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**CLEAN AIR ACT ADVISORY COMMITTEE (CAAAC)
Meeting Summary**

**June 24, 2004
Mayflower Hotel
1127 Connecticut Avenue
Washington DC**

AGENDA

- Introductions and Opening Remarks - Assistant Administrator Jeff Holmstead, EPA Office of Air and Radiation
- Presentation and Discussion of Clean Air Mercury Rule - Sally Shaver, EPA Office of Air Quality Planning and Standards and Sam Napolitano, EPA Office of Atmospheric Programs
- Presentation and Discussion of the Radon Program - Tom Kelly, EPA Office of Indoor Air and Radiation
- Presentation and Discussion of Clean Air Diesel Rules - Chet France, EPA Office of Transportation and Air Quality
- Subcommittee/Workgroup Report Outs
 - Subcommittee on Economic Incentives and Regulatory Innovation Rapid Response Team - Ben Henneke, Co-Chair, Economic Incentives and Regulatory Innovation Subcommittee
- Discussion of Next Steps to address NAS report on Air Quality Management Strategies - Steve Page, EPA Office of Air Quality Planning and Standards
- General Committee Discussion

Introductions and Opening Remarks, Jeff Holmstead, EPA OAR

Jeff Holmstead began the meeting by saying that since the last Clean Air Act Advisory Committee (CAAAC) meeting in March, several important actions have been taken in the Office of Air and Radiation (OAR) in EPA. One of these actions is the design of the Clean Air Rules of 2004, which are a set of rules that reflect the administrator's desire to talk more effectively about how all of the efforts to reduce air pollution fit together. Mr. Holmstead told the CAAAC that there have been many rules signed since the last CAAAC meeting, including the Clean Air Ozone Rules, the Clean Air Visibility Rule, the Clean Air Non-Road Diesel Rule, and the Supplemental Notice to the Clean Air Interstate Rule. Mr. Holmstead thanked all of the stakeholders involved in helping with these rules.

Mr. Holmstead informed the committee that EPA is currently working on two new rules called the Clean Air Fine Particles Rules. In addition, EPA is currently working on the Clean Air Mercury Rule, which is scheduled to be signed by March 15, 2005.

Mr. Holmstead told the committee that as a result of the discussion at the last meeting, they created several small temporary working groups to help respond to the NAS report. Mr. Holmstead also reminded the committee members that under the FACA process, the CAAAC committee must be re-chartered by November of 2004.

Mr. Holmstead announced that Bob Meyers, one of the leading clean air experts who worked for the House Energy and Commerce Committee, will be joining EPA's OAR. He said that Don Singer will continue to serve as acting chief of staff for EPA's OAR.

The next CAAAC meeting is tentatively scheduled for December 15, and 16. Mr. Holmstead asked the committee members to let Pat Childers know if they have conflicts on these dates.

Presentation and Discussion of Clean Air Mercury Rule - Sally Shaver, EPA OAQPS and Sam Napolitano, EPA OAP

(See attached presentation)

Sally Shaver gave a presentation on the Clean Air Mercury Rule. She began by outlining the life cycle of mercury in the environment, covering its sources and pathways from emissions to deposition, the different types of mercury compounds, and exposures to humans.

Next she described different control technologies for NO_x, SO₂, and PM and the effects that they had on mercury emissions. Data seemed to indicate good mercury reductions from NO_x and SO₂ control technologies but mixed results for PM control technologies.

Specific mercury control technologies are currently being developed, the most notable being activated carbon injection (ACI). Data from demonstration projects at power plants indicates that ACI should be a viable option for mercury removal from coal fired power plants in the future.

The agency will propose two alternatives rules to reduce mercury from coal fired power plants. The first is a Section 112 MACT requirement for coal fired generation units which would reduce mercury emissions from forty eight tons to approximately thirty four tons by 2008 using controls based on coal type. The alternative is a cap and trade approach and that is done under Section 111 of the Clean Air Act which commits to two phased in caps, the first is in 2010 at the co-benefit level. The second cap is at fifteen tons and would apply in 2018 and thereafter. The benefit of the Section 111 alternative is that it would reduce the mercury emissions by sixty nine percent or thirty nine tons by 2018. There is also the potential for earlier and greater reductions than the proposed MACT alternative. It also complements the Clean Air Interstate Rule, creating an integrated multi-pollutant approach for controlling emissions from power plants.

Vickie Patton said that one of the concerns that Environmental Defense has about the mercury

proposal is that there is not a sense of involvement and cooperation and multilateralism working with all interests in contrast to the Non-Road Diesel Rule; furthermore, there is not a bullish belief in American ingenuity that has so tirelessly delivered results.

Jeff Holmstead explained that there are some key differences between mercury and non-road diesel. The agency believes that a cap and trade is likely to do a much better job of encouraging innovative technologies than a MACT standard which locks people in to a technology which can be commercially installed in a period of three years. The agency believes that there are innovative technologies and the flexibility of a cap and trade system will allow different technologies to continue.

Vickie Patton responded with a suggestion that a good place to bring people to the table is during the process of additional analysis of control scenarios. There are many people with expertise that could help the agency to conduct these analyses to make sure they are comprehensive and robust.

Charles Goodman emphasized the great deal of innovation and creative work that is pushing technology for coal fired power plants. He said the big issue in the Clean Air Interstate Rule is that there is not enough data to demonstrate the fine detail of how much is enough, but all of the control technologies will be working well and we appreciate all of those people who have been involved in the projects.

Lisa Gomez voiced a concern for companies burning Gulf Coast lignite. She said the data that EPA relied on for purposes of the lignite MACT proposal was flawed. Furthermore, she said that there is a significant difference between northern lignite and Gulf Coast lignite. EPA's proposed MACT is based on Northern lignite, which has much lower mercury content than Gulf Coast lignite. It is also easier to remove mercury from Northern lignite. Sempra Energy believes that it may be appropriate to establish a separate MACT for Gulf Coast lignite similar to what EPA has done for other dissimilar coals.

Jeff Holmstead said that the agency is aware of this issue. He said that there is a lot of work going on with bituminous coals and wanted to know if there is any work going on with Gulf Coast lignite specifically. Lisa Gomez said that there are some tests and inquiries occurring. Jeff Holmstead asked if Sempra Energy is supportive of a MACT approach as opposed to a cap and trade approach. Lisa Gomez responded that Sempra Energy clearly supports a cap and trade approach. She said that should the agency decide to go with a cap and trade approach, the comment would be more appropriately stated as basing the ultimate cap on numbers that reflect the more accurate Gulf Coast lignite data.

John Paul had a specific suggestion for the agency to take the levels developed by environmental groups, states and industry along with the most recent technology estimates and do IPM runs for years 2010, 2012, and 2015. This would provide solid data that could address specific questions

that people have if EPA for example decides to do a cap and trade program in 2015. Some of the questions that could be answered are what the proposals will do to the price of natural gas or coal production.

Jeff Holmstead said that the agency spent time with EPA engineers looking at the path of technology forward and there is a fair amount of uncertainty. The engineers believe that with significant federal resources they can be in a position by 2010 to demonstrate that ACI can be adapted to be used for all coal types.

Eugene Trisko said that the trading approach under 111 (D) or 112 offers substantial advantages when compared to the MACT. The key virtues of the trading approach are severe deficiencies in the ICR database which the agency was forced to rely upon for the MACT numbers for different types of coal. There is tremendous variability of mercury concentration and other chemical constituents in coal as revealed by the coal database. The variation of mercury runs two orders of magnitude. An emissions trading program can go a long way toward leveling the playing field between and among coal regions and coals with different mercury concentrations and chemical characteristics.

Tim Johnson said that about 10 years ago Corning Incorporated invented an absorbent for mercury control in coal fired power plants. EPA completed a technical review of mercury abatement about 10 years ago based on these power plants in Japan and Germany, and had concluded that mercury control costs less than 1/10 to 1/2 of a cent per kW hour. When the promise for a mercury regulation faded away 10 years ago, Corning Incorporated dropped the mercury absorbent technology, stopped the technical symposiums and shifted resources to other pollution controls. Now with EPA's proposal for mercury, Corning is reviving its mercury absorbent technology and looking for private and government partners to begin moving it forward from where it was 10 years ago. Based on experience in the gasoline emission control arena, the diesel emission control technology and the SCR control arena, if a regulation is promulgated that pushes technology, technology will follow.

Jeff Holmstead responded by saying that the agency believes that there is a role for technology forcing in the regulatory program but whenever the agency has done that, it has been with a clear understanding of what the technology is and what the likely technology path forward will be. The agency is optimistic about the technology and the future of that technology but in going forward, the agency needs to do it on a strong footing. There is a lot at stake in terms of the electricity supply impacts.

Kelly Brown commented on the surprisingly large share of mercury emissions coming from Asia and asked if any Asian countries are working on mercury issues. Jeff Holmstead said the biggest issue in Asia is SO₂ and it is a more significant concern than mercury. He said the agency is cognizant of having a system in place that will promote continued improvement in terms of the effectiveness and the cost effectiveness so that it can be an appealing export, especially as the

agency looks at growing economies in Asia that are highly dependent on coal as fueling their economic development. No countries are looking seriously at mercury emissions from their power plants, but they are looking at SO₂ and NO_x control.

Jane Delgado, National Alliance for Hispanic Health wanted to know what has been said about mercury enforcement, assuming the caps are adequate.

Jeff Holmstead said the agency's goal is to set clear understandable requirements and then enforce those. One of the things that the agency knows about cap and trade programs is that they get effectively one hundred percent compliance because the programs are extremely transparent. He said when the agency develops standards it tries to find a way that they can be enforced as simply and easily as possible because what the agency cares about is compliance, but the threat of enforcement always has to be there.

Jane Delgado voiced concern about the lack of focus on the health consequences of what goes on because the committee sets standards that are so low that enforcement is not needed. Enforcement is a key part of any regulatory agency. Without enforcement, there is no way to drive technology. If it will not affect the bottom line, they will not do it. Jeff Holmstead responded by saying air quality throughout the United States is improving and mercury emissions have dropped substantially, and the agency pays a lot of attention to enforcement.

Elaine Barron spoke on behalf of Dr. Andrew Ginsberg, Chairperson of the Council of Public Health and the Texas Medical Association. She said she would like to object to lowering the standards for mercury emissions, in recognition that it causes grave consequences to public health. The developmental delays the cost to the public will be great, not only in the efforts to provide health care for these individuals, many who will burden society more because they do not have health insurance. She asked about the areas of the toxic hot spots for mercury emissions, specifically what the agency is doing to escalate its efforts to prevent harm to people. She also asked what has been done with the combination of air water cross contamination for mercury.

Jeff Holmstead said the agency is aware of the relationship between air emissions and water contamination. The agency has studies suggesting that mercury deposition is a regional issue in the east, but no real evidence to suggest that there are localized hot spots. The focus has continued to be reducing total mercury emissions.

Bob Wyman said he agrees with the virtues of the cap and trade system because it is through cap and trade that new technologies are going to evolve. He believes the agency has the authority to implement the cap and trade program under section 112 (N). He said it is extremely important that the agency use 112 (N) as the basis for the rulemaking if it is to achieve the multiple objectives of driving technology innovation, of harmonizing the rule with the other air quality objectives in other programs, and of assuring a uniform national rule as opposed to a rule which

might vary by state.

Steve Owens added his state's perspective of the cap and trade program. He said while Arizona generally is supportive of cap and trade efforts, there are concerns that a cap and trade program will not benefit an individual state. It might reduce overall mercury emissions in a national context. In a state by state context the benefits might be hard to achieve.

Jeff Holmstead said this is an issue that the agency has preliminarily analyzed and it has shown a substantial mercury reduction using its models with a fair amount of certainty. Throughout the east and in the western states as well, there are significant reductions.

Pat Mariella commented that the national tribal air association has been working with some of the tribes in the eastern part of the US and it brings up the issue of hot spots.

Vickie Patton made a recommendation that EPA set up a working group drawn from this committee that includes John Paul, Charles Goodman from Southern Company, David Hawkins from NRDC, and commit to come back in December to take a hard look at the analysis, different control options that people are talking about, so that at the very least the working group can make this first significant step of having a divergent set of interests working from a common set of facts and information.

Jeff Holmstead said that the agency is trying to provide in the public record and the docket a common set of facts for people to see. As opposed to having a small group privy to all of that the agency is trying to get it out there as broadly as we can to help the conversation. The agency will consider your recommendation. He said his immediate reaction is that 6 months is not a lot of time in the regulatory process and as a practical matter, the administrator has made it quite clear that he really wants us to satisfy our obligation and the need to provide clarity to both the environment and business community what the regulatory obligations are going to be. I think the agency would be reluctant to push that back any farther than it already is. It is something that we can talk about.

Presentation and Discussion of the Radon Program - Tom Kelly, EPA OIAR

(See attached presentation)

Mr. Kelly began his presentation by saying that radon is not regulated under the CAA? The Radon Program has changed over the past twenty years from a highly visible, highly supported program to a less vigorous and less supported program. While the support and enthusiasm has dwindled over the years, the need for the program has not. Radon is the second leading cause of lung cancer in the U.S. There have been two reviews of the radon exposure data by the National Academy of Sciences (NAS), which reveal that, if anything, EPA has been underestimating the risk from radon inhalation. So, the EPA is interested in revitalizing the Radon Program by

reinvigorating the public's concern about radon exposure.

Since the Radon Program is not a regulatory program, EPA has implemented an aggressive information campaign on radon risk in homes, which encourages homeowners to test their homes and encourages home builders to build radon resistant homes. The cost of mitigating radon risk is low. However, because radon is odorless, colorless, and invisible and because the harm to humans occurs over time, it has been hard for EPA to convince people of the risk.

The EPA is considering bundling concern for radon with concern about other factors, such as asthma. The EPA is also working with the Energy Star program to come up with a label that builders can use that indicates that a house is protected against radon. In addition, the EPA is recruiting new partners and renewing existing relationships. Mr. Kelly encouraged committee members to share their ideas about how EPA can revitalize the Radon Program.

Questions and Comments

Bob Avant asked if EPA has created a map that indicates which regions of the country are at higher risk due to geological differences.

Mr. Kelly said that there is a map on the website that indicates areas of higher risk based on test results. However, there is not currently a map that is based on risk due to geological differences. He added that the issue of episodically high levels of radon in carst regions, where limestone formation creates channels, should be examined.

Mr. Avant suggested the Health Physics Society as a potential partner for EPA.

Ursula Kramer said she recalls that the home test kits that were handed out around 10 years ago were well received by the public. She also encouraged the EPA to consider addressing radon risk in poorer populations by involving local health agencies.

Mr. Kelly explained that one of the problems with the program is that there is no specific Federal funding for fixing homes, so it is a middle to upper class program because these are the classes that have the means to do something about the problem. So, there is a social justice issue. However, it may be easiest for EPA to first generate concern and action in the middle class. Then, once the concern and action has been generated, society could begin to work to protect people with lower incomes from radon exposure.

Pat Rahe said he was glad to hear that EPA is working with federal agencies like HUD because it is critical that the government work to correct radon problems within government agencies before asking realtors and local agencies to implement changes. He said he is disappointed to hear that health officials do not agree on the severity of the radon problem. He suggested that EPA get HHS and the surgeon general involved in creating a scientific certainty on the risk from radon exposure. Mr. Rahe said that one of the basic problems that must be dealt with is how to

address the disclosure and testing of homes, so that the radon levels are safe and the sale of homes is not hindered.

Carolyn Green asked how many states require radon tests and mitigation before the sale of a home.

Dave Rowson stated that no states require testing or mitigation, however some states do have disclosure laws. There are policies that have been adopted by state and local real estate agencies that recommend to sellers and buyers that radon testing be conducted. Mr. Rowson stated that there is a very strong agreement by virtually everyone in the public health community about the health risk of radon. However, there are some people within the radiation science community that have been concerned about EPA overemphasizing the risk of radiation exposure from radon.

Ms. Green suggested a way to address low income households. She suggested tying the Radon Program in with the weatherization and conservation assistance programs that currently have funding.

Jeff Muffat asked if the action level has decreased in the last sixteen years. He suggested that the EPA address radon risk in schools and how it impacts children's health. He stated that communities and businesses may be more likely to become actively involved if the issue is approached in this way. Mr. Muffat added that once people become educated about radon in schools, the EPA can focus on radon in the home.

Mr. Kelly said EPA currently includes radon mitigation in an engineering control packet for schools called Tools for Schools. However, they have not emphasized radon separately.

Charles Collett stated that there is currently a process for mitigation of radon in single family homes. However, there is not a mitigation process for multi-family homes or the workplace. He suggested that EPA focus not only on single family homes, but multi-family homes, schools, and work places.

Mr. Kelly explained that EPA is starting the Radon Program in the residential sector because that is where the program has traditionally been focused. However, EPA is participating in a Green Building Movement, which addresses concerns about radon in office buildings. In addition, EPA continues to work with HUD on radon control in multi-family housing. Other than that there is not a current program for those sectors.

Jane Delgado stated that in the past, EPA has not put the proper support and resources towards lowering radon risk. She pointed out that over half of Americans are not middle class, so the EPA should keep in mind that the cost of mitigation is not small for most Americans. She said public health professionals debate about how the excess deaths and suffering from radon

exposure compare to that of other risks. Ms. Delgado said that she is thrilled about all of the data that EPA has on the excess deaths from radon and she hopes that they will gather similar data for other air pollutants.

Mr. Kelly said that he will work to allocate the appropriate support and resources to the Radon Program. He reiterated that the program is emphasizing the middle class due to the fact there is no public funding for mitigation of private homes.

Ms. Delgado pointed out that while people with low incomes who rent may not be able to address the radon risk, the owners of many of their homes may have the resources to deal with the radon problem. In addition, many of the people with low incomes do work on the homes of people with higher incomes. So, the people with lower incomes that have construction experience may be able to work on their own homes for less than the twelve hundred dollars that it normally costs to mitigate the radon problem.

Mr. Kelly said EPA will look into this. He said that fifteen years ago, the cost of mitigation was twelve hundred dollars, but now it is eleven hundred and fifty dollars. He stated that the mitigation of radon is not a homeowner project and must be done by a professional.

Ms. Delgado stated that people with lower incomes are normally the professionals that do this type of work. So, EPA should provide these people with instructions on how to mitigate themselves.

John Paul stated that the Regional Air Pollution Control Agency in Dayton Ohio has been involved in conducting tests, performing demonstration projects, and promotion of testing for radon. In addition, they conducted a study of day care centers, which garnered a lot of attention. Recently, the Regional Air Pollution Control Agency in Dayton Ohio has done alpha track tests and mapped the results by zip code. From the more than twenty thousand radon results that they have for the Dayton area, 55% are 4 pCi/L or above. So, Dayton would be a good area for EPA to work with.

Mr. Brenner said EPA will want to follow up with Mr. Paul and other state, local and tribal agency representatives to get feedback on what has worked for them and what suggestions they have for the EPA on the Radon Program.

Mr. Paul suggested that a meeting be set up to capture state's, locality's, and tribe's experiences.

Tim Johnson mentioned that when he bought his house in upstate New York, where there are high levels of radon, the realtor gave him a radon test kit and a certificate, in addition to the keys to his house. The certificate said that if the radon levels exceeded the action level then someone (maybe the state) would pay for the remediation. In addition, he recalled a line item on the closing papers for a fee to go into a fund, which would help homeowners mitigate radon. He

asked that EPA look into innovative programs and fees like these.

Mr. Kelly thanked everyone for their ideas and offers of assistance.

Presentation and Discussion of Clean Air Diesel Rules - Chet France, EPA OTAQ

(See attached presentation)

Mr. France began his discussion by telling the committee about the three milestone EPA programs: the Tier 2 Light-Duty Vehicle Program, the 2007/2010 Heavy-Duty Program, and the Tier 4 Non-Road Diesel Program. All three programs have used a systems approach that looks at the role of fuel and technology. He briefly reviewed how the three **programs are being phased in**.

Mr. France commented that these three programs result in dramatic reductions in pollutants as the fleets are converted. In 2030, without these programs **the total inventory of PM2.5** would be around three hundred thousand tons. With these programs, PM2.5 will be one hundred thousand tons in 2030. There is the same dramatic trend in reduction of NOx as well.

Mr. France discussed some of the challenges involved in implementing the Non-Road Diesel Program, including the large range in engine size and equipment models, as well as the harsh operating environment of diesel engines. Mr. France said EPA is proud of the collaboration that was involved in these programs. There were many different stake holder groups involved in the process and the final rule received widespread support.

Mr. France said that EPA is considering applying the same approach that they used for the non-road sector to the locomotive and marine diesel sector. The Locomotive and Marine Diesels Advance Notice was signed on May 11, 2004. The comment period for The Locomotive and Marine Diesels Advance Notice will be until the end of August 2004.

Questions and Comments

Pat Rahe said the consensus that was seen in the development of these programs was impressive. He asked if the Agency has looked at how these programs affect fuel efficiency overall. He also asked if the EPA has looked into improving cetane, which will benefit the maintenance and operation of diesel vehicles.

Mr. France said that EPA is optimistic that as manufacturers develop this technology and make engine improvements, any significant fuel consumption impact will be offset. In the heavy-duty and non-road sector, cetane has not been a high priority for meeting new standards because of

the nature of the engines. However, in the light-duty vehicle sector, EPA has been participating in an ongoing dialogue with states, engine manufacturers, and some of the oil companies about the use of cetane.

Ben Henneke stated that having so many people committed to the technology was a triumph. He said the EPA needs to continue to try to get the new technology into more vehicles more quickly.

Mr. France said that unless there is a high level of commitment from stakeholders, the chances for success diminish dramatically.

Don Clay stated that he was pleased with this process and the way that EPA had held firm on the waivers, which did not punish those who made the investments. He asked that EPA keep the implementation issues in mind, since it has yet been proven that low sulfur fuel can be brought to the pump. He said EPA may need to have another workshop on implementation issues.

Mr. France said that one of EPA's most important priorities is the implementation of these programs. The issues Mr. Clay raised are ones that EPA wants to make sure are addressed. He said they are planning another workshop for the fall.

John Paul asked if sulfur in gasoline is at thirty parts per billion (ppb) and if it will stay at this level.

Mr. France answered that sulfur in gasoline is higher right now, but by 2007 it will be thirty ppb.

Mr. Paul asked Mr. France how he can address questions about the sulfur content in gasoline and diesel fuel in Dayton, Ohio.

Mr. France said EPA collects information on fuel parameters and specifications. He said they are planning on putting out a fuel trends report sometime this year, although he is not sure how area specific the report will be.

Suzanne Rudzinski said that EPA may not be able to get to that level of specificity because of some of the confidentiality constraints associated with some of the data. However, she said that EPA will aggregate the data to as low a level as possible without breaking confidentiality.

Mr. Paul asked about how the fuel will be marked for identification.

Mr. France said that existing fuel is dyed for IRS purposes and this will not be changed. As part of the Non-Road Diesel Program, EPA expects that any dyeing of fuel will occur as far down the distribution system as possible in order to minimize contamination.

Mr. Paul asked if there will be provisions to prevent the dumping of sulfur into heating oil in the North East.

Mr. France said that the rule does not impact home heating oil. He said that some refiners with a large market in home heating oil have indicated that heating oil could actually get cleaner after the rule is implemented.

Mr. Paul asked what the schedule is for addressing aircraft emissions.

Mr. France said one of the challenges of addressing aircraft emissions is the international nature of the industry. EPA is trying to look at innovative ways to reduce pollution from aircraft ground support equipment. In addition, EPA is working with the international organizations to achieve meaningful reductions in aircraft emissions.

Mr. Paul asked about the affect that reducing sulfur will have on the lubrication of equipment.

Mr. France said EPA put a clause in the rule to add more lubricating additives to the fuel. He said that the comments EPA has received so far tend to lean towards letting the marketplace deal with this issue. He added that there has been some dialogue recently by ASTM about lubricity issues. The highway program is driving these efforts and whatever is done for the highway program will be duplicated for the non-road program. EPA is optimistic that the marketplace will deal with this issue, but if they do not EPA will consider taking federal action.

Mr. Paul asked what components of fuel will be dealt with next. He suggested the Agency look at benzene next.

Mr. France said EPA has acted on the fuel parameters that are clearly important. He said that the oil companies are being greatly impacted over the next decade as they implement the sulfur reductions. There are a number of other parameters that people have raised as possible areas for future focus. Benzene and cetane have been suggested. He said EPA understands people's concerns. He added that EPA will be analyzing benzene as part of the Mobile Source Air Toxics Rule.

Carolyn Green expressed a concern about what will be done with contaminated fuel that cannot be sold in the marketplace. She said that this may lead to short term supply issues if the issue is not addressed.

Mr. France said this concern has been raised. In the 2007 highway program there is a 80/20 provision which says that 80% of the fuel must be 15 (ppm?). So there are provisions for off specification material to be used in highway fuel. In 2007 to 2010 under the Non-Road Rule there will be a 500 parts per million (ppm) pool where off specification material can be accommodated. In addition, locomotive and marine fuel programs will be phased in beyond

2010, so until then these areas can accommodate off specification material.

Ursula Kramer expressed her appreciation for these rules, which help areas remain in attainment. She asked if it is reasonable to look at lower sulfur diesel buses as a replacement for Compressed Natural Gas (CNG) buses.

Mr. France said that CNG will likely require the same control technologies as diesel. In 2007, a diesel engine will have gasoline-like PM levels and should not have a disadvantage when compared to CNG.

Mr. Brenner said that the issue Ms. Kramer brought up has become an issue in other parts of the country as well. He said EPA can provide Ms. Kramer with data indicating what they expect emissions will be from today's new buses and the 2007 buses.

Subcommittee/Workgroup Report Outs

Rapid Response Team-Rob Brenner

Rob Brenner briefly summarized the work that the Rapid Response Team has been doing to help states, tribes, and localities get SIP credits for innovative measures. Some of the accomplishments of the Rapid Response Team so far include the production of both energy efficiency and cetane guidance. The group has also been working on coming up with ways to get credit for anti-idling measures, retrofits, land use planning, and smart growth. He asked the CAAAC members to let EPA know of other measures that would help lower emissions, but that have obstacles that must be overcome before states and localities can implement them. He added that the Rapid Response team will meet prior to each of the full CAAAC meetings.

Carey Fitzmaurice told the CAAAC about the upcoming Innovations Conference that will be held in Chicago in August. The key audience for this conference is the state and local people who will be developing SIPS. She said that during the conference there will be breakout sessions that will allow small groups to discuss previous barriers to innovation.

Economic Incentives and Regulatory Innovation Subcommittee-Rob Brenner

Mr. Brenner mentioned that at the Economic Incentives and Regulatory Innovation Subcommittee meeting there were several presentations. Brian Cook made a presentation on innovative funding mechanisms. The presentation addressed the case study of the Clean Air Investment Fund in New Hampshire. Next, Chuck Mueller made a presentation on Texas Emission Reduction Program (TERP), which focuses on reducing diesel emissions. Then, Larry Weinstock made a presentation on a new EPA program, Community Action for a Renewed Environment (CARE). This multi media program gives communities the opportunity to deal with their exposure to toxics. CARE allows communities to work with EPA to set toxics

priorities. Then, EPA helps communities choose voluntary EPA programs to implement..

Questions and Comments

Vickie Patton said she believes there is an argument that can be made that EPA does have the authority to regulate the fuel characteristics of home heating oil under 111 of the Clean Air Act. Regardless of that, she thinks that EPA can provide positive incentives to encourage the lowering of sulfur in home heating oil. Ms. Patton suggested that the EPA provide guidance for SIP credit for lowering the sulfur content of home heating oils. This would positively impact the fine particle standards.

Mr. Brenner said he will put the issue of home heating oils on the agenda for the Rapid Response Team to address. He asked Ms. Patton to let EPA know in the next few weeks about the legal rationale for EPA's authority to regulate home heating oil that she feels exists.

Pam Giblin stated that having a universal way to identify and calculate SIP credit would drive some of these programs.

Mr. Brenner said that was the idea behind this program. He asked Ms. Giblin to let him know if there are specific issues or programs that she is interested in having EPA address.

Pat Rahe asked if, at the next CAAAC meeting, they could address the problems that states are encountering in calculating how many SIP credits they can get and in the way they are having to go about getting the SIP credit. He said Tennessee could be used as a case study for the committee to examine.

Mr. Brenner agreed that Tennessee would be a good case study for CAAAC to look at. He told the committee that Tennessee has encountered problems while trying to implement NOx reduction programs. Tennessee is having trouble combining the programs that they want to do with what is required under the Nox SIP Call. In addition, they are having trouble figuring out the SIP credit that they should receive for the programs. He said that the Rapid Response Team, Region 4, OAQPS, and OAR are trying to address this issue. He said this would be a good topic for the next CAAAC meeting.

Ms. Fitzmaurice told the CAAAC members that as EPA has worked through the process they have found that sometimes it is not possible, for various reasons, to give SIP credit to measures that do improve air quality. She suggested that a state or locality could implement measures that improve air quality even though the measures will not give them an approvable SIP. She asked if the committee members had any suggestions on how EPA should deal with this problem.

Mr. Rahe said that since the SIP Credit program is driven by the fact that the credits have value, if a value cannot be assigned then the states and localities will not be able to afford to implement

the measure. He said this is where the EPA needs to become creative in how to assign credit. He suggested that the EPA set a presumptive inventory and reduction when they cannot figure out how to assign SIP credit. Then, if it is not verified it can be taken out of the inventory.

Mr. Brenner stated that they will try to set up a session at the next CAAAC meeting to discuss these types of SIP Credit issues.

Mr. Page said that OAQPS has been working on developing the methodology to assign credit to SIPS that they are having trouble assigning now. In December 2004 the draft of the methodology will be completed.

Discussion of Next Steps to address NAS report on Air Quality Management Strategies - Steve Page, EPA OAQPS

(See attached presentation)

Steve Page outlined the progress that has been made since the last CAAAC meeting on developing next steps to address the NAS report. He presented the results of the Air Quality Work Group Planning Meeting held on June 23, 2004 (see PowerPoint presentation for more detail). The Work Group is co-chaired by Greg Green, EPA OAQPS and Janet McCabe Indiana DEM Office of Air Quality. The Work Group is divided into two sections. One section, co-chaired by Lydia Wegman EPA and David Shaw, New York Department of Environmental Conservation will focus on policy and planning issues. A second section of the Work Group, co-chaired by Peter Tsirigotis, EPA OAQPS and Mike Koerber, Lake Michigan Air Directors Consortium will focus on science and technology issues. Additionally there will be a steering committee lead by Dan Greenbaum and Mike Bradley, who will both act in a senior advisory role.

At the planning meeting, key milestones were proposed, which consisted of three work group meetings between July and September, followed with draft recommendations October 15, 2004, a conference call with the CAAAC October 20, 2004, a draft report to the CAAAC December 1, 2004, the CAAAC meeting December 16-17, 2004, and finally, submission of the final report to EPA January 14, 2005.

Key issues discussed by the group:

- Regional and National Strategies/Multi-pollutant
There was a specific comment that EPA should broaden its focus from ozone and PM to toxics and water issues. There may be a sub group that will spin off, develop some

recommendations and report back to the main policy and planning group.

- Ecosystem Protection
People felt that this issue should be one that cuts across both the science and policy groups.
- The group decided to pursue both early action items and loftier weightier issues as they arise.

Richard Ayres, Ayres Law Group, recommended that the Policy and Planning issues group look at regulatory and non-regulatory incentives to achieve technological innovation. The goal of the committee should be to find out what works and what does not work. Further the committee should determine how EPA has integrated what works into the regulatory structure. An assessment of what works, what does not work, and an assessment of how to shape future policies to achieve this goal would be another element under the policy and planning group.

Pam Giblin, Baker Botts LLC, stressed the importance of communication across the work groups and to CAAAC members that are not part of the work groups. She said that the committee will not do as good of a job without the constant cross-fertilization, posting progress on a shared website as it comes out. It will be more productive if everyone is able to have input in the beginning and middle of the process, rather than at the end.

Steve Page said that Debbie Stackhouse will be setting up a website so people will be able to see the work products as they are produced for everyone's review. Debbie added that she will be putting information on the CAAAC website and will be working to make sure that people can get materials for the work group meetings and possibly in advance of the meetings for those that cannot attend them.

Steve Page said that currently there are 15 people in the Policy and Planning group and 8 people in the Science and Technology group. He anticipated that a few more people would join the Science and Technology group and said that there was a possibility that outside experts would join the group.

Jim Hendricks, Duke Energy asked if the members of the committees would be identifying expertise that they wanted to bring to the table. He said that there is a lot of expertise behind his organization that should be brought into this process.

Steve Page said that in addition to reporting to the steering committee, the work group will report to the full committee for review and hearing. Additionally, the work products will be available for review on the website. He said that if someone has an interest in one of the committees now, join up, talk to Debbie to find out when the work groups are meeting because they are open to all the committee members.

Rob Brenner said that what he is hearing from people is some uncertainty about what kind of expertise is needed by each of the panels. He asked if there is a way to show people what the work plan is or more of the details so that people will know what kind of expertise is required.

Steve Page said that he will be working to identify, for each of the groups, what are the big questions that are going to be addressed. He said that this information will be made available on the website and this should cover what areas are being addressed and what expertise is needed. Debbie Stackhouse said that the group has a host of questions which will be posted on the website.

Elaine Barron thanked the people that have done the work and commented that the project has brought a renewed energy to the committee. She said that the CAAAC needs better organization and documenting of what has happened in the meetings, which should be made available on the website. She also suggested developing a short and long term strategic plan looking at 1 year, 5 year, and 10 year intervals. She felt that the committee may have lost the focus at times with regard to what the committee has and has not done. She would like for the committee to be able to evaluate its progress. She requested a firming up of the work groups by names which could serve to bring the organization as a whole tighter and could identify where the organization could be of most help. She also recommended working with other agencies that are doing similar work and always getting expert advice.

Rob Brenner said that this is a valuable set of comments coming at a time when EPA is going to be re-chartering the committee. He said that the NAS work provides the committee with an opportunity to think strategically about where it can be effective. At the next meeting in December the committee will talk about how to pivot off the NAS work and help create an agenda for the future. Debbie Stackhouse said that the other recommendation she got was to spend more time at the next meeting as a full group talking about the NAS report and the recommendations. Pat Childers affirmed that the next meeting will be primarily focused on the NAS Air Quality Management Report.

Carolyn Green said she would like to see the committee explicitly identify human health as an issue under science and technology because there are still some questions as to how these programs are linked to protection of human health. Rob Brenner responded by saying that the committee should think about how to do that. He said that a lot of the benefits work that is done at EPA tries to capture what the opportunities are to improve public health in these programs. He said the committee should try to find out where the benefits work fits in with these topics here. Carolyn Green asked how to take into account differential impacts on communities and take a look at multi-pollutant impacts on health. Rob Brenner said that those are both topics that the NAS report covered.

General Committee Discussion

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Pat Childers asked committee members to notify him ASAP if they are planning to come to the next meeting scheduled for December 15 - 16, 2004. Pat said that for members and non-members that are interested in being on the future CAAAC should make sure to send their resumes to Pat Childers per the FR notice on June 2, 2004.

Jeff Holmstead concluded the meeting and thanked everyone for coming.

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

NAME	ORGANIZATION
Robert Avant Jr.	Texas Food and Fibers Commission
Richard Ayres	Ayres Law Group
Elaine Mowinski Barron	JAC Paso del Norte Air Quality
William Becker	STAPPA/ALAPCO
Michael Bradley	M. J. Bradley Associates, Inc
Rob Brenner	EPA OAR
Kelly Brown	Ford Motor Company
Pat Childers	EPA OAR
Don Clay	Koch Industries
Charles Collet Builders	National Association of Home Builders
Stacey Davis	Center for Clean Air Policy
Jane Delgado	National Alliance for Hispanic Health
Ronald Drewnowski	PSEG Power LLC
Chet France	EPA OTAQ
Mary Gade	Sonnenschein, Nath & Rosenthal
Pam Giblin	Baker Botts LLC
Lisa Gomez	Sempra Energy
Charles Goodman	Southern Company Generation
Carolyn Green	Sunoco
Jim Hendricks	Duke Energy
Ben Henneke	Clean Air Action Corporation
Jeff Holmstead	EPA OAR
Tim Hunt	American Forest and Paper Association
Timothy Johnson	Corning Incorporated
Carter Keithley	Hearth, Patio & Barbeque Association
Tom Kelly	EPA OIAR
Ursula Kramer	Pima County Department of Environmental Quality
Douglas Lempke	Colorado Department of Public Health and Environment
Paul Locke	Trust for America's Health
Patricia Mariella	Gila River Indian Community DEQ
Chuck Mueller	Texas Commission for Environmental Quality
Jeffrey Muffat	3M Corporation
Robert Meyers	EPA OAR

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Sam Napolitano
Stephen Owens
Steve Page
Vickie Patton
John Paul
Patrick Rahe
David Raney
William Rodecker
Suzanne Rudzinski
Sally **Shaver**
Debbie Stackhouse
Eugene Trisko
Richard Wilson
Robert Wyman

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Arizona DEQ
EPA OAQPS
Environmental Defense
Dayton Ohio RAPCA
Hogan & Hartson
American Honda Motor Co., Inc.
Eli Lilly and Company
EPA OTAQ
EPA OAQPS
EPA/OAQPS
Attorney
National Environmental Strategies
Latham and Watkins