TCEQ HRVOC Stakeholder Group
HECT Program Allowance Reallocation
Wednesday June 10, 2009, 2:00 - 4:00 P.M.
Houston-Galveston Area Council

Moderator: Susana Hildebrand
Presenters: Jay Tonne and Luke Baine

Summary of items discussed at the meeting.

Staff presented an update of the development of the Houston-Galveston-Brazoria (HGB) Attainment Demonstration State Implementation Plan (SIP) Revision for the 1997 Eight-Hour Ozone Standard and the concept of a HRVOC Emission Cap and Trade (HECT) program allowance reallocation methodology and cap reduction.

Doug Thompson with Albemarle spoke on behalf of The Coalition of Manufacturers for Air Quality, COMAQ. COMAQ supports what the TCEQ is doing but wishes the cap reduction and reallocation of allowances were approached and addressed as separate issues. They support a cap and trade program for HRVOC emissions but commented that the allocation methodology needs to be changed.

A stakeholder asked for clarification on using Ike as an example for the set-aside for emission events.

TCEQ staff responded that Hurricane Ike was suggested as an example of a worst case situation in which all HECT participants could simultaneously release the maximum amount of HRVOC emissions. The TCEQ could reference this total amount of emissions for the HECT emission events set-aside pool.

A stakeholder asked if the agency was considering expanding the HECT program applicability to other counties or expanding the list of chemicals.

The rule project concept approved by the executive director does not include either option.

A stakeholder asked how the agency is going to address the reallocation for a company that has voluntarily reduced emissions.

TCEQ staff responded that the TCEQ is looking at different options on how to create the allocations. The TCEQ is requesting input on how to reallocate. With historical emissions data that the TCEQ has, the TCEQ can ensure companies that have voluntarily made reductions are appropriately credited and all companies receive enough allowances to operate.

A stakeholder inquired whether the TCEQ is looking at other agency rules with regard to HRVOC emissions.

For this project, the TCEQ is strictly looking at the HECT rule, Chapter 101, Subchapter H, Division 6.

A stakeholder had a question about what the TCEQ meant by saying uncontrolled emissions and potential to emit in relation to a potential reallocation?

TCEQ staff responded that in selecting the reallocation method one option could be to use uncontrolled emissions. In addition, emissions inventory data compared with control efficiency and potential to emit can help make better reallocation decisions.

A stakeholder asked if the TCEQ had published the modeling sensitivity and if we have we done any others modeling runs.

All air quality modeling data files and documents for the 8-Hour Ozone SIP in the Houston-Galveston-Brazoria area can be found at:

http://www.tceq.state.tx.us/nav/eq/eq_air_moddata.html

and the 25% HECT Reduction Modeling Sensitivity information can be found at:

http://www.tceq.state.tx.us/assets/public/implementation/air/am/committees/pmt_set/20090623/20090623-hect-karp.pdf

Multiple stakeholders asked what the average usage of the cap was.

TCEQ staff responded that that the average usage was around 50% of the allowable cap.

Multiple stakeholders inquired whether cost effectiveness numbers had been researched.

TCEQ staff responded that there is an Environ report, number 2008-014, entitled Cost Analysis of HRVOC Controls of Polymer Plants and Flares that is available at:

http://www.tceq.state.tx.us/assets/public/implementation/air/rules/misdocs/HRVOC_Cost_Analysis_Report.pdf

A follow-up study will be available at the end of the summer.

Multiple stakeholders asked why the TCEQ modeled a 50% reduction in the cap and why reaching 87.9 ppb is significant. Stakeholders also inquired about the model results compared to the monitor's values.

TCEQ staff clarified that only a 25% reduction, not a 50% reduction, in the cap was modeled. A modeled 25% cap reduction would bring the highest monitor in the HGB area down to 87.9 ppb. At this level the EPA allows for a Weight of Evidence to be considered as part of the attainment demonstration. The TCEQ expects sources to continue operation at 50% of the original cap and for the airshed to see the benefits of operating at the level.

A stakeholder asked about the actual emissions breakdown for flares and cooling towers.

TCEQ staff responded that flares account for approximately 60% of the HECT emissions. The percentage for cooling towers is unknown at this time.

A stakeholder asked if the flare study would affect the HECT program.

TCEQ staff responded that because the flare work is not finished, any impact on the HECT program is unknown. Changes that affect the HECT Program as a result of the flare study will be taken into account within that project.

A stakeholder inquired about the reduced amount of emissions in 2007 and 2008 due to the downturn of the economy and that the total HECT program emissions might not reflect normal operations.

TCEQ staff agreed that the downturn of the economy is a possible explanation for reduced emissions in 2007 and 2008. The 2006 control period was before the economic downturn and the emissions reductions from 2006 to 2007 and 2008 are significant. Three years of data is being used to get an average that accounts for all the different factors, including economic downturn.

A stakeholder commented about the percentage of emission events that are not accounted for under the cap. They expressed that the number of tons could be huge and not reported. If the goal is to improve air quality those emission events shouldn't be excluded.

TCEQ staff clarified that emission events that exceeded the 1200 lb/hr are the only ones not included in reconciling the cap. Events are still addressed through the TCEQ's efforts to analyze the causes of a monitor's "spike" and to identify and work with sources to correct problems. The 1200 lb/hr limit is a 1-Hour Ozone SIP in the Houston-Galveston-Brazoria area provision. It is important for stakeholders who provide comment on changing this limit to explain how changes would avoid backsliding.

A stakeholder asked what the TCEQ will do about the credits that have already been traded.

TCEQ staff responded that the reallocation would affect all accounts and future year individual or stream trades.

Next meeting:

Stakeholders were advised that a follow up meeting to discuss the reallocation methodology would be held.

Note: Schedule for July 2nd

Hyperlink:
http://www.tceq.state.tx.us/assets/public/implementation/air/rules/misdocs/HECT070209.pdf