



North Carolina Department of Environment and Natural Resources

Division of Air Quality

Pat McCrory
Governor

Sheila C. Holman
Director

John E. Skvarla, III
Secretary

December 31, 2014

Stuart Perry
Chief, Indoor Environments and Grants Section
Air, Pesticides and Toxics Management Division
U.S. Environmental Protection Agency, Region 4
Sam Nunn Atlanta Federal Center
61 Forsyth Street
Atlanta, Georgia 30303-8960

Subject: FY14, 105 Grant Discussion of Performance

Dear Mr. Perry:

This letter is submitted per the Air Planning Agreement (Section 105 Grant, Cross Cutting Issues item #4).

A. Discussion of accomplishments as measured against work plan commitments

- The North Carolina Division of Air Quality (DAQ) met all commitments agreed to in the FY14 Air Planning Agreement.

B. Discussion of the cumulative effectiveness of the work performed under all work plan components

- The DAQ works with the state's citizens to protect and improve ambient air quality in North Carolina. To carry out that mission, the DAQ has programs for monitoring air quality, permitting and inspecting air emission sources, and developing plans for improving air quality. All goals for monitoring, permitting and compliance programs are being met.
- The DAQ requests EPA to finalize the 2008 Ozone NAAQS "SIP Requirements Rule" to facilitate state planning activities.
- In compliance with Section 176(c) of the CAA, the DAQ chose, through rulemaking as referenced in 15A NCAC 02D .2005, to develop Conformity Memorandum of Agreements (MOAs) to ensure that interagency consultation procedures for transportation conformity are followed in each of the nonattainment or maintenance areas in the state. The DAQ has conducted several interagency consultation meetings with transportation partners and the EPA in regards to the Charlotte area 2008 ozone NAAQS redesignation request.

- The DAQ continues to operate a task force to facilitate the implementation of 112(d) MACT and GACT standards. The MACT task force identifies permitted facilities, and in some cases unpermitted facilities, potentially subject to the area source GACTs. The following was accomplished in FY14.
 - To facilitate outreach to the regulated community regarding compliance with the Boiler GACT and RICE rules, several outreach campaigns were promoted through email, telephone and website mediums.
 - A key component for the DAQ staff and regulated community is providing permitting conditions and regulatory guidance for MACTs and GACTs:
<http://www.ncair.org/permits/insig/>

C. Discussion of existing and potential problem areas

- Some rules issued by EPA offer short timeframes for adoption by states. The North Carolina rulemaking process generally takes longer than 12 months to complete. Over the last year, additional rulemaking related requirements have been imposed via statutory changes to the North Carolina Administrative Procedures Act. These requirements have the potential to lengthen the rulemaking process even further. To the extent feasible, EPA should allow more time for completion of state level rulemaking and submittal of rules for approval into the SIP.
- Discussions about the potential ambient monitoring requirements for SO₂ source-oriented sites are a major concern. The DAQ looks forward to EPA's final Data Requirements rule. However, unless EPA provides additional funding for this network (as it did with the NO₂ near road sites), the DAQ is not in a position to establish a significant new network meeting the scope discussed at various calls and conferences.
- DAQ was late certifying our 2013 ambient monitoring data and submitting our 2014 quarterly data (due to Divisional reorganization) and submitting our ambient monitoring network plan (due to pending state legislation). In both cases DAQ worked with our Region 4 contacts to keep them informed of the situation and progress.

D. Suggestions for improvement, including, where feasible, schedules for making improvements

- DAQ requests full and timely access to the data collected at EPA-operated CASTNET sites in NC, to include the same data and notifications required by EPA of state/local-operated sites.
- DAQ will provide HPV information to EPA Region 4 via EPA initiated teleconferences. It has been & will continue to be EPA's responsibility to insure complete, accurate, and timely HPV data updates to AFS.
- AFS should be modified to allow for the state to document 112(r) activities.
- DAQ expects EPA Region 4 to review AFS data for anomalies & errors and to periodically submit reports to the states on areas of data correction. Some of the results from the State Review Framework indicated that systematic errors occurred by agencies that "thought" they were entering data correctly.
- DAQ expects EPA to modify facility HPV reporting to ECHO. ECHO reports should indicate not only that an HPV occurred, but that it was addressed and resolved. Currently, the Region 4 method of entering HPV data allows for an HPV to be addressed and resolved in the same month. When this information is translated to ECHO, the HPV line shows "Violation unaddressed" and then nothing in the next quarter box.
- When proposing a new NAAQS, EPA must simultaneously, revoke the current standard, propose the implementation requirements, and specify new monitoring requirements, technical tools, and any other associated components of the program. EPA must finalize all components concurrently so that states understand the full scope of what will be required and plan accordingly. This upfront planning will enable EPA to revoke current standards at the time a new standard is finalized, avoiding a fragmented approach that wastes state resources and delays emission reductions that could be seen years in advance of the current process.
- The EPA's proposed 111(d) guidelines for existing electric generating units is riddled with legal challenges, calculation errors, and flawed on technical merits. The DAQ requests EPA to carefully review and consider the state's comments, and finalize a rule that is technically sound and legally defensible.
- The EPA must work with states/locals to estimate the resources needed to implement any new requirements and identify a mechanism to provide these resources. The EPA's expectations should not exceed available resources.

E. Discussions of how effectively grant funds were managed and utilized, taking into account any accumulation of unliquidated obligations.

- The DAQ was awarded \$1.4 million in late April 2014. This was very late in the overall grant cycle ending Sept. 30, 2014. The EPA did not allow extensions of the grant; therefore the full amount was not liquidated prior to the end of the grant cycle on Sept. 30, 2014.

We thank you for your continuing support and assistance, especially with regard to the innovative approaches North Carolina sometimes uses in order to best serve our citizens. Should you have any questions, please feel free to contact me, or Robin Barrows of my staff at (919) 707-8445.

Sincerely,



Sheila C. Holman

SCH/rb

cc: Shantel Shelmon, EPA
Michael Abraczinskas
Sushma Masemore
Ronald Jackson