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AIR SUBCOMMITTEE OF THE ENVIRONMENTAL QUALITY SERVICE COUNCIL

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Authority: P.L. 248-1996 (SEA 138); EQSC
Minutes, June 29, 1999

MEETING MINUTES¹

Meeting Date: September 2, 1999
Meeting Time: 9:30 A.M.
Meeting Place: Governmental Center South, 302 W.
Washington St., Conference Room A
Meeting City: Indianapolis, Indiana
Meeting Number: 3

Members Present: Sen. Kent Adams, Chairperson; Marvin Gobles; Tom Anderson; Cheryl Devol-Glowinski; Dick Van Frank; Andy Knott; Bernie Paul; Grant Smith; Rick Martin; Tom Easterly; Janet McCabe; Dan Weiss.

Members Absent: Sen. Glenn Howard; Rep. Richard Mangus; Rep. Dale Sturtz; David Rector; Gary Redding; Travis Worl; John Fekete; John Stafford; Darryl Dasher; Tony Sullivan; Shirley Welker; Stan Pinegar; Mike Sandefur; Bryan Tabler.

The Chairman, Senator Adams, called the meeting to order at 9:39 a.m.

After brief opening remarks, Senator Adams recognized Janet McCabe, Assistant Commissioner in charge of the Office of Air Management of the Indiana Department of Environmental Management (IDEM). Ms. McCabe began by requesting a correction in the minutes of the Air Subcommittee meeting of August 2, 1999. Her request was granted. As corrected, the minutes will read as follows:

¹ Exhibits and other materials referenced in these minutes can be inspected and copied in the Legislative Information Center in Room 230 of the State House in Indianapolis, Indiana. Requests for copies may be mailed to the Legislative Information Center, Legislative Services Agency, 200 West Washington Street, Indianapolis, IN 46204-2789. A fee of \$0.15 per page and mailing costs will be charged for copies. These minutes are also available on the Internet at the General Assembly homepage. The URL address of the General Assembly homepage is <http://www.ai.org/legislative/>. No fee is charged for viewing, downloading, or printing minutes from the Internet.

Janet McCabe ... addressed the subject ... (of) air emissions from the production of styrene. She informed the Subcommittee that:

- ! IDEM is working with interested parties to develop: (A) a styrene emissions rule; and (B) a non-rule policy that would be effective until the rule takes effect to provide a transition to the rule; helping potentially regulated industries to use readily available technologies to achieve compliance.
- ! The comment period for the rule making ended July 1, and summaries have been completed.
- ! After another working meeting and revisions, IDEM will present the draft policy language in Goshen, Indiana, on September 1, 1999 at 7 p.m.
- ! IDEM anticipates completion of the policy by October 1 and submission of the policy by October 10, 1999.
- ! The rule making will continue, with the next step being the circulation of draft rule language.

Ms. McCabe then reported on the August 24 meeting of Subcommittee members and other interested parties designated by Senator Adams to explore THE POTENTIAL CREATION OF AN AIR EMISSIONS REDUCTION CREDIT PROGRAM in Indiana . Ms. McCabe said that:

- ! a good discussion took place at the meeting;
- ! the first topic of discussion was the potential goals that different parties might have for an air emissions reduction program; and
- ! comments made during the discussion included:
 - the observation that successful air emissions reduction credit programs in other states are fairly narrowly focused;
 - the suggestion that the Work Group pick one or more air pollution problems and begin designing a program for Indiana; and
 - the suggestion that the Indiana program address the problem of ozone in Northwest Indiana.

Ms. McCabe announced that the group's September 22 meeting will feature a discussion of three different types of air emissions credit programs: cap and trade; open market; and straight banking.

Andy Knott commented that there seems to be a consensus within the group that the Indiana air emissions credit program should be limited to an area that is in non-attainment status.

Senator Adams expressed satisfaction with the group's progress, saying that the process works well when everyone works together toward the achievement of a goal.

Ms. McCabe then addressed the subject raised in House Enrolled Act 1919, SECTION 21: STYRENE EMISSIONS. She explained that HEA 1919 requires IDEM, by November 1, to publish a nonrule policy document describing the policies and procedures IDEM will use to make determinations on construction and operating permits for existing sources emitting styrene. She distributed copies of a draft nonrule policy document that has been prepared in compliance with this requirement (Exhibit A).

Ms. McCabe made the following points concerning this draft nonrule policy document: The reinforced plastic composites fabricating industry is a significant industry in northern Indiana. It emits styrene, which is a suspected carcinogen and an ozone precursor. The industry has made great strides in reducing styrene emissions. However, it was recently determined that the emission factors² relating to certain operations of the reinforced plastic composites fabricating industry were substantially incorrect, underestimating the emissions from those operations by approximately 50%. In June of 1998 the U.S. EPA approved the use of new, more accurate emission factors. Due to the change in emission factors

²Emission factors are figures that a permit-issuing authority can use, if site-specific figures are not available, to estimate emissions from a particular source for the purposes of determining the limitations to be set in a permit for that source.

it may be necessary for IDEM to reevaluate permits that were based on the old, inaccurate emission factors. The nonrule policy document is intended to explain how IDEM will respond to the change in emission factors. IDEM has been providing the affected businesses information about this matter, including information on emissions-reducing technology, so that they can prepare for the changes that will result from the change in emission factors.

Ms. McCabe answered a number of questions from Subcommittee members regarding the draft nonrule policy document. Senator Adams then asked for comments on the nonrule policy document.

Kurt W. Anderson of the Monaco Coach Corporation of Wakarusa, Indiana questioned whether IDEM is authorized, where the recalculation of emission rates at an existing source using the new emission factors results in an emission rate above currently permitted levels or one which triggers BACT (best available control technology) requirements, to apply NSR (new source review), thus requiring the affected source to install equipment representing the best available control technology or face even more stringent controls. Mr. Anderson distributed three written materials in support of his position (Exhibit B).

Ms. McCabe and Subcommittee members then discussed a number of matters related to Mr. Anderson's remarks, including the following:

- ! The circumstances under which new emissions limitations can be imposed on a permit holder before its permit is due for renewal.
- ! The average length of the time for which permits issued to businesses in the reinforced plastic composites fabricating industry are in effect.
- ! Whether IDEM's response to the change in emission factors was sufficiently "open to the public."

The Subcommittee then took up the third subject for discussion at the meeting: GROUND LEVEL OZONE FORMATION.

Bill Beranek, Ph.D., the President of the Indiana Environmental Institute, discussed the U.S. EPA's "eight hour" ambient air quality standard for ozone, the implementation of which has been delayed by a ruling of the U. S. Court of Appeals for the District of Columbia Circuit. Dr. Beranek made the following points: Indiana is expected to prepare to comply with the new eight hour standard even though it has not been given adequate federal guidance on compliance. Simply imposing the eight hour standard without intelligent discussion of how it is to be implemented by the states will probably promote urban sprawl and other problems. It would be better if there were a national act on ozone.

Dr. Beranek recommended the formation of a state-wide group with adequate representation of all stakeholders to come up with a reasonable strategy for meeting the eight hour ambient air quality standard for ozone. Such a group, he said, could consider the facts about the alternatives available for reducing ozone. Dr. Beranek suggested that IDEM would not be the best entity to lead the meetings of this group because of its position as the regulator, consultant to the Air Pollution Control Board, and holder of authority delegated by the EPA. He proposed that the meetings be led instead by the Department of Commerce. In short, Dr. Beranek recommended that the EQSC, rather than "determining, for Indiana, the framework for the best national, state and regional strategy for controlling ground level ozone formation" (as directed by House Resolutions 80 and 110) should instead recommend, in his words, "the best forum in which the framework can be developed."

Arthur Smith, Jr. endorsed Dr. Beranek's recommendation. Andy Knott expressed support for the idea of a statewide ozone reduction plan but questioned whether the plan would be supported by business interests if it turned out to be more stringent than the plan in effect in a neighboring state. Janet McCabe commented that it is hard to move forward on the ozone issue while the eight hour ambient air quality standard is in "legal limbo." Richard Van Frank said that the idea of a statewide group to consider strategies for meeting the eight hour standard is fine, but he pointed out potential obstacles to

obtaining the participation of members who truly represent all areas of the state and all stakeholders.

Terry M. Hogan, the head of environmental services of Indianapolis Power & Light, then made a presentation on the issue of ground level ozone formation from the perspective of the regulated community. Using an overhead projector, he explained the basic chemistry of ozone formation, the events that led to the current situation in the regulation of ozone, and the potential effects on Indiana of the eight hour standard and the "SIP call" (the EPA's requirement that Indiana and other Midwestern states establish limits on the emission of nitrogen oxides to reduce ozone transport to the Northeast). See Exhibit C for an outline of Mr. Hogan's presentation.

After Mr. Hogan's presentation, Subcommittee members representing environmental groups offered their perspectives on the ozone issue. Tom Anderson of the Save the Dunes Council stressed the importance of remembering that ozone is harmful to human health. He also spoke about the particular problems of Porter County, which is currently categorized as "attainment" for ozone but has frequently experienced high ozone levels. Andy Knott of the Hoosier Environmental Council Action Fund pointed out that ozone pollution is harmful and costly to farmers. He said that the designation of urban areas as "nonattainment" is not the only factor spurring urban sprawl today and that the SIP call will at least create regulatory certainty for utilities, perhaps prompting them to deal with older, higher-polluting power plants that have remained in operation longer than expected.

Tom Easterly of the Bethlehem Steel Corporation then spoke about the ozone problems of Northwest Indiana. Presenting data on ozone readings by overhead projector, he made the following points:

- Under the new eight hour ozone standard, other areas of Indiana can expect approximately as many instances of noncompliance as Northwest Indiana.
- Ozone readings in Northwest Indiana tend to be highest on weekends. This points out the extent to which boats, lawnmowers, and recreational equipment contribute to ozone pollution. And yet, he said, mobile sources are largely overlooked in seeking solutions to ozone pollution.

Senator Adams announced the following plans for the Subcommittee meeting of September 29: Each Subcommittee member should write down his or her recommendations as to each of the issues assigned to the Air Subcommittee. No more than three recommendations should be made for each issue, and the recommendations should be written as concisely as possible. Each member should submit his list of recommendations to the staff, who will combine all the members' lists of recommendations into one. At the meeting of September 29, the Subcommittee will discuss the recommendations on this combined list.

Senator Adams adjourned the meeting at 11:55 a.m.