

Presentation to the Environmental Review Commission

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My Goals Today

- Review the history of the NC Air Toxics
 Program
- Compare the NC Program to the Federal Air Toxics Program
- Discuss the impacts of the program on manufacturing competitiveness
- Put "38 Million Pounds" in context
- Convince you that the State Air Toxics Program needs to be reformed

History - NC Air Toxics Program

- ThermalKEM -late 80s/early 90s Hazardous Waste Incinerator
- No effective State or EPA program at that time to regulate air toxics
- Gov. Martin and Legislature direct DENR to adopt rules
- 1990 EMC adopted Air Toxics Rule / Congress enacts Title V Program

Both target toxic air emissions from industrial stationary sources

- NC not alone in absence of an effective federal program, most states adopt state air toxic programs during this time
- 1996 Department, business leaders, and environmental community negotiate a rule amendment to avoid wasteful spending by industry – known as the "combustion source exemption"
- May 2009 EMC repealed combustion source exemption; potentially wasteful spending can no longer be avoided; suppresses innovation, modernization, energy efficiency, and job growth

Federal Program

- 1990 Amendments to the Clean Air Act created an effective federal program
- Congress directed EPA to establish Maximum Achievable Control Technology (MACT) for wide range of industries
- In establishing MACT for existing sources, must set the "floor" of control at the average level of control achieved by the top 12% of all existing sources in a particular industry category)
- EPA establishes the "floor" at the top 12% and all existing sources must comply
- New sources must install the most stringent controls achieved by any MACT source in operation anywhere
- Thus far EPA has adopted >100 MACTs (larger sources) and Standards for 40 of 70 identified Area Sources (small sources)

EXAMPLES

MACT Sources

Chemical Plants – Paper Mills - Brick Plants – Utility Boilers – Furniture Plants – Certain Hospitals – Adhesive Tape Plants – University Boilers – Boat Builders – Military Facilities – Food Processors – Pharmaceutical Plants – Fiberglass Plants – Plastics Plants – Truck Plants – Textile Plants – Glass Plants – Lumber and OSB Mills

<u>Area Sources</u>

Auto Body Shops – Dry Cleaners – Metal Fabricators – Hospital Sterilizers – Institutional & Commercial Boilers – Municipal and County Landfills – Feed Mills – Wastewater Treatment Plants – Stationary Internal Combustion Engines (e.g. generators)

Following Adoption of the Federal Program

- Some states repealed their air toxics programs and rely solely on the federal program (e.g., MS)
- Those states that didn't repeal their air toxics programs altogether chose to significantly modify their programs to avoid regulation of an individual source under both the state and federal programs (e.g., VA, SC)
- NC chose not to modify its program

Comparison between the State and Federal Programs

NC Air Toxics Program

- 97 regulated chemicals
- Focus is on property line concentration
- No reduction in emissions is necessarily required
- No reduction target specified

EPA MACT Program

- 187 regulated chemicals
- 2 Step Compliance Focus
- 1st Reduce emissions at the stack (existing = average of top 12%; new = most stringent in operation)
- 2nd Evaluate / reduce property line concentration ("residual risk")
- Established reduction target of 2 Billion pounds in US

The State Program Affects Our Competitiveness

- In the global market our companies need flexibility to change quickly in order to remain competitive
- Modeling every change increases costs and time from concept to production – often with little or no environmental benefit
- Dual regulation of individual sources by both State and Federal programs results in unnecessary and costly permit delays that are not experienced in our neighboring states
- Startup in other SE states quicker & less costly
- Project costs and time lines matter in today's competitive marketplace!

"38 MILLION POUNDS"



NC Air Toxics Emissions

Emissions in Million Pounds



NC Air Toxics Emissions Summary



MACT is Working in NC!



Summary

- The MACT program is resulting in major reductions in TAPs and HAPs
- NC's regulation of air toxics is out-of-step with other states in the southeast
- Being out-of-step is negatively impacting the competitiveness of NC companies
- Responsible reform of the NC Air Toxics
 Program is long overdue

Reform the State Air Toxics Program

- Our goal is <u>not</u> to eliminate the program, but instead to reform the program
- We want to keep NC competitive by being able to produce our products in NC just as efficiently as in VA or SC
- MCIC and its member companies stand ready to work with the Department and the General Assembly on responsible reforms to the State Air Toxics Program

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