

Georgia Department of Natural Resources

Environmental Protection Division · Air Protection Branch

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Noel Holcomb, Commissioner

Carol A. Couch, Ph.D., Director

July 14, 2006

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Re: Draft Rule Language Implementing the Annual NO_x Provisions of the Clean Air Interstate Options for Georgia - Stakeholder Involvement Request

Dear «Title» «LastName»:

In March 2005, U.S. EPA Acting Administrator Johnson signed the Clean Air Interstate Rule (CAIR) which establishes annual and ozone season NO_x allowance budgets and annual SO₂ allowance budgets for fossil-fuel fired electric generating units (EGUs) located in states primarily on the U.S. East Coast. In Georgia, the CAIR Rule establishes annual NO_x and SO₂ allowance budgets but does not impose an ozone season NO_x allowance budget. With that in mind, EPA must allocate limited annual allowances to fossil fuel-fired EGUs located statewide.

The Georgia EPD must submit a State Implementation Plan (SIP) revision to EPA that includes source-specific allocations of maximum allowance annual NO_x and SO₂ emissions, as well as regulations that address the extent of Georgia's involvement in the federal NO_x and SO₂ cap-and-trade program. To that end the Georgia EPD facilitated a discussion of the CAIR rule with interested stakeholders on October 20, 2005, November 22, 2005, March 9, 2006, and May 11, 2006 in Atlanta. Draft rule language implementing both the annual NO_x CAIR rule and the annual SO₂ CAIR rule was sent to the stakeholders in late February 2006 with discussion of the draft rule language occurring at the March 9, 2006 stakeholder meeting.

Various stakeholders prepared and submitted written and/or oral comments on applicable CAIR rule issues and the draft rule language starting in the fall of 2005 all the way through to April 2006. Stakeholder comments showed consensus on the draft SO₂ CAIR rule language and as such no changes have been made to the draft SO₂ CAIR rule language. Stakeholder submitted comments on the draft annual NO_x CAIR rule in which they requested alternative approaches to the formula for computing NO_x allowance allocations as well as their support or lack thereof on inclusion of an Energy Efficiency/Renewable Energy (EE/RE) set-aside program.

The Georgia EPD carefully reviewed all comments and has drafted a second version of the annual NO_x CAIR rule implementing a revised approach for allocating NO_x allowances. This

draft version does not contain language implementing an EE/RE set-aside program; however, EPD may include such language in an upcoming draft rule version once Georgia EPD has made a decision on whether an EE/RE set-aside program will be included in the proposed annual NOx CAIR rule program.

A copy of the annual SO₂ CAIR rule language has been included and it should be noted that this version of rule language has not been revised. In addition a copy of the revised annual NOx CAIR rule language is enclosed with this letter. With that in mind, the Georgia EPD is seeking stakeholder input regarding the enclosed draft rule language for both NOx and SO₂ CAIR rule programs. Any written comments on the draft rule language should be submitted on or before August 7, 2006.

If you have any questions please contact Susan Jenkins at (404) 362-4598.

Sincerely,

Jimmy Johnston, P.E.
Program Manager
Planning and Support Program

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Enclosures