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September 23, 2024

U.S. Environmental Protection Agency
EPA Docket Center
EPA Docket ID: EPA-R09-OAR-2024-0311
Mail Code 28221T
1200 Pennsylvania Avenue NW
Washington, DC 20460

Re: U.S. Environmental Protection Agency’s Proposed Rule “Conditional Approval of Arizona State Implementation Plan Revisions; Maricopa County Air Quality Department; Mobile Source Emission Reduction Credits,” Docket ID Number: EPA-R09-OAR-2024-0311

To Whom It May Concern:

The Arizona Department of Environmental Quality (ADEQ) appreciates the opportunity to comment on the U.S. Environmental Protection Agency’s (EPA) proposed conditional approval of Maricopa County Air Quality Department’s (MCAQD) Maricopa County Air Pollution Control Rule 205 (Rule 205).¹ Specifically, ADEQ is submitting comment regarding EPA’s proposed deferred action on Appendix A of Rule 205, which outlines the calculations for determining the quantity of emission reductions from each vehicle replacement or retrofit that can be certified as emission reduction credits (ERCs).

ADEQ was established under the Environmental Quality Act of 1986 by the Arizona State Legislature as the state’s cabinet-level environmental agency. ADEQ carries out several core functions including: planning, permitting, compliance, management, monitoring, assessments, cleanups, and outreach. ADEQ’s mission is to protect and enhance public health and the environment.

First, this comment letter presents a brief overview of the history of this action. Next, this comment letter urges EPA to consider the request made by MCAQD in its comment letter to this rulemaking.

I. Procedural overview

On May 4, 2023, ADEQ, on behalf of MCAQD, submitted a state implementation plan (SIP) revision for Maricopa County Air Quality Department (MCAQD) Rule 205 – Emission Offsets

¹ 89 FR 67919 (Aug. 22, 2024).

Generated By Voluntary Mobile Source Emission Reduction Credits to the U.S. Environmental Protection Agency (EPA).

On November 4, 2023, the SIP revision was deemed administratively complete.

On March 25, 2024, EPA Region 9 sent MCAQD a letter identifying various revisions and additional support documentation are needed to ensure that Rule 205 meets all Clean Air Act requirements.

On May 1, 2024, ADEQ on behalf of MCAQD submitted a letter of commitment for conditional approval of Rule 205.

On August 22, 2024, EPA proposed to conditionally approve a revision to the MCAQD portion of the Arizona SIP. This rule revision establishes a program allowing fleet owners/operators to generate ERCs by either retrofitting or replacing existing fleet vehicles with lower emitting vehicles and meeting other ongoing requirements. These ERCs are intended for use as offsets under the Department's nonattainment New Source Review (NNSR) program.

II. ADEQ supports MCAQD's request to amend its Rule 205.

In MCAQD's comment letter to this same rulemaking docket, MCAQD urges EPA to consider allowing an amended version of Rule 205. Currently, Rule 205 calculates the mobile source emission reduction credits (MERCs) based on the difference between the emissions of a new model year vehicle and the emissions of a replacement vehicle using a lower-emitting fuel. MCAQD believes that this does not adequately account for the full amount of emissions reductions that can be achieved from the replacement or retrofit of older vehicles. Therefore, MCAQD is proposing to pursue amendments to Rule 205 that would enable the calculation of the MERCs to ERCs be based on the difference between the emissions of the original vehicle (the vehicle which is replaced or retrofitted) and the lower-emitting fueled replacement vehicle.

ADEQ supports MCAQD's efforts to improve Rule 205 and enable the generation of additional MERCs, as long as they meet EPA's requirements that they are real, quantifiable, permanent, federally enforceable, and permanent. ADEQ believes that this approach will result in more emissions reductions and greater flexibility in the generation of ERCs. ADEQ is concerned that, if the rule is not able to generate sufficient ERCs, it will be unlikely to draw sufficient participation as projects may not be economically effective and potentially rendering the overall program less impactful. MCAQD's proposed approach strikes the appropriate balance for ensuring the integrity of the MERC program and encouraging participation.

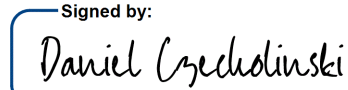
Additionally, ADEQ supports the proposed approach to ensure that the ERCs generated are surplus and are not being "double counted" in the attainment demonstration modeling conducted by the Maricopa Association of Governments (MAG) for nonattainment area plans. MAG identified three potential options for preventing double counting. First, MAG will add the amount of certified ERCs into the onroad mobile source emissions inventory. Second, and alternatively, EPA may request a pre-determined amount of MERCs, based on predicted growth in the nonattainment area,

to the emissions inventory. Third, MAG can run the MOVES model at the time of ERC generation to identify onroad mobile source emissions in the attainment year, with the inclusion of the original vehicles (not the replacements). Based on these three options, ADEQ believes MAG's approach will not result in double counting of ERCs.

ADEQ appreciates the opportunity to provide these comments on EPA's proposal. If you have any questions, please contact me at (602)771-4684 or at czecholinski.daniel@azdeq.gov. Thank you for your consideration of ADEQ's comments.

Sincerely,

Signed by:



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Daniel Czecholinski

Air Quality Division Director