

## CSAPR's Compliance Timeline Challenges the Utility Industry

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EPA's recently finalized Cross State Air Pollution Rule (CSAPR) regulates sulfur dioxide and nitrogen oxide emissions in 27 states that contribute to ozone and particulate matter pollution in downwind states. CSAPR's sulfur dioxide and annual nitrogen oxide emissions reductions become effective in January 2012 – only five short months away – and the second phase of sulfur dioxide reductions for Group 1 states begins in January 2014. This aggressive compliance schedule poses several challenges for the utility industry.

- The sulfur dioxide and nitrogen oxide emissions reductions in CSAPR are significantly more stringent than those EPA proposed in the Clean Air Transport Rule (CATR). The lower emissions limits will be even more challenging for power plants to comply with on CSAPR's accelerated compliance schedule.
- In order to make the emissions reductions, power plants will need to install expensive pollution control devices, such as flue gas desulfurization (FGD) and selective catalytic reduction (SCR) systems. These systems may take three years or more to install, particularly for facilities with multiple units. Given the time needed to install these pollution control devices, it may not be feasible for sources to timely achieve the required emissions reductions.
- The short timeframe for sources to achieve CSAPR's emissions reductions will likely increase compliance costs. EPA estimates that power plants have already spent \$1.6 billion to install pollution controls to meet the now vacated Clean Air Interstate Rule (CAIR). The additional costs of needing to quickly comply with CSAPR's emissions limits, which were more stringent than expected, increases the burden EPA's air transport rules have placed on the utility industry.
- The costs of complying with CSAPR will be even higher for plants in states, such as Kansas, Oklahoma, and Nebraska, that were not included in the Clean Air Interstate Rule (CAIR). These plants may not be able to comply with CSAPR's emission limits and have a lot of catching up to do in a very short time.
- Sources in states, such as Texas, that were not included in the proposed CATR will also face challenges with complying with CSAPR on such short notice without the benefit of the last year to plan.
- If facilities are unable to make emissions reductions before CSAPR's emission reductions become effective, the stiff penalties in CSAPR's assurance provision will apply in states that exceed their emissions allowances plus the variance limit.

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