AGENDA
AIR QUALITY ADVISORY COMMITTEE*
TUESDAY October 27, 2015
10:00 a.m. - 12:00 noon
East-West Gateway Board Room

I. **Call to Order**
-Michael Coulson, Chair, East-West Gateway Council of Governments
A. Minutes of September 29, 2015 Meeting

II. **Illinois Sulfur Dioxide Designation Recommendations and Other Air Quality Issues**
- David Bloomberg, Illinois Environmental Protection Agency

III. **2015 Ozone Standard and Potential State Impacts**
- Stacy Allen, Missouri Department of Natural Resources

IV. **Gateway Vehicle Inspection Program Update**
- Missouri Department of Natural Resources

V. **American Fuel Group Report**
- St. Louis Regional Clean Cities Program

VI. **Update Activities of the States**
- Illinois Environmental Protection Agency
- Missouri Department of Natural Resources

VII. **Other Business**

VIII. **Adjournment**

*Please note that this meeting will serve as a part of the Inter-Agency Consultation Process as detailed in the Missouri Transportation Conformity SIP.

MINUTES
AIR QUALITY ADVISORY COMMITTEE
Tuesday, September 29, 2015
East-West Gateway Board Room

Members Present:
Michael Coulson, Chair, East-West Gateway Council of Governments
Susannah Fuchs - American Lung Association
Stacy Allen - Missouri Department of Natural Resources
Brad McMahon – Federal Highway Administration, Missouri
Betsy Tracy - Federal Highway Administration, Illinois
Heather Navarro – Missouri Coalition for the Environment
Chris Schmidt – Illinois Department of Transportation (telephone)
Mike Zlatic - St. Louis County Department of Public Health (telephone)
David Bloomberg – Illinois Environmental Protection Agency (telephone)

Others Present:
Jeremy Rogus – St. Louis County Department of Public Health, Air Program
Bob Randolph – Missouri Department of Natural Resource
Curtis Jones - Illinois Department of Transportation, OP&P
Joe Gray – Illinois Department of Transportation, District 8
Andrew Warshaver – Citizens for Modern Transit
Andy Knott - Sierra Club
Roger Walker – RegForm (telephone)
David Grimes – Southeast Missouri Regional Planning and Economic Development Commission (telephone)
Kimberly Bauman – Mississippi Lime (telephone)
Heather Hamilton - U.S. Environmental Protection Agency Region 7 (telephone)
Lachalla Kemp - U.S. Environmental Protection Agency Region 7 (telephone)
Cody Brown - U.S. Environmental Protection Agency Region 7 (telephone)

Staff:
Aaron Young Carol Lawrence Rodney Halbert

I. Call to Order
- Michael Coulson, Chair, East-West Gateway Council of Governments

The meeting of the Air Quality Advisory Committee (AQAC) was called to order by Chair Michael Coulson, East-West Gateway Council of Governments (EWG). The minutes of the July 28, 2015 AQAC meeting were approved as circulated. Mr. Coulson, EWG, announced Mr. Herdler, St. Louis Regional Clean Cities Program was unable to attend the meeting today as he is attending a conference. Those attending the meeting and the people participating by telephone introduced themselves.

II. Missouri Perspective on the Clean Power Plan and the Sulfur Dioxide Designation Recommendations
- Bob Randolph, Missouri Department of Natural Resources

On August 3, U.S. Environmental Protection Agency (EPA) released two final rules and one proposed rule to control carbon dioxide (CO_2) emissions from power plants. The final rules address CO2 emission standards for new power plants and CO_2 emission standards for existing power plants (Clean Power Plan). The proposed rule has two components: model rules and federal plan for existing plants. After the proposed rule is published in the Federal Register, there will be a 90-day comment period.

The final Clean Power Plan rule identified 21 affected existing power sources or facilities in Missouri with 47 fossil fuel-fired electric steam generating units and stationary combustion turbines. The majority are powered by coal and the remainder by natural gas. The sources are either privately owned, part of an electrical cooperative or municipally owned and operated. For Missouri, EPA set a 2022 interim statewide CO_2 emissions reduction goal and a final 2030 goal. To achieve these goals, the state can choose between two options either a rate-based approach (pounds of CO_2/megawatt hour) or a mass-based approach (tons of CO_2 emissions). The 2030 rate-based goal is 1,272 pounds per megawatt hour and the 2030 mass-based goal is 55,462,884 short tons (without new units) or 56,052,813 short tons (with new units). Historically, Missouri has used a mass-based approach (emissions limit) with allowances granted to affected units with the opportunity for trading. Based on the approach selected, different plan elements will be required. Rate-based states will only be able to trade with rate-based states and the same for mass-based states. The federal plan can be used as an example for the state to prepare its own plan. Or, a state can rely upon the federal plan. The Missouri Department of Natural Resources (MoDNR) also will be researching what neighboring states plan to do. No decision has been made on which approach Missouri will use.

Mr. McMahon, Federal Highway Administration (FHWA) MO, asked if the impact of the Clean Power Plan on a company's functionality and cost to a company had been analyzed. Mr. Randolph, MoDNR, said that the state plan will lay out how to grant credit to energy efficiency and renewable energy projects and show how Missouri will verify emission reductions. Some of the coal-fired generating units will have to be replaced with something else like natural gas or energy efficiency or renewable energy efforts. MoDNR is working with the Public Service Commission and the Division of Energy in the Department of Economic Development to determine the fiscal and regulatory impact of these approaches on the affected facilities. Whatever approach is chosen, the goal cannot be reached without utilizing energy efficiency and renewable energy. It will be up to each facility to decide how they will go about it. Mr. McMahon, FHWA MO, asked if there will be closures. Mr. Randolph, MoDNR, said that it is possible and added that some closures are anticipated as a result of other federal and state programs. Mr. Knott, Sierra Club, said that EPA did a fiscal analysis of the Clean Power Plan and found that in the best case scenario, energy rates would go up but because of the energy efficiencies that would come into play, the cost to consumers would go down. He added that in a Union of Concerned Scientists report, it was estimated that rates will go up in Missouri but energy efficiency programs would save people money in the long run.

To develop the emission reduction goal for Missouri and the other states, EPA employed three building blocks for compliance: improving efficiency at existing power plants, redispatch (switch from) coal to existing natural gas combine cycle (NGCC) and increase use of renewable energy. The state has eight compliance options it can utilize. Options include: demand side energy efficiency; new nuclear generation/upgrades to existing nuclear; combined heat and power; biomass; natural gas co-firing/conversion to natural gas; electricity transmission and distribution improvements; energy storage improvements and retire older/inefficient power plants. MoDNR will perform technical analysis to demonstrate emission reductions, costs and ability to meet emission reduction goals.

MoDNR continues to engage with numerous stakeholders and has held a number of outreach meetings with affected facilities, renewable energy providers, energy efficiency organizations, environmental groups and others. There was a stakeholders meeting on September 23 with over 100 people in attendance. Outreach is also planned for vulnerable communities which are assumed to include low income and environmental justice areas. Information will be available on the MoDNR website at http://dnr.mo.gov/env/apcp/cpp/index.html. Individuals can join a list-service to learn about future meetings and activities.

As Missouri has an extended rule development process, it is anticipated that in 2016 Missouri will request EPA to give the state an extension of the deadline to submit its initial plan from September 2016 to September 2018. MoDNR has to prepare a regulatory impact report and satisfy the requirements of SB445. The Missouri Air Conservation Commission (MACC) will hold a public hearing on this request and then adopt it. A Clean Power Plan interim progress report is due to EPA in September 2017. It is assumed that there will be a public hearing at the MACC on the final plan in April 2018 with adoption in May. The state plan is to be submitted to EPA by September 6, 2018. The interim CO_2 emissions reduction goal compliance period starts January 1, 2022 and the final goal period begins January 1, 2030.

Mr. Coulson, EWG, asked about the status of Missouri's participation in the Policy Academy of the National Governors Association (NGA). Mr. Randolph, MoDNR, said that they are in Phase 2 and a consultant is modeling different scenarios and options using the actual final Clean Power Plan rule. This will help inform decisions made by the state. The other states and Missouri are going to meet with NGA and their consultants and identify lessons learned. Phase 3 should be completed by the end of the year.

For the 2010 SO2 standard, Missouri has completed the first round of designations based on the existing monitoring network. Portions of Jefferson and Jackson Counties were designated as non-attainment. State Implementation Plans (SIPs) and statewide sulfur rule (10 CSR10-6.261) have been developed and adopted. After this rule is published in the Missouri Register, it will become effective and then be submitted to EPA Region 7.

On March 2, 2015, U.S. District Court approved a consent decree between EPA, Sierra Club and the Natural Resources Defense Council (NRDC) which established deadlines for EPA to complete three additional rounds of SO_2 designations. For the 2016 round, EPA identified sources and/or areas which had to be analyzed by Missouri. Missouri sites impacted by the March 2015 consent decree included: Kansas City Power and Light Sibley Generation Station in Jackson County; Sikeston Municipal Power Station; Ameren Labadie Power Plant in Franklin

County; and a monitor in Iron County which was newly violating after the initial round of designations. It is located near the Doe Run secondary lead recycling facility in Buick. The monitor had a design value of 76 parts per billion (ppb) and the SO_2 standard is 75 ppb. Designation recommendations have to be submitted to EPA Region 7 in September 2015. EPA then will look at the recommendations and supporting documentation and any other modeling that others (environmental groups or affected facilities) might have submitted. EPA will make an informed decision and inform the state of its designation decision in early January (120 day letter). The state has the opportunity to respond and submit additional information. EPA has to make non-attainment decisions by July 2016.

At their September 24 meeting, the MACC voted to go forward with the recommendations MoDNR presented to them in August 2015. Based on model analysis, it was recommended that the Sikeston and Sibley areas be designated as attainment. Based on monitoring data collection so far in 2015, it is anticipated that the design value (using 2013-2015 data) for the monitor in Iron County will be below the SO_2 standard. The monitor will no longer be violating the SO_2 standard and so there is no need to make any recommendation. For the Labadie Power Plant have varying sets of modeling analyses as well as limited monitoring data. In April 2015 Ameren instituted monitoring around the Labadie plant. There is a new state statue which requires MoDNR to look at monitoring data that is available for those areas/sources that want to monitor. Even though some of the modeling analysis indicates violation, the monitoring data so far looks like there is not a problem. Based on the modeling information as well as monitoring data, MoDNR made a recommendation of unclassifiable. By the time July 2016 comes around, there should be more monitoring information available.

EPA's August 2015 Data Requirements Rule (DRR) is to be used in the next round of designation recommendations. The DRR requires states to evaluate sources which have emitted more than 2,000 tons per year of SO_2 during the most recent available data year. Using 2014 data, there are twelve newly affected sources as well as the three sources affected by the 2015 Consent Decree. MoDNR has begun modeling and working with these sources/facilities. The sources have to decide whether to go with model analysis, monitoring or a combination of these approaches. The DRR lays out three compliance options. The first option is for a source to agree in a permit to limit annual SO_2 emissions to less than 2,000 tons per year. Permit limit would go into effect by January 2017. The mechanism to implement this emissions limit will be to amend the newly adopted state SO_2 rule and include these facilities. The second option is for MoDNR to do modeling using actual emissions to evaluate whether the source is in compliance with the SO_2 standard. The third option is to install new monitoring network around affected sources. The sources interested in this option will have to pay for the monitors and their operation. The sources using monitoring will have an additional three years to show compliance with the SO2 standard. Sources need to decide what option will follow. If monitoring is chosen, the monitoring network of the source has to be approved by MoDNR and incorporated into Missouri's Annual Monitoring Network Plan (July 2016).

Mr. Coulson, EWG, asked how long the monitors have to stay in place. Mr. Randolph, MoDNR, said for at least three years (2017-2019) and then until EPA approves their removal. There are a number of other milestones and requirements which will have to be met.

MoDNR is to submit list of affected sources to EPA by January 15, 2016. By July 1, 2016 MoDNR is to submit characterization option and specific monitoring sites to be in the Annual Monitoring Network Plan. New monitors are to be operational by January 1, 2017. For modeled areas/sources, MoDNR is to submit designation boundary recommendations to EPA by January 13, 2017. Prior to submittal, the MACC will hold a public hearing and act on these recommendations. EPA will promulgate the modeled designations in December 2017. For areas using monitor data, MoDNR will submit designation recommendations based on 2017-2019 data by May 2020 and EPA is to act on them in December 2020. Prior to submittal, the MACC will hold a public hearing and act on these recommendations.

III. OneSTL Activities
- Aaron Young, East-West Gateway Council of Governments

There are a lot of people, organizations and agencies working on sustainability in the St. Louis region and a lot of people who care about the topic. Over the course of two years, 55 goals, 100 objectives and 333 strategies were developed or identified and included in OneSTL: The Regional Plan for Sustainable Development. The Plan lays out what want to do in terms of sustainability in the St. Louis region. OneSTL was approved by the EWG Board of Directors in December 2013. OneSTL does not have implementation funding attached to it and does not have any legal teeth behind it. A lot of the strategies were identified by groups who were already working on them. A number of strategies are being implemented by various organizations and groups.

The development of the OneSTL Network is continuing. The OneSTL Network is open to everyone (individuals and organizations) to join. The intent is to build upon the partnerships developed during the planning process and provide opportunities for the exchange of information and collaboration/involvement. Currently 250 individuals and organizations (over 100) have joined the OneSTL Network. Information about the OneSTL Network is available at www.onstl.org. Out of the original partner organizations and participants in the OneSTL Network, the Leadership Network group has been established. Additional groups to be established include: Funders Network; the Technical Assistance Network; and the Communications and Engagement Network. One issue that has come up is that as people are working toward implementing sustainability-related strategies/projects in the region, there is not enough money. OneSTL has been talking with philanthropies and investment funds about how to get monies for projects. OneSTL has an appointment to meet with a sustainable communications consultant about developing a communications plan for OneSTL and do a better job of telling the story about sustainability activities in the St. Louis region.

EWG is working with a number of organizations to tie OneSTL into regional sustainability efforts. These initiatives include: Green Infrastructure; Community Development Network; Sustainable Projects Marketplace; Green Government Challenge; Regional Food System/Healthy Living; and Childhood Development/Education. Involved in the Community Development System effort are the Community Builders Network, Metro St. Louis Community Reinvestment Act Association, RISE (community development organizer working to increase capacity of local groups) and St. Louis Community Foundation. Goal of these organizations is to create a loan pool of $12.5 million and a philanthropy pool of $5 million. The Community Development System would act as a central location for matching funds. Organizations and others would be

able to go after state and federal community development grants which require matching funds. The Sustainable Projects Marketplace is a spin-off of the Community Development System. It is directed toward investment funds and philanthropies which have interests beyond community development, like green infrastructure, infrastructure investment or education. Currently the OneSTL website contains a list of 15 projects/activities which have some type of gap (financing, labor, technical assistance, donations) that prevents them from being implemented. For each project there is a project description, purpose, financial needs, outcomes and contacts. These write-ups highlight information that potential investors need to make a decision. EWG is working with the Missouri Botanical Garden and the St. Louis Regional Chamber on the Green Government Challenge which is an offshoot of the Green Business Challenge. The purpose is to get more municipalities involved in sustainable activities. In 2015 a pilot project was begun in 2015 and in 2016 a larger effort will take place. In the past, universities in the region and Earth Day St. Louis each have presented conferences with sustainability elements. Through the efforts of OneSTL, they have agreed to hold a single regional sustainability conference some time in 2017.

IV. Update Activities of the States
- Stacy Allen, Missouri Department of Natural Resources
- David Bloomberg, Illinois Environmental Protection Agency

At the August MACC meeting, the Missouri statewide SO_2 rule which sets limits on specific sources in Jackson and Jefferson Counties was adopted. It will be published in the October 31, 2015 Code of State Regulations (CSR). Three Missouri Cross State Air Pollution Rules addressing 2017 trading allowance allocations were adopted at the August 27 MACC meeting. These rules will be published in the November 2015 CSR.

There was a public hearing on the proposed asbestos fee rule-making at the September 24 MACC meeting. The comment period ends is October 1. The proposed rule-making for construction and operating permit fee increases was published in the September 15 Missouri Register. There will be a public hearing on these proposed rules at the October 29MACC meeting in Jefferson City. The aim is that after the increase, the fees will cover approximately 50 percent of budget. Currently, the fee for staff permit review time is $50 an hour. In talking with other states, this is one of the lowest fees in the region. There have been no changes since 1992.

Some of the fees are going from $100 for a review up to $500 to $1000, depending upon the level of technical expertise required. There is an initial application fee for submitting the first paperwork and additional review time is charged on an hourly basis. Facilities have indicated that the proposed fee increases are reasonable. The facilities have realized that if want to continue to fund the air program in Missouri, changes to fee structure will have to occur. State statute allows MoDNR to charge a fee and state rule says how much that fee will be. Mr. Randolph, MoDNR, pointed out that the fee revision development process including outreach and stakeholder involvement and that process and schedule is set out in state statute. Ms. Allen, MoDNR, said that as a result of these permit fee changes, the December 3 MACC meeting was moved up to November 17 (at Truman Building in Jefferson City) so that MACC can approve the proposed fee structure before December 1, 2015. If the fee structure is in place by that date, then MoDNR can starting charging these fees one year after that.

On August 28 (effective September 28) EPA approved a State Implementation Plan (SIP) revision and update for the Buick and Viburnum lead SIP. At the September 24 MACC meeting, the MACC adopted the Infrastructure SIP for the 2012 $PM_{2.5}$ standard which shows that the state has rules in place and the authority to enforce them. This SIP has been submitted to EPA Region 7. At the August MACC meeting MoDNR staff set out the SO_2 designation recommendations and technical information for those sources identified in the March 2015 EPA consent decree. The MACC acted on these recommendations last week.

On October 1 2015 EPA will release the revised ozone standard. Last week, on the floor of the Senate Senators McCaskill and Hatch read out proposed legislation which would allow states and areas to defer non-attainment designation. Proposed that if a state/area agrees to an Early Action Compact to add controls and reduce emissions, could delay non-attainment designation up to ten years. Text of this proposed legislation nwas not available at this time.

EPA has proposed changes to their modeling protocol (Appendix W). These changes could impact permit work, SIP development and future modeling. Missouri is reviewing the proposals and intends to submit comments.

Based on EPA's March 2105 SO_2 consent decree, Illinois EPA had five sources/areas to examine. Illinois has submitted their SO_2 designation recommendations to EPA. Illinois EPA has finished up an SO2 rule-making for the Pekin and Lemont (near Chicago) areas already designated as non-attainment under the SO_2 standard. Illinois EPA is waiting to see whether the Illinois Pollution Control Board (IPCB) will agree with the proposed rules.

Presuming nothing very strange happens in the next month, will be able to redesignate this area as attainment for the 2008 ozone standard. EPA gave the East St. Louis (Metro East)/St. Louis area received a one year extension to 2015 to attain ozone standard. Mr. Coulson, EWG, pointed out that EWG runs the Ozone Data Sharing project and historically, has not been an exceedance in October and expressed confidence that there will not be a problem. Mr. Bloomberg, Illinois EPA, agreed and added that EPA has proposed to extend the ozone monitoring season into March. Last March there was 18 inches of snow on the ground. Illinois EPA filed comments against such an extension.

EPA will release the final ozone standard on October 1. No matter what number EPA picks for the standard whether it be 65 or 70 ppb, as of right now St. Louis will just barely be non-attainment with one monitor with a design value of 71 ppb. However, there will be another year or two of monitoring data in place before designation recommendations are to be submitted to EPA so things could change.

V. Other Business

The next meeting of the AQAC was scheduled for October 27, 2015. There being no other business, the meeting of the Air Quality Advisory Committee was adjourned.