



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

OCT 12 2010

OFFICE OF
AIR AND RADIATION

Mr. Keith Baugues
Assistant Commissioner, Office of Air Quality
Indiana Department of Environmental Management
9501 W. Devon Avenue, Suite 701
Rosemont, Illinois 60018

Dear Mr. Baugues:

Thank you for your letter of August 16, 2010, co-signed by four of your colleagues, recommending ways to improve the State Implementation Plan (SIP) process. The U.S. Environmental Protection Agency (EPA) is committed to working with our state partners to ensure an efficient and effective SIP process to provide air quality that meets the National Ambient Air Quality Standards (NAAQS) for all our nation's citizens.

I share your concern that delays in federal guidance can hinder the state air quality planning process. At the same time, there are challenges to simultaneously proposing the implementation requirements and new monitoring requirements along with the proposal of a new NAAQS. We cannot always complete implementation guidance with the necessary specificity until after the NAAQS has been finalized. EPA has finalized implementation guidance at the same times as the final NAAQS in several cases (i.e. lead, nitrogen dioxide, sulfur dioxide). However, where this cannot be achieved, our goal is to propose the implementation guidance along with the issuance of a new or revised final NAAQS to ensure states can begin their planning with a picture of the direction and options provided in the Agency's guidance.

I agree with you that coordination and communication across EPA Regions and Headquarters as well as communication between EPA and the states is vital in reducing delays and resource expenditures during the review process. I appreciate your comments on this topic.

With respect to your recommendation concerning national and regional measures for mobile source and fuels, EPA has established a number of national regulations to reduce emissions from on-road gasoline and diesel vehicles, as well as from a wide variety of non-road engines and vehicles including construction and lawn and garden equipment, personal watercraft, locomotives, marine vessels, and, most recently, ocean going vessels. These regulations will provide substantial national emissions reductions over the next 20 years. Certainly, areas may need additional emissions reductions. As such, in May 2010, the President directed EPA to review the adequacy of emissions standards for new motor vehicles and fuels for criteria pollutants and toxics, including the ozone precursors. If the review finds new regulations are necessary, EPA is to promulgate such regulations as part of a comprehensive approach toward regulating motor vehicles.

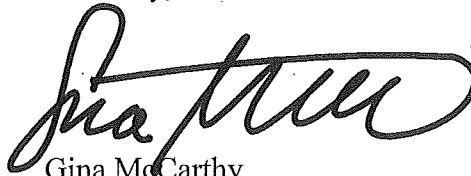
EPA is regulating fuels on a national basis. EPA has regulated the sulfur content of gasoline, diesel fuel used by on-road vehicles and off-road equipment, and the bunker fuel used by ocean-going vessels. These fuel regulations enable the use of advanced control technologies to reduce nitrogen oxide and particulate matter emissions. We continue our efforts to reduce emissions from the legacy diesel fleet through the National Clean Diesel Campaign (NCDC) and the SmartWay program. NCDC works with fleet operators, manufacturers, environmental and community organizations, and state and local officials to reduce diesel emissions through retrofitting, re-powering, or replacing diesel vehicles and equipment. NCDC helps to fund these actions by issuing Diesel Emissions Reduction Act (DERA) grants. The SmartWay program collaborates with the freight sector to improve energy efficiency and reduce greenhouse gas and air pollutant emissions.

Concerning your final recommendations, EPA agrees that there should be a balance between modeling and data analysis in states' attainment demonstrations. The most recent version of the modeling guidance (2007) recognizes that modeling is important and necessary, but also recommends supplementing the modeling results with ambient data and emissions analyses. We also recommend dynamic evaluation of models to help determine if the modeled concentration trends match ambient data trends. All of these analyses should be part of a comprehensive attainment demonstration package. States should work with their EPA Regional office to identify the appropriate analyses for their nonattainment area(s). In addition, EPA will expand the discussion of supplemental analyses in the next version of the modeling guidance, due to be released in 2011.

Many of the principles and recommendations you have recommended share themes with comments we have heard from other states, the National Association of Clean Air Agencies (NAACA), the Environmental Council of States (ECOS) and other interested groups. EPA is working collaboratively with NAACA and ECOS on a workgroup with the goal of making the SIP process more efficient and effective while ensuring the fulfillment of statutory responsibilities to attain the NAAQS as expeditiously as practicable. The NAACA-ECOS-EPA initiative to improve the SIP process includes efforts to: 1) compile the various recommendations EPA has received, including the January 2005 recommendations of the Clean Air Act Advisory Committee's Air Quality Management Work Group related to "Transforming the SIP Process" and others; 2) note those to which EPA has responded and how; 3) identify and prioritize those worthy of further pursuit; and 4) determine next steps. I encourage you to remain active in vetting your ideas through the NAACA-ECOS-EPA workgroup.

Again, thank you for your letter. If you need more information concerning the NAACA-ECOS-EPA workgroup, please contact Ms. Carey Fitzmaurice in the Office of Policy and Review at (202) 564-1667.

Sincerely,

A handwritten signature in black ink, appearing to read "Gina McCarthy". The signature is fluid and cursive, with a large, sweeping flourish at the end.

Gina McCarthy
Assistant Administrator

LAKE MICHIGAN AIR DIRECTORS
CONSORTIUM

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August 16, 2010

Gina McCarthy
Assistant Administrator
Office of Air and Radiation
Mail Code 6101A
U. S. Environmental Protection Agency
1200 Pennsylvania Avenue NW
Washington, D.C. 20460

Dear Ms. McCarthy:

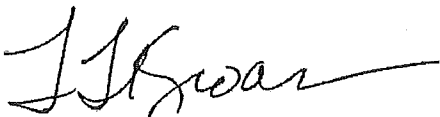
On behalf of the Lake Michigan Air Directors Consortium (LADCO), we wish to offer recommendations on four issues to improve the State Implementation Plan (SIP) process. Specifically, these issues are:

- Issue timely guidance
- Improve internal Environmental Protection Agency (EPA) communication and coordination
- Pursue more national/regional measures for mobile sources and fuels
- Promote a more balanced modeling-data analysis approach in attainment demonstrations

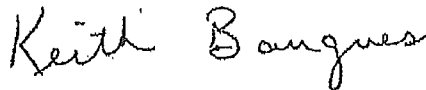
As EPA continues to work on ways to improve the SIP process, including its current discussions with the National Association of Clean Air Agencies and the Environmental Council of the States, we think it is important that attention be given to these issues.

Please contact any of us, if you wish to discuss these recommendations.

Sincerely,



Laurel Kroack,
Chief, Bureau of Air
Illinois Environmental Protection Agency



Keith Baugues
Assistant Commissioner, Office of Air Quality
Indiana Department of Environmental Management

SIP Reform Issues and Recommendations: LADCO Position Paper

The States of Illinois, Indiana, Michigan, Ohio, and Wisconsin (i.e., the LADCO States) request Environmental Protection Agency (EPA) action on four key issues for improving the State Implementation Plan (SIP) process:

- Issue timely guidance
- Improve internal EPA communication and coordination
- Pursue more national/regional measures for mobile sources and fuels
- Promote a more balanced modeling-data analysis approach in attainment demonstrations

The LADCO States wish to offer specific recommendations to EPA on each of these issues. The LADCO States also wish to acknowledge and support efforts by the Southeast States in pursuing these (and other) issues intended to improve the SIP process.

Background

Implementation of the Clean Air Act has resulted in better air quality for millions of Americans. In Region V, air quality trends are significantly downward for all major air pollutants. For example, between 2001-2003 and 2007-2009, the number of monitoring sites with design values over the 1997 8-hour ozone standard has decreased from over 110 to 0. Nevertheless, to address new challenges, including tighter federal air quality standards and new regulatory requirements, changes to the air quality management process are needed.

A notable recent milestone in assessing the current SIP process was the National Resource Council's 2004 report "Air Quality Management in the United States" and subsequent work by EPA through the Clean Air Act Advisory Committee (CAAAC). Among other things, the National Research Council recommended that the SIP process be transformed into a "...more dynamic and collaborative performance-oriented, multipollutant air quality management plan (AQMP) process." In its January 2005 report to the CAAAC, EPA's Air Quality Management Workgroup agreed with this point and offered 38 specific recommendations to improve the current air quality management system.

Subsequent efforts to identify improvements to the SIP process include the Region 7 State and Regional Office Kaizen process and the Southeast States' SIP reform initiative. The Region 7 Kaizen process began in 2009 and was intended to: (a) ensure all approvable SIPs occur within statutory timeframes, (b) SIPs of sufficient quality to be approvable on first pass, (c) reduce processing time by 1/2, and (d) eliminate 1/3 of SIP backlog each year for next three years.

In late 2009, the Southeast States began an initiative to provide recommendations to EPA on improving the SIP process. Attempting to build on prior efforts, the Southeast States drafted a set of guiding principles and are currently working on a list of key issues (and associated recommendations). To oversee their activities, the Southeast States established a Policy/Communications Workgroup and a Technical Workgroup. Three LADCO representatives joined the Technical Workgroup: Bob Irvine, MI; Bob Lopez, WI; and Mike Koerber, LADCO.

4. Promote a more balanced modeling-data analysis approach in attainment demonstrations

Mathematical computer models play an important role in the air quality planning process. The January 2005 CAAAC report notes, however, that the current system is “top-heavy on modeling” and “light on tracking progress. Enhanced tracking and ambient monitoring data is a better use of available resources than intensive local modeling.” When EPA last updated its modeling guidelines (“Guidance on the Use of Models and Other Analyses for Demonstrating Attainment of Air Quality Goals for Ozone, PM2.5, and Regional Haze”, April 2007), it continued to promote the use of air quality models to demonstrate attainment, but also recognized the use of complementary analyses of air quality, emissions, and meteorological data in a weight of evidence determination. Oftentimes, there is still undue emphasis on modeling.

We think that a more balanced modeling-data analysis approach should be taken in demonstrating attainment. There is considerable value in ambient monitoring data and associated data analyses, including information on the effectiveness of past control programs and future possible emission reduction options. While the modeling process is well established through many years of applications, additional work will be needed to establish and ensure implementation of appropriate data analyses procedures.

Recommendation: EPA should modify its guidance to promote a more balanced use of modeling and data analyses to support air quality planning, including providing the basis for attainment demonstrations.

Summary

The States of Illinois, Indiana, Michigan, Ohio, and Wisconsin, hereby, wish to recommend the following actions by EPA to improve the air quality management process:

- (1) Propose and finalize a complete set of regulatory requirements together with its action to review and revise the NAAQS. EPA should also work with states to estimate the resources needed to implement any new requirements and identify a mechanism to provide these resources.
- (2) Establish procedures for reviewing state submittals which emphasize consistency, timeliness, and certainty.
- (3) Work with states to identify opportunities for additional federal measures for on-road and off-road sources.
- (4) Modify its guidance to promote a more balanced modeling-data analysis approach in attainment demonstrations.