

EPA Proposed Rules, TERP Next Steps,  
Federal Funds: Making it work for Texas

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# Overview

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## Just the Facts: Texas Air Quality

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Proposed EPA Rules and Standards: Ozone, PM2.5, RMP, Methane, Trucks and Good Neighbor Rule

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A role for Federal Funding?

# Non-Attainment Areas in Texas

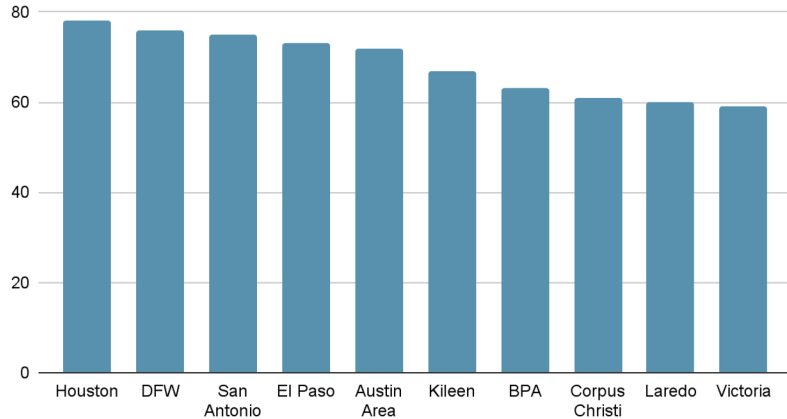
Pollutant	Areas	New Level of Non-Attainment
Ozone, 2008 Standard	Dallas-Fort Worth, Houston-Brazoria-Galveston	From Serious to Severe
Ozone, 2015 Standard	El Paso, Dallas-Fort Worth, Houston-Brazoria-Galveston, San Antonio	From Marginal to Moderate
Sulfur Dioxide, 2010 one-hour standard	Rusk, Titus, Howard, Panola, Freestone, Anderson, Navarro, Hutchinson, Howard	TCEQ has submitted SIPs for several that should take them off list, but Rusk-Panola is the most contested
PM - 10, 1997	El Paso	Moderate but considered Attainment

Recently, EPA took action bumping up non-attainment ozone levels in DFW, SA, HGB, and El Paso

Texas currently has four major areas that fail to meet the health-based standards of the EPA for the 2015 8-hour ozone: Dallas-Fort Worth, Houston-Galveston-Brazoria, San Antonio and El Paso. In fact, the first two not only fail to comply with the 2015 NAAQS for ozone, but also have failed to meet obligations under the 2008 NAAQS. Recently, the EPA has rightly formally pointed out that both DFW and HGB areas failed to meet standards for both the 2008 and 2015 standards and bumped up both areas from serious to severe, which will require further obligations. Similarly, San Antonio failed to meet its requirements under the 2015 standards, and EPA is proposing bumping up San Antonio from marginal to moderate for ozone pollution.

## Reminder - High Pollution Levels Impact People's Health, Workdays and Lifespans and Our Economies

4th Highest, 3-year ozone average (2020-22)



EPA also looking at Permian Basin and will Texas be considered a contributing zone for ozone for high ozone levels in New Mexico but..

No Actual Proposal Yet

Sierra Club issue - we need more monitors in Midland Odessa for ozone and SO<sub>2</sub>!

Ozone remains our most serious air quality concern, and EPA is also considering a review of the current 2015 standard of 70 PPB which might lead to other areas not meeting the standard!

# EPA Upcoming Clean Air Rules Expected Soon: PM 2.5

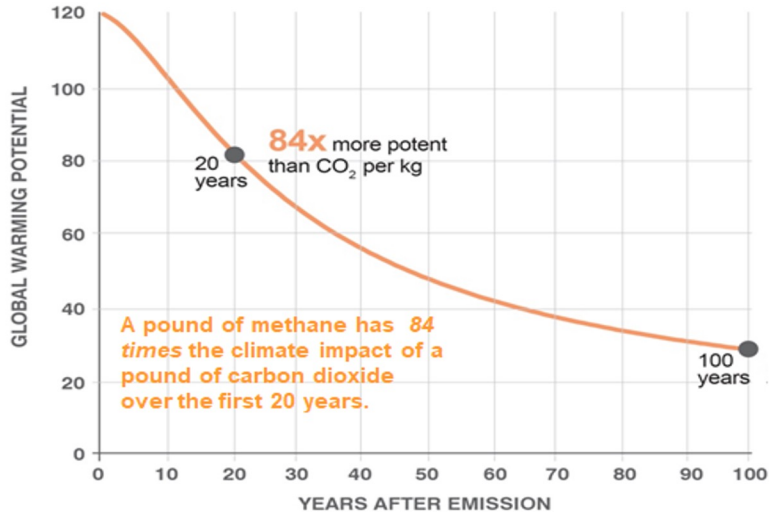
- **PM NAAQS (aka soot standard) - revising PM 2.5 level downward**
- **We expect EPA to propose lowering annual and 24-hour PM2.5 standard, followed by 60-90 day public comment period with adoption in late 2023;**
  - **A strong body of scientific evidence shows that long- and short-term exposures to fine particles (PM2.5) can harm people's health, leading to heart attacks, asthma attacks, and premature death. PM is emitted directly from sources such as construction sites, unpaved roads, fields, smokestacks or fires, but most particles form in the atmosphere as a result of complex reactions of chemicals such as sulfur dioxide and nitrogen oxides, which are pollutants emitted from power plants, oil and gas fields, industrial facilities and especially older diesel vehicles.**

## **Cities with Highest PM 2.5 Levels?**

Houston, Nuevo Laredo, San Antonio, El Paso

# Methane Rule. Waiting on Final Supplemental Rule... Any day now

## THE METHANE PROBLEM



Methane emissions estimated at 16 million metric tons per year from oil and gas sector.. But

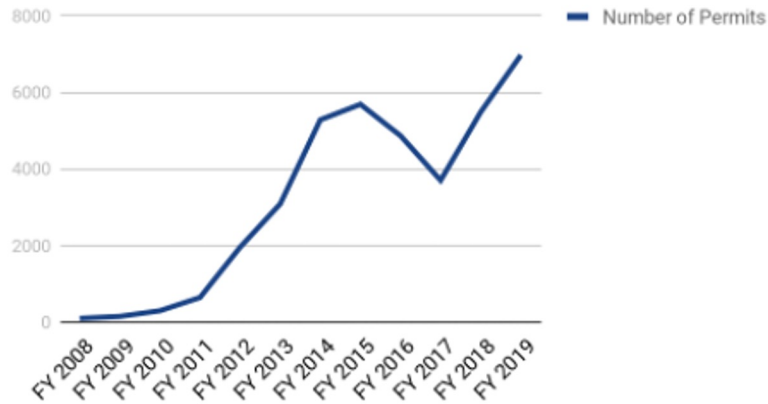
Recent studies have found actual emissions may be much higher, as much as 5X higher due to improper flaring, venting and other issues

No state could benefit more from federal regulations that reduce methane emissions (and associated gases) than Texas

Key Issues - No Bleed Pneumatic Devices; Community Monitoring, Cover all wells, including low-producing wells ;

# Federal Methane regulations would be very important in Texas

Exceptions to Statewide Rule 32 (Flaring Exceptions)



While Railroad Commission of Texas has made some modest improvements, still over 3,000 exceptions granted in FY 2022 for flaring and some of those did not flare properly

TCEQ still only requires cameras for a very small percentage (5-10%) of operators that have newer wells - most have no requirements

EPA Methane rule would cover new and existing infrastructure

# Truck Standards ...i.e. Control of Air Pollution From New Motor Vehicles: Heavy-Duty Engine and Vehicle Standards Proposal Out in March of 2022

Under the proposal, The US Environmental Protection Agency (EPA) would set more advanced standards (engine and other controls) beginning with MY2027 vehicles that would reduce emissions of smog- and soot-forming nitrogen oxides (NOx) from heavy-duty gasoline and diesel engines and set updated greenhouse gas (GHG) standards for certain commercial vehicle categories. This means new heavy vehicles will be even cleaner in the future, and it also means that ***TERP programs could play a vital part in helping areas move toward these cleaner vehicles***, especially between now and 2027

Hearings were held in April

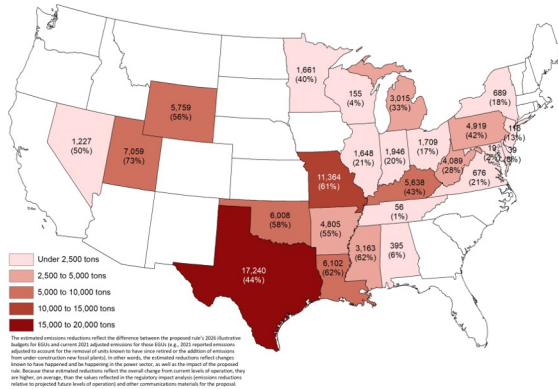
Comments were due in May

Final rule expected... soon

Rule proposes 2 different options but both shown to reduce PM2.5, NOX and Greenhouse gas emissions substantially



# CSPAR



# Chemical Safety Rule or RMP (Risk Management Plan)

EPA has proposed a comprehensive replacement of CSPAR or the Good Neighbor Rule which would impose significant reduction of NOx and other compounds to reduce downwind impacts on ozone formation.

Covers both power plants, but for the first time other manufacturers (paper and pulp, chemical, Etc)

EPA has proposed a new *Safer Communities by Chemical Accident Prevention Rule*.

*Requires improved planning, some phase out and better onsite practices.*

Section 112(r)(7) of the Clean Air Act Amendments requires EPA to publish regulations and guidance for chemical accident prevention at facilities that use certain hazardous substances. Public Input recently ended on proposal.

## **TERP Remains Effective Strategy for reducing NOx and Ozone formation**

Between 2001-2020, the Diesel Emissions Reduction Incentive Program provided over \$1 billion to replace or upgrade 19,955 vehicles and pieces of equipment. These projects will reduce NOx in the nonattainment areas and other affected counties by 183,434 tons.

Other important programs include ERIG, Drayage and Seaport, and New Technology Implementation Programs, and Energy Efficiency through SECO/ESL.

TERP Remains an Effective Tool to Clean Up Emissions from many of the sources which cause Texas to have dirty air and not meet EPA rules, and could help Texas with a number of the proposed rules

More frequent and better reporting needed



**SB 1 required an annual report but we haven't seen it from TCEQ**

**HB 4472 requires reporting from TXDOT on their share of the money but we haven't seen it yet**

## TWEAKS. Energy Efficiency

- TERP legislation includes energy efficiency measures already, and assuring that we continue to fund Energy Systems Laboratory to assess building codes, and energy efficiency savings is key
  - Legislative fix needed to allow SECO to update energy code for more savings
  - Slightly higher administrative funding needed for ESL
  - Capturing the savings from Utility Programs and New Federal Energy Efficiency programs could be incorporated into TERP calculations
  - WE could add energy efficiency programs to TERP like revolving loan program, but we now have federal funding

# Some TERP Tweaks

- Light-Duty Vehicle Incentive

## Program

- No one is using natural gas vehicles
- Move the car program to electric vehicle
- Move to Point of Sale incentive

- Air Monitoring Money Needed to Address Emerging Issues

- New Technology Implementation Grants

- Has been underutilized, but could be expanded to help meet federal regulations now before rules are required: Methane, CSPAR, etc.

## Could TERP also address PM2.5?

While EPA has yet to lower the PM2.5 standard, if they do, then we could allow TERP to be used more directly for PM 2.5 measures, particularly where there are co-benefits.

Specific programs could be developed to target NOx and PM 2.5 concurrently

## Can We Deeply Electrify Transportation?

Use TERP money combined with IIJA/IRA money to more deeply electrify transportation in Texas

# Some New Federal Programs Texas could Take Advantage of that could also help on Air Pollution

## **TDHCA: WAP**

\$173 Million over 5 years, including \$121 for new state program

## **EPA: IRA**

Methane Tax (for non-compliers) but also funding available to reduce methane

## **SECO: IIJA**

EE Revolving Loan Fund Capitalization Grant Program

## **RRC: IIJA**

Well Plugging and Cleanup

## **SECO: IRA**

HOMES & High Efficiency Electric Rebate Program

## **DOT and EPA: IIJA**

EV Infrastructure  
Clean School Bus

**If we work together we can use TERP to get a leg up  
on meeting federal regulations, reducing pollution  
and helping electrify transportation**



Thank you!



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