Silver Track II / Gold Track Stakeholder Meeting
February 15, 2000

<u>Handouts</u> B 1/31/00 Proposal for Implementation : NJ=s Gold Track Regulatory Program; Draft Schedule for the NJDEP Gold Track Project XL; Silver and Gold Track Rulemaking Schedule; Emission Caps Being Discussed for National NSR Reform

<u>Greenhouse Gas Reduction (GHG) Credit</u> B There will be credit and recognition given to those companies that have previously reduced GHG. DEP will work with companies in the covenant process to make sure that this issue is not lost. DEP will get back to the group with the types of things that will be considered. Credits will be allowed for reductions in buildings that took place between 1990 and 1995.

<u>Greenhouse Gas Rules</u> B These rules are due out in March.

<u>Rule Schedules</u> B Aleksandra Dobkowski-Joy from EPA presented the draft schedule for NJDEP Gold Track Project XL. The draft FPA will be presented to the group in Trenton on March 16th. (It was noted that the CIC monthly meeting is on this date, however, notices of this meeting were public noticed in the NJ Register.) On April 20th, the DEP and EPA will begin drafting the rule. The rule is expected to become operative in February of 2001.

The FPA is not legally binding and the language can be flexible.

EPA is still looking for information from Industry on their issues with the MACT rule. It was noted that the reasoning behind holding companies accountable even though their emissions were reduced was that switching in and out of MACT lengthens compliance schedules.

There were concerns raised about the timing of the rule. By the time that it is operational, there will be 8 to 9 months of operation before the Governor changes. Will the program still exist? *By that time the rules will be in place to support the covenants that will be developed on a concurrent basis with the rules.*

<u>Environmental Equity Advisory Committee</u> B The Gold and Silver Track programs will be presented to the Committee at their March meeting.

<u>Gold Track Proposal dated 1/21/00</u>

<u>Advanced Technology / Alternative Fuel Vehicles</u>

DEP and others are bound by the Governor=s executive order to purchase advanced technology / alternative fuel vehicles with a goal of attaining 15% of the total fleet powered by alternate technology.

Information on these types of vehicles can be obtained by Mike Winka, of the Department's Office of Innovative Technology and Market Development (609-984-5418).

The numbers given in the proposal document represent the percent purchase of new vehicles rather than the percentage of the total fleet.

Some participants felt that this strategy creates a market for these vehicles but does not necessarily reduce CO_2. It was felt that these vehicles may create higher maintenance and labor costs and that the extra costs may be better spent concentrating on actual CO_2 reductions from their processes. Some also pointed out that a cost benefits analysis for this strategy would not be attractive enough for companies to participate. It was also felt that Industry should decide which options they want to take to achieve goals such that they can have both flexibility as well as enhanced environmental performance. It was suggested that this should not be a core requirement but that it should be an option that can be pursued.

Concern was also expressed that technology in this area changes so fast that current vehicles may become obsolete. There were also concerns that companies should also be able to opt out if the vehicles do not meet their needs.

<u>Ozone Alert Days</u> - It was suggested that companies consider becoming Ozone Alert Days partners with the Department in much the same manner as they would with the watershed program. Companies could notify employees of ozone alert days and encourage behaviors or take actions that would reduce emissions during the hottest part of the day. **Sandra Chen** will bring more details regarding this to the next meeting.

<u>Waste Energy Credits</u> – Credits should be given for buildings build without heating and cooling units that are operated using waste energy. This strategy should be incorporated into Gold Track.

<u>Voluntary Programs</u> – Merck indicated that offering incentives to employees to change over to alternative fuel or use clean energy suppliers would be more effective for reducing emissions.

<u>Energy Deregulation</u>

It was suggested that this be an option rather than a core requirement because the costs of this affect a company's bottom line. In addition, this issue would severely hamper Gold Track participation. It was also pointed out that some companies have entered into long term contracts with energy suppliers. *It was suggested that companies look into buying credits.* In response to this, companies indicated that this would increase the cost of electricity and would offset any savings.

There should be incentives for generative energy from landfill methane or having wood burning operations on brownfields. In addition, some incentives for this would be adjusted permitting requirements.

It was noted that there were 8,000 permits submitted for energy projects last year. Air permits have been issued for 2,000 of them.

Emissions Caps - Presentation by Bill O'Sullivan

- There is usually at least a 10-fold difference between actual emissions and allowable emissions.
- Equipment replacement improves actual emissions, however production increases cause increased emissions.
- If caps are set at actual emissions, caps are broken when production increases. This would be a problem if modifications or replacement are done without SOTA to reduce emissions per product, and limit emissions per time.

A compromise could be achieved if a cap is put in place that is an insignificant increase over actual emissions as SOTA is put in place. Thus, the cap would decline as equipment replacements are made and would also allow for increases in production. NOTE: **Bill** will provide diagrams of his talk to further clarify the vision of how the caps will work.

It was pointed out by participants that costs sometimes increase with each increment of emissions reduction.

To participate in Gold Track, companies would have to have a good handle on their emissions, a good compliance history, and be in compliance with RACT and existing permits. If each of these conditions were met, then no pre-construction permits would be needed for de minimus emission (up to 5 tons/year for criteria pollutants.)

Air quality models would used to determine potential local impacts. Acceptable models would have to be comparable to those used for new sources.

The magnitude of reductions will be depend on a facility review. Larger reductions will be required if the equipment is older and has not been upgraded and the likelihood of achieving more reductions is feasible.

The question was asked that if a company was up to date with emission controls, would this mean that a company would get less flexibility. *It was stated that flexibility could be given in these cases and that maybe even more flexibility might result in proportion to companies with older higher emitting equipment.*

Russ Cerchiaro was interested in seeing how this would play out with HAP. However, he felt that this concept was Aon the same page@ with some of his proposals.

There was interested in finding out the basis for setting a limit above actual emissions as well as what commitments would be necessary in order to do this. *It was felt that there should be some discussion with facilities that have done site-wide models.*

What kind of record-keeping would be required for these caps (i.e. what is necessary for the covenant and what would be reported on the annual emissions statement.) *It is anticipated that the detailed monitoring, recordkeeping, and reporting for these covenants will be built into operating permits.*

<u>120 day letter</u> B This is expected by the end of February. It has been delayed by the inclusion of new parties into its review at EPA.

<u>Homework</u>

EPA/DEP need input for industry on Compliance and Enforcement Flexibilities, additional flexibilities, MACT, State and Federal RCRA rules, LDAR, etc. ASAP. Please send your comments to **Jeanne Mroczko**.

Bill O=Sullivan will provide diagrams of his talk to further clarify the vision of how the caps will work.

Matt Polsky will research Green Mountain Power (is it still in business?), will do benchmarking for the Abest-in-class@ for each industry (i.e. how to find this out so that a reasonable cap can be set.)

A matrix of energy conservation options will be provided.

Sandra Chen will provide more details regarding Ozone Action partnering.

Some information will be provided as to how the 90 day pilot plant fits in.

<u>Next Meeting</u>

The straw proposal will be sent out on February 28th for the March 2nd meeting.