


Status Update
Proposed Revisions
to AQ Regulation No. 7
as Part of the EAC for Ozone



Staff Presentation to the
Regional Air Quality Council
November 9, 2006



Proposed Revisions to AQ Regulation No. 7

- Tighten existing control requirements of the oil & gas industry in the Denver/North Front Range area in response to unanticipated growth in flash emissions
- Maintain the controlled emissions levels (91.3 tpd in 2007) presented in the EAC's approved OAP.
- Add control requirements for the oil & gas industry on a state-wide basis.



RAQC Pre-Hearing Statement

October 11, 2006

- Preserve the EAC
- Maintain the 91.3 tpd level in the OAP
- Support flexibility including consideration of a system-wide approach to control
- Consider increasing the default “rule effectiveness”
- Review growth projections
- Oil & gas industry is not the sole focus of the control efforts in the OAP.
- Support the statewide control requirements.



Major Issues

- System-wide vs Threshold approach
 - **Division proposal**
 - **Industry alternative proposal**
- Growth projections
- Rule Effectiveness
- Use of Alternative Modeling
- Environmental Defense Alternative Proposal
 - **Accelerate required control date in EAC area**
 - **Lower threshold levels statewide.**



System-wide vs. Threshold Approach

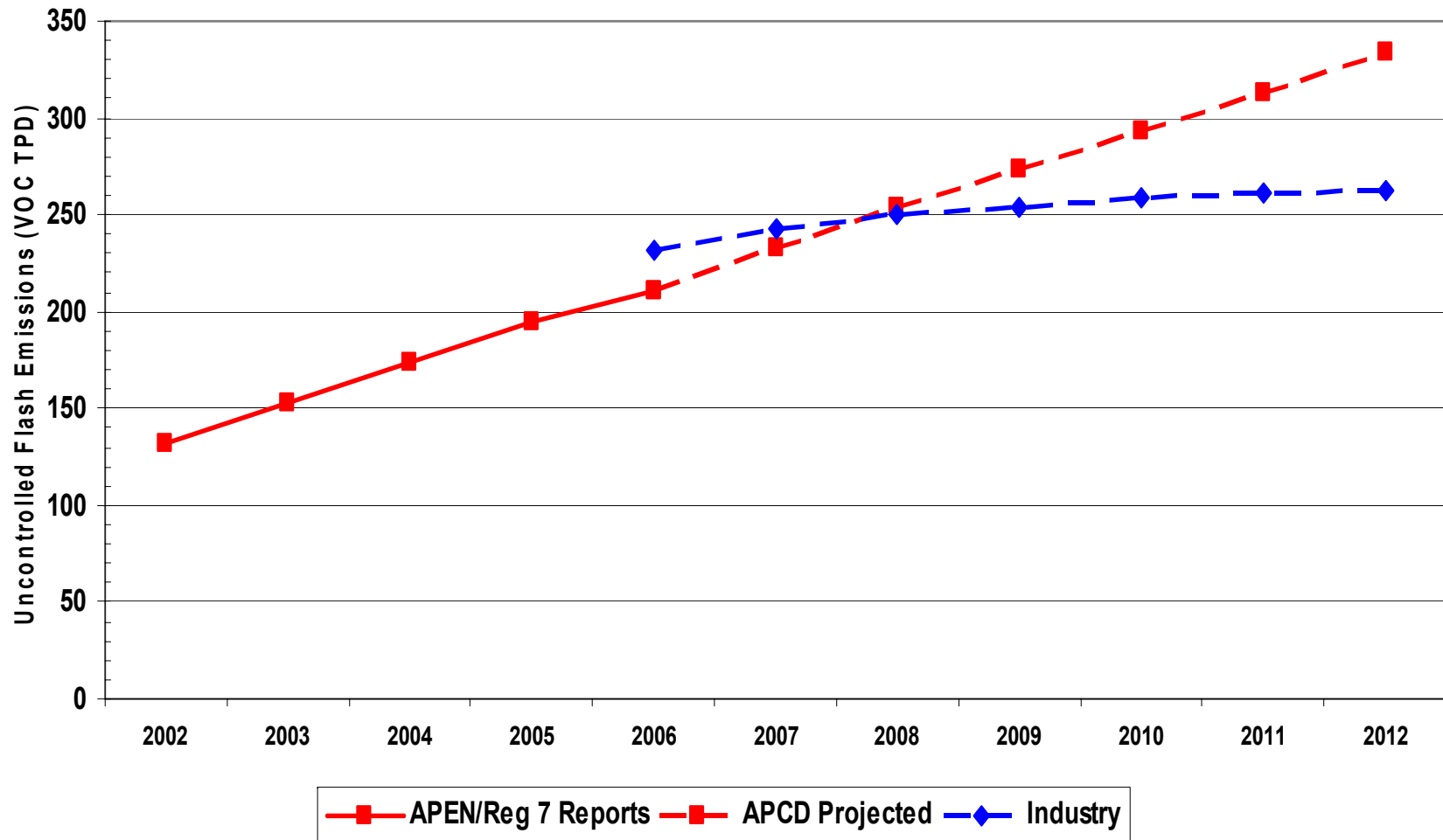
- **Current regulation:**
 - 47.5% system-wide reduction in 2007 and beyond.
- **APCD proposal:**
 - control on all tanks with uncontrolled flash emissions ≥ 11 tpy in 2007 and ≥ 6 tpy in 2012.
 - Environmental Defense advances the 2012 requirement to 2009
- **Industry proposal:**
 - maintain system-wide approach with an increase from 47.5% to 65% reduction.
- **RAQC staff:**
 - calculates a required 70-75% system-wide reduction to maintain 91.3 tpd in 2007



Growth Projections

- APCD analysis uses a straight line methodology through 2012.
- Industry provided an engineering analysis showing moderating growth through 2012.

Growth Projections





Rule Effectiveness

- **Rule Effectiveness is a factor applied to a regulation to discount the emissions reduction estimate used in a SIP inventory**
 - takes into account monitoring, reporting, compliance history, type of inspections, O & M instructions, unannounced inspections etc.
- **Current Rule Effectiveness (RE) Assumptions**
 - Previous EPA Guidance used a default RE of 80%
 - New Guidance (August 2005) gives 5 ranges of REs based on a number of factors noted above.
- **Based on new guidance, it appears a rule effectiveness factor of 86% is justified with additional reporting requirements and can be used in the proposed Regulation No. 7**



Alternative Modeling

- **Industry performed additional photochemical modeling and claims this modeling shows**
 - increased oil & gas flash emissions are insignificant in terms of increasing ozone concentrations, and
 - the 91.3 tpd controlled emissions in 2007 could be increased to 124 tpd
- **APCD, EPA & RAQC staff believe that the modeling is flawed and is of insufficient quality to be used to support a change in the OAP.**
- **APCD has performed meteorological analysis that show oil & gas emissions can impact problem monitors.**



Statewide Rule

- Parties generally support the statewide rule as proposed by APCD, with some details outstanding.
- Environmental Defense has proposed
 - **lowering the threshold levels statewide from 20 tpy to 11 tpy tanks**
 - **Adding controls on 6 tpy tanks statewide by May 2012**