

**Colorado Department
of Public Health
and Environment**



Ozone Reduction Strategies

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Intro

■ Process

- ◆ Seek input in advance of proposal before RAQC & AQCC
- ◆ Draft language excerpts
- ◆ Shape strategies included in menu of options

■ Timeline

- ◆ ~7/15/08 cut off for comments on language prior to proposal
- ◆ >7/15/08 comment via formal rulemaking process

Comment and Response Highlights

- Comments received from:
 - ◆ Rocky Mountain Clean Air Action
 - ◆ Anadarko
 - ◆ Noble Energy
 - ◆ IPAMS
 - ◆ Renegade Oil
 - ◆ Whiting Petroleum
 - ◆ Lesair Environmental
 - ◆ DCP Midstream
 - ◆ EPA R8
- General comments
- Condensate tank specific
- Other Reg 7, Section XII comments
- Exemptions specific
- RACT: Reg 3/7 conflict
- Out of scope comments

The Division is overlooking RAQC Board direction of aiming toward 75 ppb

The Division is mindful of both the Governor's and the RAQC Board's directives to go beyond meeting the current ozone standard of 85 ppb, and is actively developing a menu of options from which the RAQC and the AQCC may choose. The Division is currently focusing on a defined set of strategies thought to yield significant, quantifiable reductions that are cost-effective, technologically feasible, and/or implementable.

Regulations are being developed before the modeling has been completed to indicate the amount and type of reductions needed

The modeling will help the RAQC and AQCC determine which of the strategies, and corresponding language, are necessary to come into attainment with the standard and address the Governor's directive. However, the Division wants to ensure that stakeholders have time to review and comment on the regulatory language so stakeholder meetings are being held prior to modeling results. Due to timing constraints these options are being developed prior to the completion of the modeling and based on screening of substantive emissions sources through the inventory data analysis.

The stakeholders will also have an opportunity to comment during the formal regulatory process. The Division prefers to address the technical issues now, in order to focus on the policy issues during the formal rulemaking process.

Draft regulations are duplicative of the COGCC proposed regulations

The proposed regulations are not duplicative. The Division's draft regulations apply to the ozone non-attainment area. The COGCC regulations do not apply in the ozone non-attainment area, but rather to the Piceance Basin on the western slope, and they only apply to sources within 1/2 mile of human habitations in that area.

98% vs. 95% control requirements

The Division is sensitive to the impact of potential conflict between different agencies' regulations by setting different requirements for the same operations, and is weighing this and other considerations in its efforts in developing ozone reduction strategies in order to meet the ozone NAAQS.

Additionally, the Division has received support from several stakeholders in keeping the 98% control efficiency requirement.

98% vs. 95% control requirements

The Division is currently evaluating the ability of control equipment in meeting 98% vs. 95% capture and control efficiencies, considering downtime and other factors. Under the threshold approach, the agency is considering a control device downtime allowance to provide relief under these circumstances. Alternatively, the Division is considering the use of the upset provisions of the Common Provisions in addressing this issue.

System-wide vs. emissions threshold control strategy

The Division believes that a threshold control strategy is:

- equivalent to reductions needed under system-wide
- more practically enforceable,
- relieves a significant level of record maintenance burden for the operator to determine (and for the Division to review) compliance,
- provides more certainty
 - ◆ for smaller operators to comply,
 - ◆ for Division to monitor and track compliance
- provides equity with other source categories subject to the two ton/year VOC APEN threshold
- provides simplicity

The system-wide approach should be phased out sooner than May 1, 2010

Based on the number of subject sources, the availability of control equipment, the timeframe needed to purchase and install controls, the Division believes it is unreasonable to require the system-wide approach phase out sooner than May 1, 2010.

Provide technical justification for requiring controls during the first 90 days

Oil well production is commonly known to be highest at the early stages of production following a new drill or recompletion and follows a decline curve from that date. Therefore, since emissions are proportional to production, the concept of controlling emissions during the first 90 days will ensure the high level short-term emissions are controlled.

Allow for public comment on the development of emission factors

This language does not differ from the current version of Regulation 7, which was agreed to by all stakeholders, other than having been moved due to the reorganization of the draft rule. Thus, public comment on a site-specific emissions factor may be provided under the provisions of Regulation 3, Section III.C, when appropriate.

Require stack tests on controls

The Division does not intend to require stack testing on each control device. The Division believes that the requirement to meet the % control is adequate, and reserves the right to request any source to demonstrate compliance with that standard.

Justify APEN and permit exemptions

The Division is currently revisiting proposed changes to exemptions. Proposed changes in exemptions were based on input from experienced Division staff, and in some cases included re-evaluating emissions estimates for specific source categories. Some changes were made to provide equity among sources subject to APEN and permitting requirements in a non-attainment area. In other cases, proposed changes were made to build an inventory of emissions, as emissions from such source categories were suspected to be higher than previously thought.

Keep exemptions out of SIP

Modifications to the exemptions will be included in the SIP because the current list of exemptions is in the current SIP.

Do not add permit exemptions for APEN exemptions that are being removed

The Division is currently revisiting proposed changes to exemptions. While proposed changes were made adding permit exemptions, in reality these same categories were previously permit exempt (per Regulation 3, Part B, Section II.D.1.a), having been exempt from APEN (or reporting) requirements in the first place.

These pieces of equipment or activities are currently APEN, and thus, permit exempt. The Division is building an inventory of emissions from these activities. This inventory will better inform not only the future process of identifying ozone reduction strategies necessary for the next ozone SIP process, but also the amount of resources necessary to do so – this may include some form of permitting.

Require newer existing sources in 8-hr NAA to submit a RACT analysis and permit application by February 1, 2009

The Division is currently evaluating which event should be used to determine when permit applications are to be submitted for existing sources, and has asked for input from stakeholders. The Division is considering a reasonable, administratively manageable phase-in of RACT requirements for these sources.

Condensate Tanks in NAA: To Date Revision Highlights

- Formatting and typographical corrections
- Continued reorganization & citation corrections
- Alternative emissions control cut-off date: 2/1/09
- Modification – any increase in act. uncontrolled VOCs from prev. cal. Yr.
- 90-day annual emissions projection
- 98% control efficiency allows for 100 hours of downtime
- System-wide controls become subject to threshold strategy
- Total < 30 tpy actual uncontrolled VOCs in an ozone non-attainment area exemption
- Revisions of monitoring, recordkeeping & reporting
 - ◆ Presence of smoke
 - ◆ Corrective actions
 - ◆ Threshold spreadsheet
- STILL A WORK IN PROGRESS

Comments and Responses

■ Next Steps

- ◆ Post summary document on ozoneaware.org
- ◆ Revise rule language and post
 - ◆ Condensate tanks in NAA
 - ◆ RACT: Reg 3/7 conflict
 - ◆ Exemptions
- ◆ Hold follow-up discussion on 6/20/08
- ◆ Address pneumatics in NAA

Questions?