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CAA / NOX

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M E M O R A N D U M

VIA TELECOPY

TO: Jeff Holustead
White House Counsel's Office

FROM: Dick Stewart *R.B.S.*

DATE: May 19, 1992

FYI: Nalco representatives and I will be discussing these issues with David Rivkin at 10:00 a.m. today.

R.B.S.

Clean Air Act § 407 Alternative NOx Emission Limitations

Background

- utility boilers are subject to NOx emission limitations under § 407(b)(1) (based on low NOx burner technology) and § 407(b)(2)
- units subject to § 407(b)(1) which cannot meet the NOx standard using low NOx burner technology may be subject to a less stringent alternative emission limitation ("AEL"), § 407(d)(1).
- NALCO Fuel Tech has developed an advanced alternative NOx control technology that utilizes Urea Injection. By avoiding capital-intensive retrofit, this technology achieves comparable NOx emission reductions at less cost in many applications (e.g. facilities with shorter expected life, or intermittent operation).

Issues

1. What must utilities demonstrate in order to obtain limits less stringent than the presumptive limits in § 407(b)?
2. In addition to low NOx burner technology, should other forms of advanced NOx control technologies be eligible for AEL's under § 407(d)(1)?
3. What are the requirements for demonstrating technologies, other than low NOx burners, to achieve AEL's?

Flexible Provisions in 1990 CAA

nothing in this section precludes owners from installing alternative NOx control technologies capable of achieving the applicable emission limitation.

units subject to § 407(b)(1) for which AEL's have been established are not required to install any additional control technology.

ARAC NOx Subcommittee

- UARG: concern that advanced technologies could be used to impose controls in excess of the minimum requirements based on low NOx burners

- EPA: should be provisions/options to use "advanced" means including control requirements. See §§ 407(d)(1) and 407(d)(2).

EPA Draft Rule

- companies may use "advanced" NOx technologies including urea injection and be eligible for ARI's, provided requirements of §§ 407(d)(1-3) are met and proposal shows performance will meet presumptive rates.

Benefits

- gives utility companies maximum choice to select lowest cost compliance strategy; depending upon remaining book life, unit capacity factor, and uncontrolled NOx level -- low NOx burners may not be the most economic control technology.
- will promote increased competition in the NOx control industry. One basic supplier of T-fired low NOx burners, "wall-fired" low NOx burners available from four U.S. suppliers. By contrast, "advanced" (SNCR) technology available from more than 10 domestic licensees.
- promotes use of American technology; exportable; will compete with German and Japanese technologies now in use in Europe.
- utilities in Northeast, subject to more stringent ozone NOx controls, have already indicated that urea injection alternative control technology is preferable to low NOx burners; EPA NOx ruling will be critical in guiding state decisions.

and renewable energy technology transfer program to encourage the foreign use of U.S. coal and U.S. renewable energy technologies.

Requires the Secretary to undertake programs leading to the commercial application of (1) coal-derived liquid or gaseous fuels; (2) solid waste combined with coal as a fuel source; (3) non-fuel uses of coal; (4) clean coal refining technology; and (5) coalbed methane recovery and use. Provides incentives to encourage coalbed methane production including emission credits in any future greenhouse gas reduction program and procedures for establishing drilling and ownership rights.

Requires the Secretary to: (1) establish a data base on transportation rates for domestic coal, oil, and gas; (2) study the effect of the Clean Air Act Amendments on domestic coal, oil, and gas rates; and (3) establish baseline emissions of CO2 from existing utilities that apply clean coal technologies.

Title XIV - Strategic Petroleum Reserve (SPR)

Beginning in March 31, 1993, requires the Secretary to fill the SPR at an average rate of 150,000 barrels of petroleum product per day. (The current fill rate averages less than 50,000 barrels per day.) The increased fill rate is to continue until the larger of SPR contains one billion barrels, or the equivalent of 90 days of net petroleum imports. U.S. oil importers and refiners are required to set aside petroleum or its cash equivalent to meet the increased fill rate requirement and to pay for oil storage costs. Importers and refiners would retain title to their product and would be reimbursed if it is drawn down. The Secretary is to carry out the SPR expansion only to the extent that funds are appropriated.

Also requires the establishment of a 50 million barrel Refined Petroleum Product Reserve to be located in the Mid-Atlantic or North East Region and authorizes the use of the SPR to address price spikes.

Title XV - Octane Display and Disclosure

Amends the Petroleum Marketing Practices Act (PMPA), which provides for certification and posting of automotive fuel ratings, to include all liquid automotive fuels (e.g., gas-alcohol blends). Grants States and localities broader authority to enforce PMPA octane labeling and posting requirements. The Secretary and the EPA Administrator are required to study anti-knock characteristics of non-liquid motor fuels and the FTC and the Administrator are required to study the need for a uniform national gasoline label.