will come up and develop some recommendations for the Agency on how to proceed to implement parts of the report, to perhaps set aside others and hopefully, recommendations in a prioritized sort of way. Here are near term things that really should happen, here are longer term things that should be considered. So it is realistic in terms of what can be accomplished and what kind of time frame.

So for example, Bill's point that maybe there are some things that we need to think about right away because we have a whole set of SIP processes about to occur in the near term and maybe there is some opportunity to make that process more efficient if we incorporate some of the thinking from the report into that process now that would just be an example. In terms of managing the effort, Steve Page, who is the Director of the Office of Air Quality Planning and Standards has said that his office would be willing to manage the effort of working with the committee, organizing subcommittee meetings. They have already, I know, had a management retreat where they discussed many of the issues in the report. The idea would be to make sure that we have some continuing involvement of staff from the Agency, not just from OAQPS, but OAQPS will bring in other parts of air programs and other parts of the Agency where appropriate to participate in this effort. And as I said the goal would be to have reached some set of recommendations for the Agency by the end of the year. So I will let you think about that during the break. Let's come back at 10:30 and have a discussion. Thank you.

Rob Brenner - So far I know there are two comments that people want to make. One from Bob Wyman, one from Steve Page. Bob, do you want to go ahead and make your point?

Bob Wyman – Sure. Alright, at our subcommittee meeting yesterday, we talked about this subject of how in the world could this committee effectively provide specific recommendations for the Agency as to what actions to take, what steps to take in the near term and in the long term to implement the recommendations of the committee. And assuming we're going to do this by the end of the year, it's an extremely daunting task. What our subcommittee, after discussion, decided upon as a recommendation to the full committee, is that - I mean, assuming we're going to have a couple of meetings of this special ad hoc committee, which may become a committee of the whole because of the degree of interest. Assuming we're going to have two such meetings, we thought it would be very helpful to do a couple of things in the immediate term.

The first would be to identify topics of interest that are focused enough that people can go back now with the homework assignment of figuring out how to develop the to do list for EPA. I'll wait until that next meeting to start thinking about this, but actually identify the topics now, identify who would do the homework. Send them out to do that with the idea that they'd come back for this first meeting of the group - I assume it'll be consistent with the next full Clean Air Act Advisory Committee meeting - whenever it is, with some focused recommendations to which people could react. And then we'd still have another shot to go back and do some more homework in between.

The second recommendation from the subcommittee was that there are some things that we might be able to start working on right now, low-hanging fruit or whatever, I think Katherine, you mentioned some of these things yesterday. You wanted to make sure we didn't talk this to death and miss the opportunities to identify some obvious steps that we could take now. And if we can identify those early, that would be a good thing too. So those were the recommendations from the subcommittee.

Rob Brenner - Thanks, Bob. Any other comments?

Chuck Mueller – I think this is a worthwhile approach to providing feedback on the report. As a state that has six SIP provisions that will be due this year, we're very interested in trying to figure out ways to incorporate some of the results or recommendations of the report into our current planning efforts. A number of them are things that we have already begun discussions with Region 6 and the OAQPS on. Such things as we have an expanded monitoring network down in the Houston area which we are proposing that we incorporate into our plan as a means of identifying the progress that our current strategies are making before we begin to determine what the next step might be. As it is, we are currently hung up in discussions on the modeling efforts, particularly one day that isn't responding. Whereas the strategy is coming into compliance with the model on the other days, we can't seem to move forward with our current plans. And so the idea of incorporating real monitoring into a planning effort as a means of moving forward seems to be an area that we've already kind of fleshed out some of the concepts and ideas to approach. Similarly, we have three early action compact areas that are going to come on in and they're currently wrestling with difficult issues that from a policy perspective are definitely the right things to do and everybody agrees with that. But we can't seem to get a way to incorporate them into the plans because there isn't a way to quantify them in the model. The reliance on the modeling efforts for planning perspectives seems to be a significant hindrance in moving forward with things such as energy efficiency policy. So I guess to go to Bob Wyman's point about some ideas that the committee can take a look at now to move the process forward, I think we in Texas have two or three that we've already kind of fleshed out as areas that may be workable alternatives. And if we could get some agreement from EPA to embrace those concepts in this planning effort, to allow us to move forward and have the committee take a look at those as pilot efforts to evaluate their success that will 1) get use moving forward with our plans, and 2) perhaps get this committee focused on a couple of the issues. Thanks.

Rob Brenner – Thanks. I know we're trying to do this process now but I can't resist responding to that point, just because I think it's going to be one of the really critical issues we need to think about between now and the end of the year. And the reason is last night Lori Schmidt, who's here, who helped develop these questions on the memo that you received, pointed out to me that we now have a SIP process that has evolved over time to provide some sort of impetus and pressure for people to make progress. But it's a combination of some air quality modeling that's done on the front end, then there's a sanctions process to make sure that you implement the program, you don't necessarily have to have the air quality results, but you have to do the implementation. And if you go another route, the kinds of approaches envisioned in the air quality management plan strategy, you need to figure out well, what are the new mechanisms for assuring accountability and progress, and I think that's what you're pointing to. And that's going

to take some pretty creative thinking on our part. On the other hand, it strikes me this is exactly the right group of people to do that type of thinking and better yet there are also some pilot efforts we could draw from. So I think that's a very important comment. Thank you. Let me take the remaining cards that are up and then give Steve the last word.

Catherine Witherspoon – I wanted to follow up on Bob Wyman's suggestion of homework for the next time with two proposals. One of them is the most important, most essential federal regulations that would benefit states in their efforts to attain the standards and reduce risk. And the second is a prioritization of the most important investments the federal government and states could be making because the report lays out a number of recommendations about infrastructure and we have some additional recommendations about dealing with what was described yesterday as legacy emission sources, the older technologies that are still out there polluting our air.

Pam Giblin – When I had originally reviewed the report I had thought that the only way that we could possibly deal with this would be to have sub-subcommittees dealing with specific prongs of it. The more I have reflected on it and especially in light of the comments and the amazing amount of unanimity about the need to look at things holistically, I really think that even though it is going to be a lot of work and we're going to have to do a lot of homework, it is important to have sort of the larger committee of the whole or subcommittee sort of look at all the issues, rather than have the tendency to shuffle things off to sub-subcommittees. So that we don't balkanize our efforts and that we do look at the holistic, total. One of the tragedies of the 1990 amendments was that every title was worked almost independently by various stakeholders and we missed the opportunity to tie Title I and Title III and all of the various titles together. And I'm hoping that this time around we can address some of the issues that are really driving this which is that we're not focusing, that sometimes we're at cross-purposes. You know we've all heard the anecdotes about SCR installation to attain the ozone standard suddenly producing ammonia emissions which exacerbate the MP2.5 and on and on. And so I really sort of exhort the group to be willing to work faster and harder but not to get so fragmented that we're all going off on our little transport subcommittee and so on because I think it's all related.

Steve Page – I guess Bill, related to your comment earlier about wanting to work on a multi-media approach I can tell you we've already started. Cause Rob asked me if I wanted to be thrown out into the deep water on this, so it started. Before I make any comments on the report and kind of how to proceed, my thoughts on that, I do want to just make a few other remarks about - I've been at OAQPS now about a year and as many of you know, many of you knew that job probably better than I did before I accepted it, I inherited a plate full of things - MACTs and new source review, designations, and a lot of other things that are, as you know, underway.

The other thing that kind of came with the job was a pretty remarkable senior leadership team of folks that were already in place and that have been involved in many of these discussions over the years. Lydia Wegman, who you'll hear from in a little bit, Bill Harnett, Sally Shaver, and Penny Lacetter, who is also here today on behalf of Sally, Peter Tsirigotis, John Bockman, Jeff Clark. These are folks who have worked a long time at OAQPS and on these issues. So I feel good about this team.

And in this last year or so we have been doing some of what the report suggests, which is stepping back and taking a look at some of the processes that are address on the report. And it's pretty clear that we've got about at least 90 percent of the action in OAQPS about that report. It does cut across OAR but in terms of SIPs and other things like that, these are things that OAQPS was already thinking about, trying to step back and most recently we've actually had a management retreat - a couple, three years ago - to start going more in depth. And we were actually guided by the efforts of the report to start examining things there that could possibly be done short term, what are some longer-term things, and these are conversations we're just really kind of starting and plan to pursue. So this, the timing of this report was very good for me as a manager who's been in now just about a year, and for OAQPS. We still have these other things to do, so in terms of how to work this along with the existing workload cause many of the senior leadership team, as you well know and appreciate, are up to their ears in getting these existing statutory requirements tended to. The thing that I guess is a good starting point is trying to sort out the short term, the long term, getting folks on the Clean Air Act Advisory Committee's advice on how to do that. We'll look forward to doing that.

Specifically, what I'd like to suggest is that we take the newest member but also an experienced hand of the OAQPS senior management team, Greg Green (who is the deputy at OAQPS, who joined our team this year, who's worked at the state level, who's worked in other OAR offices and has seen this from a different perspective) to kind of take the lead on behalf of all of OAR, Trying to make sure we have a conversation not just with OAQPS but across the offices and that we have a series of meetings. We can combine some meetings with the upcoming Clean Air Act Advisory Committee meetings, there's two of those this year. Probably want to have a couple of days of a workshop, you know, bringing in some stakeholders to talk about, if we're going to talk about SIPs, to try to understand that issue and perspectives in more depth. I've asked Greg and Rob has agreed that Greg can kind of be the focal person for this effort for us. What I'd like to do for Greg, since I've got the microphone, is send around a sign-up list to the committee of folks who are interested in participating in this so we can get in contact with you immediately on this.

The one thing I will say and again there are a lot of opportunities that we've identified, the SIP process is one where maybe there are some both short term and some long term things, maybe some legislative fixes that have to be made. The idea of working multi-pollutant, multi-regional are some things that I hope people appreciate that we embrace in terms of ideas. That's what the thinking is behind the IAQR rule that we're about to hear some more about later. So I think this is going to take time. I think the report appreciates the fact that these things aren't going to get done over night. What we would like to do is run a process that includes the advice of this committee. Other folks who are not in this room are going to want to have something to say about it. Thinking pragmatically, again short-term, long-term, but also thinking about, alright, some things may actually have to be changed through legislation and not be afraid to at least talk about those and talk about what that might look like, if there were an opportunity for looking at a new piece of Clean Air Act legislation. I think all of that needs to be in play long-term. Let me stop at this point, Rob, and see if I've generated any questions or anger or concerns or anything like that.

Rob Brenner - Steve, I think that's a good structure and a good start. Let's see how many members of the committee we can round up to participate in this effort. And we'll be sending out a note to all of you who are participating on next steps, and then we'll also send out a note to the full committee, just keeping everybody apprised of how this process is developing. So thanks everybody for a good discussion and a good start on this process. Special thanks to Dan and to Michael for getting us started here.

Ben Henneke – For those of you who haven't had quite enough discussion about this report or about the SIP process or things, I just want to encourage you to know that after lunch, you're going to have another opportunity because all the discussion about the new non-attainment areas and the early actions compacts and so on, what we've really done and learned is a whole bunch about the SIP process. We've caused some train wrecks which we didn't really intend, but there's some learning from those train wrecks. So, I just ask you not to completely forget everything that Dan and Michael and all of us have talked about so far this morning.

Rob Brenner - Thank you. Let's turn to the next item on the agenda prior to lunch.

Steve Page - It occurs to me that maybe not everybody in this room knows Greg Green and I think it would be valuable during the breaks and stuff. Greg, can you stand up and identify yourself there? We'll all be getting to know Greg very well.

Rob Brenner - Those of us who are old hands on this committee know Greg because he was a member of the committee for awhile before we were able to convince him to come to EPA.

[End - Verbatim Transcript]

Presentation and Discussion of the Interstate Air Quality Rule – Peter Tsirigotis, Lydia Wegman, OAQPS, Sam Napolitano, OAP

Rob Brenner, EPA/OAR, introduced the presentation by explaining that the Interstate Air Quality Rule (IAQR) is being implemented jointly by the Office of Air Quality Planning and Standards (OAQPS) and the Office of Atmospheric Programs. He expressed the EPA's enthusiasm and pride for this initiative, which they believe will have tremendous public health impacts. He said that currently the EPA is receiving comments on the program and is working towards issuing final regulations later this year.

Peter Tsirigotis, OAQPS, began the presentation by saying that IAQR is the best the EPA can do right now in the absence of multi-pollutant legislation, such as Clear Skies. The main goal of the IAQR is to help states, especially the eastern states to meet the new standards for fine particles and ozone. The IAQR's geographic coverage is based on a "significant contribution" of state NO_x and SO₂ to non-attainment of the 8-hour ozone and PM_{2.5} standards in another state downwind. Another key feature of the IAQR is the annual SO₂ and NO_x emissions caps (phased in caps starting in 2010 and declining in 2015), which will be met through the use of highly cost-effective controls. In addition, the IAQR includes an optional cap and trade program and flexibility for states to choose how to achieve reductions, including which sources to control and

whether to join the trading program.

Sam Napolitano, Office of Atmospheric Programs, continued the presentation by saying that this rule alone would bring 28 more counties into attainment of the PM2.5 standard and 8 more counties into attainment of the ozone standard by 2015. He added that the rule will result in 82.4 billion dollars in health benefits in 2015, 1.4 billion dollars in visibility benefits in the Southeastern National Parks and Forests in 2015, and many other environmental benefits that cannot be quantified. He said that the benefits from this rule far exceed the costs with twenty-two dollars of benefits for every dollar of costs. In comparison with other discretionary regulations since the CAA amendments in 1990, this rule gives the greatest benefit. Mr. Napolitano explained that, through the use of a Macro Economic model the EPA was able to calculate that there will be continued economic growth as these controls are implemented.

Questions and Comments

Bill Auberle, Northern Arizona University, asked Mr. Napolitano if the data on the slide “Economic Growth Will Continue” is national or regional data.

Mr. Napolitano said that the reductions in emissions seen on the slide are regional reductions, but they are not that much different from what the national reductions would be around years 2010 or 2018. The GDP is representative of the whole economy.

Bill Becker, STAPPA/ALAPCO, said that it is laudable that the EPA is pursuing significant emissions reductions in the absence of federal legislation. He then asked if OAQPS and the Office of Atmospheric Programs have looked at the final compliance deadline of 2015 for utilities and compared that to the attainment deadlines that the CAA and federal regulatory proposals impose on states and localities, especially those before 2015. He also asked if OAQPS and the Office of Atmospheric Programs have looked at what additional emissions reductions they could have achieved and whether making these additional reductions would be more cost effective than making reductions using the less cost effective, SIP Process, after the rule becomes effective.

In response to Mr. Becker’s first question, Lydia Wegman, EPA/OAQPS, said that while developing the compliance dates, OAQPS and the Office of Atmospheric Programs have been mindful of the attainment dates for ozone and fine particles in different areas and also of what is feasible. She said that the emissions reductions that will be achieved through 2010 because of this rule will help areas to reach their attainment dates.

In response to Mr. Becker’s second question, Bill Harnett, EPA/OAQPS, said that they did not look at what it will take beyond the IAQR for areas to achieve attainment. He said they have received several comments on this, so they may look at the issue before the Final Rule is completed. He noted that they did look at whether local measures alone could result in attainment and found that they could not. This justified the development of a transport type rule.

In response to Ms. Wegman’s comment about feasibility, Ken Colburn, Northeast States for

Coordinated Air Use Management, said that anything is feasible, but it is a matter of cost. He said that, presumably, OAQPS and the Office of Atmospheric Programs looked at how setting the compliance date earlier would erode the billions of dollars of benefits and were able to find a compliance date at which the benefits sustained themselves. He expressed an interest in having that type of analysis shared with the committee in the future. He agreed with Mr. Becker that the EPA's work on this rule has been laudable. He added that the Northeastern states feel that this rule is superior to Clear Skies, which has problems associated with it, such as abrogation of states' rights and elimination of Mercury MACT. He said Northeast States for Coordinated Air Use Management will be submitting comments on the rule. An example of a concern that they will be including in their comments is the potential excessive use of NO_x credits during certain seasons.

Lisa Gomez, Sempra Energy, also applauded the EPA on its efforts to address emissions transport. She said that Sempra Energy prefers legislation to regulation and are happy to hear that the EPA will continue to support work on multi-pollutant legislation. She expressed concern that the SO₂ allowance early retirement methodology will disfavor new units and units not currently subject to Title IV. Ms. Gomez asked EPA to address this issue through an allowance set aside or something similar. She also noted that the rule defines electric generating units more broadly than in Title IV. She asked that EPA exempt from the rule and its continuous monitoring requirements those units that are exempt from Title IV and its continuous monitoring requirements. She stressed that Sempra Energy is strongly in favor of cap and trade programs and that they are concerned that states may opt out of trading. Ms. Gomez asked if EPA analyzed how the cost/benefit ratio would change if some states opted out of trading and if so what they found.

Mr. Napolitano said that several of the issues Ms. Gomez raised have also been raised by others and that the EPA is looking into those issues. He said that the cost/benefit model assumed that all states opted into the cap and trade program. He said that they have not yet modeled the effect states opting out of trading would have on the cost/benefit. However, he said that in similar modeling done for the NO_x SIP Call there was little effect seen from states opting out as long as there was a fairly good sized market. He said that since the NO_x SIP call has been in effect, all states have in fact opted into trading.

Ms. Wegman asked Ms. Gomez if she has any reason to believe states would not opt into trading under this rule.

Ms. Gomez said that Sempra Energy has no reason to believe that states will not opt into the trading program as they have with the NO_x SIP Call. However they were curious about what effect there would be to this rule and to the market if states decided to opt out.

Jason Grumet, National Commission on Energy Policy, said that in light of the political climate, the EPA's work on this rule has been courageous and well directed. He asked how Oklahoma would be differentiated from 90% of its borders that are contained in the program.

Mr. Tsigotis explained that the EPA adopted a significance level of two parts per billion for

ozone and 0.15 micrograms per cubic meter for particulate matter, which cause the map of the regions affected by the IAQR to look the way it does.

Mr. Harnett added that the EPA is aware that when cutoffs are necessary, lines end up being drawn which creates opposing incentives. He said the EPA is currently soliciting comments on this issue and whether the program should be broader.

Mr. Tsirigotis said that the EPA is interested in comments on whether the area of plains and mountains to the west that are not covered by the rule, but have problems with regional haze should be somehow integrated into the rule. This area is currently not covered by the rule because it does not contribute to major non-attainment problems in the east according to the significance criteria.

Chuck Mueller, Texas Commission on Environmental Quality, said he would like to emphasize the importance of reconciling the SIP attainment dates and this rule. He said he believes that the Texas Commission on Environmental Quality will lose face if they have to revisit the ideas, such as banning construction in the morning or lowering speed limits because they weren't able to take full advantage of this program. He urged EPA to figure out a way for states to incorporate these benefits before they have to determine what else is necessary locally to meet the attainment dates.

In response to Mr. Mueller's comments, Ms. Wegman said that the EPA wants to help states to incorporate the benefits as they do the modeling and figure out the boundary conditions. She said that one of the goals of developing this rule, in light of the absence of legislation, is to make sure that the states know what they can assume from this rule before the SIP planning begins.

Vickie Patton expressed appreciation for the steps the EPA has taken with this rule. She suggested that the EPA use some of the economic benefits from the Cap and Trade Program to further help public health and the environment. She also asked that the EPA take a hard look at requiring deeper reductions. She said that Environmental Defense used the EPA's own methods to quantify the state by state benefits, emissions reductions, and health benefits of raising the cost effectiveness threshold for SO₂ to \$2000 per ton. She said the result was benefits to the environment and public health which were higher than those found by the EPA in their own cost effectiveness analysis. In reference to Mr. Mueller's comments, she said that the states need to get every ton of emissions savings they can from the EPA, so they will be able to meet the standards. In light of the states' needs and the large environmental and public health benefits, she recommended that at the next CAAAC meeting the EPA show their analysis of alternative threshold levels, such as the Environmental Defense's levels. She said this will allow there to be a more informed discussion of deeper reductions and their viability. She added that the Environmental Defense is eager to work with EPA to expand this program westward.

Ms. Wegman said that they will take Ms. Patton's idea of presenting the EPA's analysis of alternative threshold levels at the next CAAAC meeting into consideration.

Patrick Rahe, Hogan & Hartson, asked Mr. Napolitano if during his economic analysis when he

said there may be “a fairly reasonable increase in the cost of natural gas” he was basing that on a cost analysis that takes into consideration the pressures on natural gas now and in the future or basing it on a projection into the future of what the pressures and their effects have been on natural gas in the past.

Mr. Napolitano said that the EPA was able to model what the price increases will be in the future as demand for natural gas increases. He said they also plugged this information into a Macro Economic model to see what the effect of this modest price increase would be in various sectors. The overall effect was very small and upstream in sectors, such as manufacturing, chemical industries, and petroleum refineries, there wasn't a problem. He quantified the modest price increase saying it was a 1.7% [to (tape inaudible)] 3% increase between now and 2020.

Mr. Raheer suggested that the EPA take into consideration that currently the chemical industries are having problems because the natural gas prices are going up. He said that what is currently happening now is not consistent with the future modest price increase that EPA predicted.

Mr. Napolitano said that the EPA also completed a sensitivity analysis using the Department of Energy's higher gas prices. He said because the program drives people towards greater coal fired generation and new units with advanced pollution control, at the outset natural gas prices are actually somewhat cheaper than the EPA currently predicts they will be.

Mr. Raheer said he thinks that a problem may arise, assuming that this rule will be able to be used by states in the same way they were able to use the mobile source rules, which demonstrated what the states can use and what they can plan on in the future. The problem may arise when a state has made a plan, but has not fully implemented it and then the attainment demonstrations come to the forefront and that state is technically in non-attainment. He asked if within this rule the EPA is going to address how this issue will be handled.

Ms. Wegman responded that the EPA is giving thought to this issue and welcomes comments on it. She said that this issue will not be addressed in this rule, but will be addressed in the implementation rule and guidance. She added that statutory deadlines are fairly well fixed, but there is some flexibility for areas covered under Subpart I, which have five to ten years to achieve attainment. However, she said the statute clearly says that attainment has to occur as expeditiously as practicable. So, while the EPA wants the localities and states to take these reductions into account, they also want the states and localities to go ahead and take any reasonably available (defined by states and localities in conjunction with the EPA) measures to improve air quality.

Michael Bradley, M.J. Bradley Associates, Inc., said he is speaking on behalf of the Clean Energy Group and its member companies. He said the Clean Energy Group and its member companies applaud the EPA on its efforts and hope that they will be able to move expeditiously towards finalizing the IAQR. In reference to Ms. Gomez's comments, he asked that the EPA take a look at the inherent injustices in the SO₂ allocation process in order to account for sources that have been built since the CAA was amended in 1990. He asked that the EPA reconsider some sources that have had a more negative outcome in the allocation process. He went on to

say that it would make sense for there to be some sort of set aside for the future to eliminate barriers against new state of the art coal generation. He said he thinks that the 2010 NO_x target is achievable and has heard no one bring this target into question. He said that everyone learned from the NO_x SIP Call how effectively the SCR and the electric utility industry can respond to achieve compliance. Mr. Bradley said that he has heard different parties bring into question whether the 2010 SO₂ target date can be achieved. He added that there is a SO₂ allowance market developed from early reductions achieved by industry, that is conveniently in place to assist with any potential compliance short comings in 2010. He said that there seems to be an explicit linkage between the IAQR timing and the proposed mercury cap timing. He asked if significantly changing the target date for SO₂ would impact what can be achieved under the proposed Mercury Cap and Trade Program.

Mr. Tsirigotis said that all of the calculations that were done for the mercury cap and trade approach were dependent on the IAQR, so whatever changes within the IAQR will change mercury as well.

Ms. Wegman thanked all members for their encouragement to the EPA. She said the EPA will be putting out a Supplemental Notice of Proposed Rulemaking, which will address the Cap and Trade Program for the IAQR. If the EPA decides to propose extending the area that is covered by the rule westward, this will also be included in the Supplemental Notice. She said that the goal is to have the Supplemental Notice signed no later than the end of April and published in early May with a 45 day comment period.

Presentation and Discussion of EPA's Smartway Program – Suzanne Rudzinski, OTAQ

Rob Brenner, EPA/OAR, introduced the presentation by saying that the SmartWay program has recently been formally launched with a very positive response.

Suzanne Rudzinski, EPA/OTAQ, began the presentation by saying that SmartWay Transport Partnership is a new and exciting program that creates a win-win scenario with both environmental and business benefits. She said that this voluntary partnership program was fully launched on February 9th, but that the EPA has been working for over a year with its fifteen charter partners to develop the program. The goal of the program is to improve the environmental performance of ground freight operations including both truck and rail, while increasing the truckers' bottom line. It is important to work with this sector because over the next decade this sector will consume 35 billion gallons of fuel, account for nearly 20% of transportation related energy use, and produce approximately 350 million metric tons of CO₂. The EPA projects, from now until 2012, with this program there will be emissions reductions of 33 million metric tons of CO₂ annually, 200, 000 tons of NO_x annually, and PM and air toxics benefits as well. In addition, the EPA projects that after implementation of this program, there will be a savings of 150 million barrels of oil each year between now and 2012.

The SmartWay Transport Partnership has three components: corporate partnerships, National Transportation Idle-Free Corridors, and rail/intermodal aspects. Ms. Rudzinski explained that corporate partnerships are the main component of the program thus far. The EPA has formed

partnerships with 54 shippers and carriers in the United States and Canada who voluntarily agreed to increase their fuel efficiency and adopt fuel efficient technologies. Ms. Rudzinski said that in the future, the SmartWay program would like to expand into new areas, such as working with State Transportation Agencies.

Ms. Rudzinski mentioned several tools that companies can use to increase their CO₂ and fuel efficiency including eliminating idling through the use of anti-idling technologies, such as truck stop electrification. A typical long haul truck idles away about 1800 to 2000 gallons of fuel a year. An example of this kind of anti-idling technology is one of this year's Clean Air Excellence Award winners, IdleAire Technologies. Two other tools that Ms. Rudzinski discussed to increase CO₂ and fuel efficiency are the use of single tires instead of double tires and the use of a more aerodynamic truck. Both of these tools reduce fuel consumption by about three percent.

Ms. Rudzinski said that any committee members that are interested in finding out more information on the SmartWay Transport Partnership can go to the website, www.epa.gov/smartway, or they can call (734) 214-4767.

Questions and Comments

Jeff Muffat, 3M, asked how much a trucker's gas mileage would change if they implemented the single tire change combined with the aerodynamic change.

Ms. Rudzinski said that the use of the single tire would result in about three percent fuel efficiency. The use of a more aerodynamic truck would also result in about three percent fuel efficiency. She added that typically a trucker will not make a change unless it has an immediate or no more than a two year pay off.

Mr. Muffat asked if Ms. Rudzinski had real numbers for the change. He asked if it would be almost a mile to every gallon.

Ms. Rudzinski said that Mr. Muffat's estimate of a mile to every gallon was correct. She added that CO₂ emissions are directly related to fuel efficiency, so any little improvement helps.

Michael Wright, United Steelworkers of America, asked if the SmartWay Transport Partnership has worked with any of the tire companies to supply the single wide tires or to work on the automatic tire inflation systems.

Ms. Rudzinski answered that the SmartWay Transport Partnership currently is partnered with Michelin and Bridgestone/Firestone. She said these two companies are interested in working with the SmartWay Transport Partnership in the future on some of the technologies, but currently the two tire companies have joined to work on their own fleet performance.

In response to Mr. Muffat's question, Richard Ayers, Ayers Law Group, said that he gets six and a half miles to the gallon for an 80,000 pound load for his CDL and freightliner, so the savings

could be calculated from these numbers.

Robert Avant, Texas Food & Fibers Commission, asked if the EPA or IdleAire Technologies has met resistance from the truck stop industry because their program/technologies will cut into the truck stop's fuel sales.

Ms. Rudzinski said that in the beginning, the truck stop operators usually had to foot the cost for electrification, which was a problem. She said that IdleAire Technologies has overcome this hurdle by taking on the cost of the infrastructure and by arranging a profit sharing agreement with the truck stops. She added that the truck stops have actually found that their sales inside the truck stop have increased after IdleAire has installed electrification. The increased inside store sales and the revenue generated from the profit sharing with IdleAire have seemed to balance out the revenue that the truck stops lost from fuel sales.

Ben Henneke, Clean Air Action Corporation, said that he knows one of the partners that went through the decision-making process of whether to join the SmartWay Transport Partnership. He said that this partner had a hard time determining what was in it for them at first. He added that throughout their decision-making process there was a lot of back and forth interaction between the SmartWay Transport Partnership and this company to help them see why the partnership was advantageous for them. Mr. Henneke said he wanted to congratulate the SmartWay Transport Partnership for all of this behind the scenes work.

Ms. Rudzinski said that the trucking companies themselves have become great promoters of the program.

Discussion of Early Action Compacts and Rapid Response Team – Ben Henneke, Co-Chair, Economic Incentives and Regulatory Innovation Subcommittee, Lydia Wegman, OAQPS, Suzanne Rudzinski, OTAQ

Rob Brenner, EPA/OAR, introduced the Early Action Compacts presentation. Mr. Brenner said that he, Lydia Wegman and Suzanne Rudzinski had been working with Ben Henneke to sort out some of the issues that Early Action Compact Areas have to deal with as they try to develop their plans for reaching standards. He said that the group made a decision to get together some of the key folks in the Agency both at headquarters and in the regions to make some decisions on how to credit various actions that would provide cleaner air where there was ambiguity over how much credit should be allocated. Mr. Brenner said that there were difficult decisions. The plan is to describe the results which the group called the Rapid Response Team.

Ben Henneke, Clean Air Action Corporation, reviewed the Early Action Compacts and the new non-attainment areas. Mr. Henneke said that the Economic Incentives and Regulatory Subcommittee has been involved in the new non-attainment issues for more than a year, including a training and SIP planning conference. He said that states requested help from the Clean Air Act Advisory Committee to provide answers to the new EACs or non-attainment areas quickly on a whole range of issues. Mr. Henneke said that the idea was that the committee would clarify the questions in such a way that the Agency could answer them, and then provide

quality assurance of the answers coming back from the Agency.

Mr. Henneke said that there are new non-attainment areas based on the new 8-hour ozone standard and the new PM standard. There are many areas that are being designated as non-attainment areas for the first time or got out of non-attainment for the 1-hour ozone standard that are getting re-designated based on the 8-hour standard. Mr. Henneke said that there are political boundary changes that are affecting growing metropolitan areas, especially in the southeast. There are also new approaches, like Section 126, the NO_x SIP Call and IAQR, new flexibility and voluntary programs, EIPs and now this new extra-legal approach called Early Action Compacts. Mr. Henneke said that there is not a single Early Action Compact that does not know that if environmental organizations tried to sue, the Early Action Compacts would lose. Everyone knows that this is based upon an agreement between all the parties that this process will work better than the traditional process, or it will cease to exist.

Mr. Henneke said that the committee and EPA have been focused on national and regional measures for the last 10 years. The caps, on- and off-road programs, and fuel improvements are where attention has been focused. The way the Clean Air Act is written, it comes back to the local areas that have to come up with their SIPs. He said this is what we are going to be doing for the next five years. Getting an Interstate Air Quality Rule put on top of state programs will be great but the SIP process will still be happening at the local area.

Mr. Henneke said that the the Early Action Compact cities have been successful. These areas have become much more educated about health issues, and the implications of non-attainment for economic development. They are more aware of where sources of air pollution are, their contributions, and modeling. They are also aware of state and local authority issues and state and national authority issues. They have looked at ways to clean up and at the grassroots level there is an enormous amount of frustration at how to solve the problem.

Mr. Henneke presented diagrams illustrating the differences between the one-hour and eight-hour standards. Mr. Henneke said that wind transport issues are more of a problem with the 8-hour standard, but the rules and procedures are still based on the one-hour standard so there are some programs that attempt to address the wind transport issue. The tools for local areas to make choices about what programs to implement for SIP credits are difficult. The Rapid Response Team was designed to give the local areas answers.

Mr. Henneke presented issues that the Rapid Response Teams have discussed with states. He said that states would not get credit for some activities including fuel switching for stationary sources on ozone action days, capped sources through financial incentives on ozone action days, regional reductions from local mobile source programs such as I&M and voluntary fuel improvements and Phase II of the NO_x SIP Call. Other programs such as diesel idling and electrification, low RVP fuels, and energy efficiency projects that retire allowances would count for reductions. Other programs such as speed limit reduction, smart growth and energy efficiency projects required extensive modeling before they would count for reductions, so for all intents they would not happen.

Mr. Henneke said that there might be one tool that could be given to states that might make a real difference when calculating reductions. He said that there is a funny thing built into the photochemical and mobile six modeling which is that there is not enough data to model beyond 65 miles per hour. The emissions calculations stop at the same level of emissions in grams per mile as 65 miles per hour. There is evidence that the curve continues to steepen at higher speeds because of torque in diesel engines and wind resistance. The net effect in the model is to underestimate the amount of emission reductions that result from a change in speed limits at the upper end of the curve. There is enough difference between 55 miles per hour and 65 miles per hour to make a 5-10% difference in the overall NOx inventory by dropping the real speed limit to 55 miles per hour. For the EAC areas and states, the goal is to start to educate them about the benefits of reducing speed limits.

Mr. Henneke reviewed next steps:

- EACs are to submit their plans by March 31st.
- Ozone non-attainment designations are April 15th.
- States will submit their SIPs December 31st.
- There is a reporting requirement for states May 31st.
- Regions will review the SIPs to determine if the EACs have demonstrated attainment.
- The environmental groups will then sue or not.
- In 2007, the monitors will demonstrate attainment or not.

Lydia Wegman, EPA/OAQPS, said that the Early Action Compact areas have been working extremely hard even independently of the Rapid Response Team to develop the measures that they owe us this March. They have been doing air quality modeling to show that they can demonstrate attainment by December 31st. One of the issues that has come up is weight of evidence in the air quality models. We do intend to use it for Early Action Compact areas. Ms. Wegman said that the Agency will be looking at the March 31st submissions to determine if the EACs can defer their non-attainment designations. When final designations are completed on April 15th, the rulemaking will include the Early Action Compact areas and the milestones in the regulatory text.

Suzanne Rudzinski, EPA/OTAQ, said that most of the activities and guidance materials are on one EAC web site. That is one additional tool that came out of the effort. Mr. Brenner added that the web site has become a good place to go to see some of the innovative measures that are available for meeting air quality goals.

Lydia Wegman, EPA/OAQPS said that she wanted the Clean Air Act Advisory Committee to know that EPA is planning to do an innovation conference later in the year in either late July or early August.

Jeff Muffat, 3M, requested the address of the EAC web site. It is http://www.epa.gov/ttn/naaqs/ozone/eac/index.htm#EAC_Main

John Paul, Dayton Ohio Regional Air Pollution Control Agency, said that as a local agency, his

area has an MPO which functions like a council of governments. The MPO asked him about future non-attainment and he told them that the area would be in non-attainment for the local 8-hour ozone standard and in non-attainment for PM 2.5. They asked him about the consequences and the measures that they would be required to do. What he told them is that they have to get as many reductions as they can from the interstate transport rule and from the national rules on both fuels and on/off road heavy duty. Beyond that there are very few things that can be done quickly. He asked the committee what they thought of his advice.

Lydia Wegman, EPA/OAQPS said that everyone should support for strong national measures but that does not mean waiting for the national measures. She said that there are a number of things that can be done like having ozone action days, educating the public and other voluntary programs. Ms. Rudzinski added that if you are an EAC, look closely at the dates when those national rules will come into play to make sure they will come in time to achieve your goal. Mr. Henneke said that if you are an EAC then it will probably not come into effect in time but there are a number of other strategies that may help like reducing speed limits, some boiler technologies, and diesel fuel programs. There are also clean air investment funds, Carl Moyer, and TERP approaches that will draw reductions out.

Jeff Holmstead, EPA/OAR, said that his understanding of the benefits of speed limit reductions are that those apply particularly to heavy duty diesel trucks. Politically, a reduction for heavy duty on-road trucks is probably easier than reduced speed limits for everybody in the metropolitan area. Ben Henneke, agreed that the benefits come from the heavy duty diesel trucks. Some of the public safety people say that having a differential speed limit is not as safe. Others say that there is no difference. There is no correct approach.

Pam Giblin, Baker & Botts, asked if the plan is for the implementation rule to come out in part or in whole on April 15th. She said there is a lot of curiosity and concern about having to move forward with implementation of the 8-hour standard without having the rule yet. Mr. Holmstead said that parts of the rule that have to do with the most immediate issues including classifications and the harmonization of subparts 1 and 2 and the transition from the 1-hour to the 8-hour standard will be signed on April 15th along with the designations. The second part of the rule is due to come out in August.

Lydia Wegman, EPA/OAQPS, clarified that EACs are required to do everything they can locally by March 31st, however this might just be requests for the state.

Rob Brenner, EPA/OAR, said that the process has been a good learning experience internally and hopefully it has given local areas some tools to assist them in getting SIP credits. There is a plan to have the Rapid Response Team meet prior to each of the upcoming CAAAC meetings in order to review any new opportunities for SIP credit.

John Paul, Dayton Ohio Regional Air Pollution Control Agency, asked about the assumptions that are made on the utility coal fired boilers in the model and their age. The question that he had was if there is any assumption that a boiler that is 40 years old would go through any major life extension project and be subject to NSR and BACT. He believed the previous response was that

there was no assumption for any upgrades to BACT to any of the boilers in the model and he wanted to confirm that.

Lydia Wegnan, EPA/OAQPS, said that as far as she knew there were no assumptions of upgrades in the model.

Subcommittee on Permits/Toxics and New Source Review – Bill Harnett, Co-Chair, OAQPS

Bill Harnett reported back on the NSR subcommittee meeting.

Mr. Harnett discussed EPA's on-going work with the western states organization WESTAR with increment consumption as it relates to PSD programs in National Parks and in attainment areas. There are a number of technical issues concerning the estimation of inventories back to 1975, estimating what was emitted on a 3 or 20-hour basis in 1975, as well as modeling increments and increment consumption. There are policy issues as well. When a state identifies a problem, it then only has 60 days to correct the problem. States are hoping EPA can modify policies to come up with a more reasonable timeframe. There was a request for a broader stakeholder group to be involved in these discussions, thus Mr. Harnett will return to the subcommittee with further updates at the June 2004 meeting. Potentially there may be a separate meeting to dedicate additional time to the western states issues.

Mr. Harnett described the task force being set up to look at implementation of Title V. EPA believes that it is appropriate to evaluate how well the program is working now that many permits have been issued. EPA wants to hear about experience with the Title V program from industry, state and local permitting programs, and from public interest groups. EPA will put out a Federal Register Notice to recruit members for the task force, the subcommittee has agreed on the charge and it will be circulated among the subcommittee members for additional comment. The subcommittee favors more inclusive rather than less inclusive meetings. There will be multiple full day meetings to hear from stakeholders about their experiences with the Title V program, specifics of what is working and not working. The task force then would seek to summarize and evaluate the information gathered at the meetings and potentially produced a final report containing the full range of problems and possible solutions.

Mr. Harnett discussed recent developments in the new source review arena. The Supreme Court came to a decision on the Alaska vs. EPA case, on whether EPA has the power to overrule a state's Best Available Control Technology (BACT) determination under certain circumstances. Other NSR items included NSR upcoming regulatory packages, litigation on two recently finalized rules, a status update on NSR enforcement, and how states are progressing on implementing adoption of the December 2002 rules, which are not stayed by the court, and are on a schedule for the states to take action by January 2006.

Mr. Harnett discussed the recently published Umbrella Monitoring Rule on Title V and monitoring requirements, moving to a slightly different monitoring structure. This was a final rule.

Mr. Harnett stated that EPA had received great input from representative stakeholders on the proposed Title V program evaluation. This input will lead to an effective Title V review process. There were numerous requests for meetings to be held in the western part of the country, and EPA will factor this into its meeting scheduling.

Subcommittee on Linking Energy, Land Use, Transportation and Air Quality, Bob Wyman, Co-Chair

Bob Wyman, Latham and Watkins, said there were three discussions covered at the subcommittee meeting. The first was a discussion about the NAS report. The second was a discussion about, over the next few months, developing an immersion workshop on Smart Growth issues to identify which areas would be best for the CAAAC to take a closer look at. Mr. Wyman added that when he has more details he will circulate an email to the full committee in case anyone is interested in attending the workshop. The third was a presentation by Dr. James Lents, Center for Sustainable Suburb Development, who is this year's Thomas W. Zosel Outstanding Individual Achievement Award winner. Mr. Wyman recommended asking future Zosel winners to present to the full CAAAC committee. Mr. Wyman said he will spend the rest of the time giving the CAAAC committee a sampling of the presentation about sustainable development that Dr. Lents gave to the subcommittee.

See attached presentation.

Questions and Comments

Rob Brenner, EPA/OAR, agreed with Mr. Wyman that it is a good idea to have the Zosel winner present to the full CAAAC committee and said they will plan on doing that in the future.

General Committee Discussion

Rob Brenner noted that the clean air investment funds in New Hampshire were discussed at the Economic Incentives and Regulatory Innovation Subcommittee. There was a study done in New Hampshire to look at the concept of using clean air investment funds. For sources facing very high control costs, there might be an opportunity for them to set up a fund used for obtaining additional emissions reductions through innovative technologies. The subcommittee discussed the strengths and weaknesses of this approach vs. setting up a cap and trade system, and will continue to look at clean air investment funds and associated issues.

Mr. Brenner asked if there were any other items to be discussed.

Pat Childers stated that there would **likely** be a mercury discussion and non-road diesel discussion at the June meeting. He asked committee members to email him with additional suggestions for agenda items. He also solicited advice on ways to improve the committee website.

Elaine MowinskiBarron asked that if mercury is discussed, air and water contamination should be distinguished.

Mr. Brenner stated that air deposition in water will be an issue under examination, because of the associated health risks. He said he would work with colleagues outside of the air program to come up with more mercury topics for discussion.

Bill Becker stated that addressing mercury is a really good idea. He expressed curious about the type of mercury issues that EPA wants to address. He asked whether the discussion would include the new studies and policy issues, post the public comment period, particularly issues that EPA has been hesitant to discuss recently.

Mr. Brenner stated that by the June meeting all of the comments will have been received, EPA will have done some initial analyses, and a memo of the June meeting will be added to the public docket. He envisioned a structured discussion, focused on specific issues.

John Paul suggested that the working group could help with the additional analysis called for by the Administrator. It is conceivable that the analyses could be done and reviewed by the working group, if not yet disbanded. Mr. Brenner stated that he would talk to Jeff Holmstead about the issue.

Mr. Brenner thanked the committee members for their participation, and promised more information about the upcoming June meeting and the NAS report follow-up.

The meeting was adjourned.

Clean Air Act Advisory Committee Meeting
March 24, 2004
Member Attendee List

NAME:

ORGANIZATION:

Auberle, William	Northern Arizona University
Avant, Robert	Texas Food & Fibers Commission
Ayers, Richard	Ayers Law Group
Barron, Elaine Mowinski	JAC Paso Del Norte Air Quality
Becker, William	STAPPA/ALAPCO
Billings, Paul	American Lung Association
Bradley, Michael	M.J. Bradley Associates
Brenner, Rob	EPA/OAR
Brown, Kelly	Ford Motor Company
Cassidy, Frank	PSEG Power LLC
Childers, Pat	EPA/OAR
Clay, Don	Koch Industries, Inc.
Colburn, Kenneth	Northeast States for Coordinated Air Use Management
Collett, Charles	National Association of Home Builders
Davis, Stacey	Center for Clean Air Policy
Gade, Mary	Sonnenschein, Nath & Rosenthal
Giblin, Pamela	Baker & Botts L.L.P
Gomez, Lisa	Sempra Energy
Goodman, Charles	Southern Company Generation
Green, Carolyn	Sunoco, Inc.
Greenbaum, Daniel	Health Effects Institute
Grumet, Jason	National Commission on Energy Policy
Harnett, Bill	EPA/OAQPS
Hendricks, Jim	Duke Energy
Henneke, Ben	Clean Air Action Corporation
Holmstead, Jeffrey	EPA/OAR
Hunt, Tim	American Forest and Paper Association
Keithley, Carter	Hearth, Patio, and Barbeque Association
Kramer, Ursula	Pima County DEQ
Lempke, Douglas	Colorado Department of Public Health and Environment
Mariella, Patricia	Gila River Indian Community DEQ
Mueller, Chuck	Texas Commission on Environmental Quality

Muffat, Jeffry
Owens, Steve
Page, Steve
Patton, Vickie
Paul, Bernie

Paul, John
Perciasepe, Robert
Raher, Patrick
Rudzinski, Suzanne
Suttle, Steven
Wegman, Lydia
Wilson, Richard
Witherspoon, Catherine
Wright, Michael
Wyman, Robert

3M
Muchmore & Wallwork
EPA/OAQPS
Environmental Defense
Occupational Health & Safety and
Environmental Affairs
RAPCA
National Audubon Society
Hogan & Hartson, L.L.P
EPA/OTAQ
Environmental Technologies
EPA/OAQPS
National Environmental Strategies
CA Air Resources Board
United Steelworkers of America
Latham and Watkins