

# SETTLEMENT AGREEMENTS TO ADDRESS GREENHOUSE GAS EMISSIONS FROM ELECTRIC GENERATING UNITS AND REFINERIES

## FACT SHEET

### ACTION

- The Environmental Protection Agency (EPA) entered into two proposed settlement agreements to issue rules that will address greenhouse gas emissions from certain fossil fuel-fired powerplants--electric generating units (EGUs)--and refineries.
- For natural gas, oil, and coal-fired EGUs: these rules would establish new source performance standards (NSPS) for new and modified EGUs and emission guidelines for existing EGUs. Under today's agreement with the States of New York, California, Connecticut, Delaware, Maine, New Mexico, Oregon, Rhode Island, Vermont, and Washington, the Commonwealth of Massachusetts, the District of Columbia, and the City of New York; Natural Resources Defense Council (NRDC), Sierra Club, and Environmental Defense Fund (EDF), EPA would commit to issuing proposed regulations by July 26, 2011 and final regulations by May 26, 2012.
  - EPA is coordinating this action on GHGs with a number of other required regulatory actions for traditional pollutants including the Utility MACT rule, the Transport Rule and New Source Performance Standards for criteria pollutants. Together, EGUs will be able to develop strategies to reduce all pollutants in a more efficient and cost-effective way than addressing these pollutants separately.
- For refineries: EPA has entered into a separate agreement with the States of New York, California, Connecticut, Delaware, Maine, New Hampshire, New Mexico, Oregon, Rhode Island, Vermont, and Washington, the Commonwealth of Massachusetts, the District of Columbia, and the City of New York; Natural Resources Defense Council (NRDC), Sierra Club, and Environmental Integrity Project that establishes a different schedule for the Agency to issue regulations addressing greenhouse gases from refineries.
  - This settlement agreement establishes a comprehensive approach of simultaneously addressing different types of air pollution (GHG, toxics and "criteria" pollutants) from different points at the refinery at the same time and in accord with EPA's Clean Air Act obligations to control emissions from this sector.
  - In addition to an NSPS for new and modified refineries, and emission guidelines for existing refineries, EPA commits to conduct a risk and

technology review of current air toxic standards for refineries.

- As part of this settlement agreement, EPA also commits to resolve the issues raised in an August 25, 2008 petition for reconsideration of the refinery NSPS. EPA would propose regulations to address all these issues by December 10, 2011 and finalize regulations by November 10, 2012.
- Before proposing these new regulations, EPA will conduct additional data collection from refineries.
- In addition, beginning in early 2011, EPA intends to conduct public and stakeholder outreach in the form of listening sessions
- A notice of these proposed settlement agreements will be published in the Federal Register and a 30-day public comment period will follow publication.

## **BACKGROUND**

- New source performance standards have been established since the 1970s for various industrial sources of air pollution that significantly endanger public health and welfare. Each NSPS must be reviewed at least every eight years and if appropriate, revised.
- In addition to the NSPS requirements established for new and modified sources, for pollutants not regulated under other parts of the Clean Air Act, EPA must establish emission guidelines that States use to develop plans for reducing emissions from existing sources. The guidelines include targets based on demonstrated controls, emission reductions, costs and expected timeframes for installation and compliance, and can be less stringent than the requirements imposed on new sources. Under existing EPA regulations, States must submit their plans to EPA within nine months after the guidelines' publication unless EPA sets a different schedule.
  - States have the ability to apply less stringent standards or longer compliance schedules if they demonstrate that following the federal guidelines is unreasonably cost-prohibitive, physically impossible, or that there are other factors that reasonably preclude meeting the guidelines.
  - States may also impose more stringent standards or shorter compliance schedules.

- These actions address several matters pending before the Agency:
  - In September 2007, EPA took a remand of its February 2006 final decision not to set GHG standards for boilers. State petitioners sent EPA letters in June 2008 and August 2009 asking about the status of the remand and Sierra Club, Environmental Defense Fund, and NRDC recently sent similar inquiries. Today's agreement does not address industrial boilers, which were also subject to the remand.
  - In August 2008, Natural Resources Defense Council (NRDC) and others petitioned EPA to reconsider a June 2008 final decision not to set CO<sub>2</sub> and methane NSPS for refineries. Petitioners also brought an action in the U.S. Court of Appeals for the D.C. Circuit challenging several aspects of the final rule including the failure to address GHG. In December 2009, EPA agreed to reconsider that decision, including the decision to not regulate greenhouse gases.
- This schedule provides a measured and sensible path forward that will allow the agency to address GHG pollution that threatens the health and welfare of Americans, and contributes to climate change. These standards are part of EPA's common-sense approach to addressing GHG from the largest industrial emissions sources.
- For more information about the settlement agreements, please contact Susan Stahle (202)564-1272 regarding refineries and Elliott Zenick (202)564-1822 regarding utilities.
- For a copy of the settlement agreement and more information about the current new source performance standards for EGUs visit <http://www.epa.gov/ttn/atw/nsps/electric/elecgenpg.html>
- For a copy of the settlement agreement and more information about the current new source performance standards for refineries, visit <http://www.epa.gov/airquality/ghgsettlement.html>