

EPA Climate Change Policy : Looking Forward

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Overview



- EPA Climate Regulation Path
 - GHG Mandatory Reporting Rule
 - Endangerment Finding
 - Motor Vehicle Fuel Efficiency & GHGs Standard
 - Stationary Source Standards
- SF₆ and the Electric Power Industry
 - Voluntary vs. Regulatory
 - Standards vs. Carbon Price
- Conclusions

Administration's Vision



“So we have a choice to make. We can remain one of the world’s leading importers of foreign oil, or we can make the investments that would allow us to become the world’s leading exporter of renewable energy. We can let climate change continue to go unchecked, or we can help stop it. We can let the jobs of tomorrow be created abroad, or we can create those jobs right here in America and lay the foundation for lasting prosperity.”

- President Obama, March 2009

- Ensure 10 percent of our electricity comes from renewable sources by 2012, and 25 percent by 2025.
- Implement an economy-wide cap-and-trade program to reduce greenhouse gas emissions 80 percent by 2050
- 17% below 2005 by 2020, in accordance with anticipated legislation (Copenhagen Accord)
- EPA will take steps to regulate greenhouse gases if Congress fails to pass climate legislation.

Growing Engagement by EPA



- Priority for Administrator Lisa Jackson
 - Increasing budgets and staff
 - Moving forward on regulation
- Many EPA offices, programs, and regions focusing on climate
 - Mitigation
 - Impacts (water, air quality)
 - Linkages to other environmental goals (air quality, waste management, etc.)
 - Land use
 - Research and development
 - Data management
 - Regulatory action

Mandatory Reporting Rule



- Required by FY08 Appropriations Act – Dec. 26, 2007
- Proposal signed March 10, 2009; published in Federal Register April 10, 2009
- Final rule signed September 30, 2009
- Additional emission sources proposed March 22, 2010
 - 60 day public comment period once in Federal Register
 - Reporting for calendar year 2011 in 2012
 - Three sources of SF₆ - Use and manufacture of electric power equipment, imports and exports of pre-charged equipment
- Does NOT mandate GHG reductions

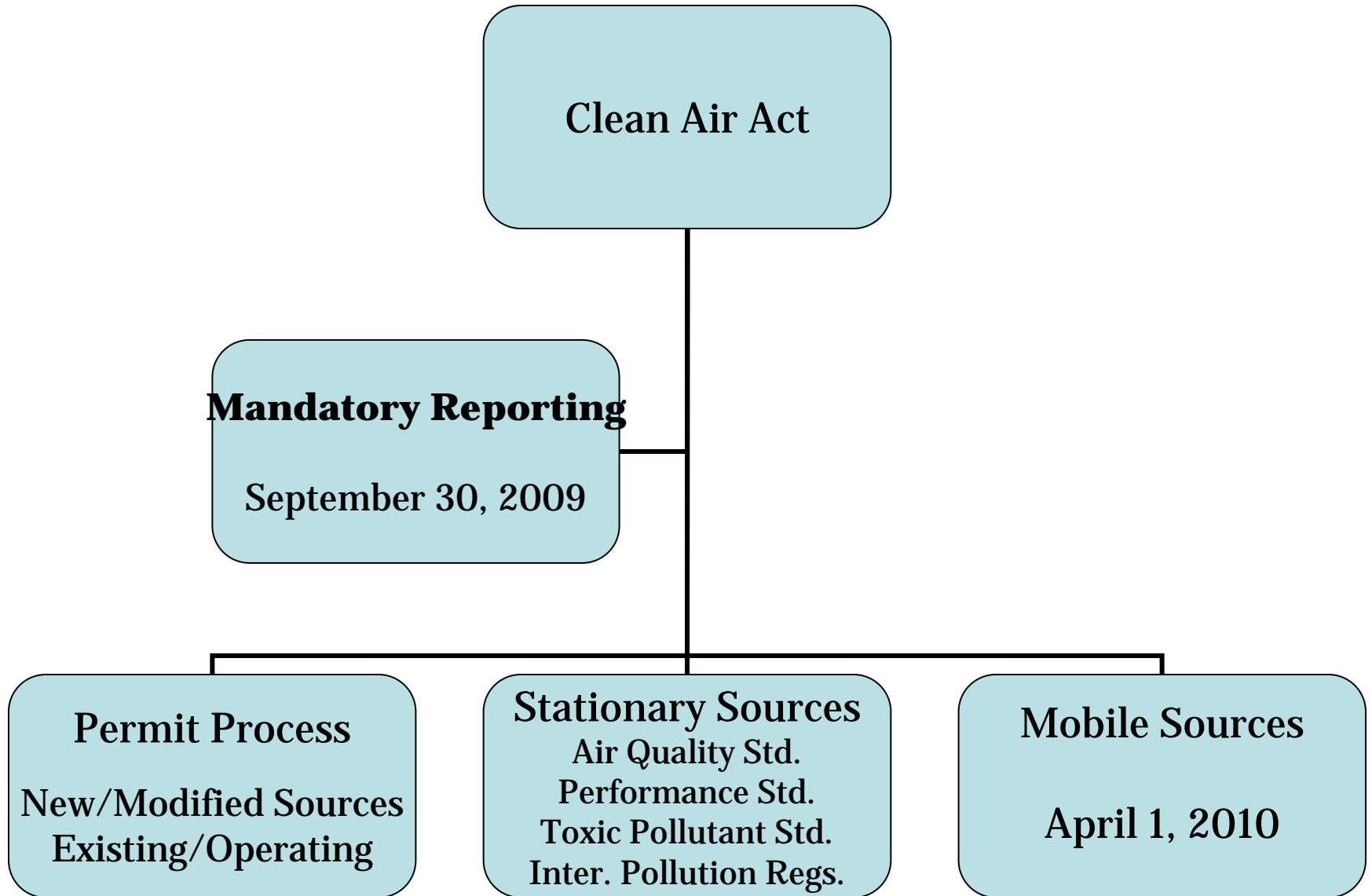
Other Regulatory Drivers: Why & How EPA is Regulating GHGs



- October 20, 1999 - Petition for regulation of GHGs filed by NGOs, renewable energy stakeholders and others
- April 2, 2007– In *Massachusetts v. EPA*, the Supreme Court found that greenhouse gases meet definition of air pollutants covered by the Clean Air Act
 - “Actual” and “imminent” harm
 - EPA has a duty to take steps in order to “slow or reduce” global warming
- EPA was required by the Supreme Court to determine whether:
 - GHG emissions from new motor vehicles *cause or contribute* to air pollution;
 - This air pollution may reasonably be anticipated to *endanger* public health or welfare; or
 - The science is too uncertain to make a reasoned decision

Supreme Court told EPA: “You have to because Congress told you to in the CAA.”

Potential GHG Regulation under CAA



Endangerment Finding



- Dec. 7, 2009 – Administrator signed a final rule with two distinct findings regarding greenhouse gases under section 202(a) of the Clean Air Act
 - **Endangerment Finding:** Current and projected concentrations of the mix of six key greenhouse in the atmosphere threaten the public health and welfare of current and future generations
 - **Cause or Contribute Finding:** Combined emissions of CO₂, CH₄, N₂O, and HFCs from new motor vehicles and new motor vehicle engines contribute to the atmospheric concentrations of these key greenhouse gases and hence to the threat of climate change

Overview of Public Comments



- Notice and comment rulemaking
- Over 380,000 comments received
 - 11,000 unique
 - 370,000 mass mailers
- 233 people testified at two public hearings
- Public record available for reading on the web!

Endangerment Final Rule



- This action does not impose emissions reduction requirements on industry or other entities
 - Not accompanied by a proposed standard
 - Does not impose any timetable for issuing regulations
 - Does not indicate that EPA has made any final decisions about how or where to regulate GHGs under the Clean Air Act
- Prerequisite for Mobile Source Standard
- General Information and FAQs available on website at:
<http://epa.gov/climate/endangerment.html>



Motor Vehicle Regulations



- California granted waiver to implement stricter vehicle emissions standards than national standards set by EPA, other States interested in adopting CA standards
- May 2009, President Obama, with support of CA, environmental groups and auto industry, announced to harmonize CAFE and GHG standards
- EPA and DOT proposed regulations in Sept. '09, final rule issued on April 1, 2010; effective Jan. 1, 2011
 - GHGs “subject to regulation” across entire CAA
 - EPA required to regulate stationary sources

Stationary Sources: Standards



- **New Source Performance Standards**
 - Technology-standard
 - Classes of emitters or Sources
 - 60 existing or defined sources
 - Power generation, cement, primary aluminum, etc.
 - Cost is considered
 - Possibly incorporate “flexibility” mechanisms like trading
 - EPA sets standards for new sources, states regulate existing sources
- **National Ambient Air Quality Standards**
 - NO_x, SO_x, PM, lead, CO
 - Attainment or NonAttainment
 - Cost not considered
 - EPA sets national standard, states implement

Stationary Source: Permits



New Source Review and Title V

- All applicable CAA requirements for a facility
- Major sources >100 or 250 tons/year
 - Remember MRR $> 25,000$ mt/CO₂e
- “Tailoring Rule” to increase threshold for GHGs
 - Reduce the number of facilities and other sources
 - Expected to be issued soon
- “Subject to regulation” when?

Next Steps: Two possible time lines



Administrator Jackson

- Administratively delay application of NSR and Title V until 2011
- Phased-in approach
 - Sources with existing permits
 - Very large >75k tons/yr
- Smaller source beginning 2016

Senator Rockefeller

- S.3072
- 2 year delay with exception of Motor Vehicle rule
- No impact on Mandatory Reporting

Conclusions



- EPA proceeding with regulation based on science and statutory mandates under the Clean Air Act
- Many petitions and legal challenges to move faster/slower
- Additional resources are being committed to EPA and States for implementation
- SF6 from Electric Power Systems not currently a defined source under NSPS

Contacts and Resources



Thank you!

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