

BEFORE THE ILLINOIS POLLUTION CONTROL BOARD

IN THE MATTER OF:)
) R 25-17
AMENDMENTS TO 35 ILL. ADM. CODE 217) (Rulemaking – Air)
NITROGEN OXIDES EMISSIONS)

NOTICE OF FILING

TO: Mr. Don A. Brown,	Daniel Pauley
Clerk of the Board	Hearing Officer
Illinois Pollution Control Board	Illinois Pollution Control Board
60 E Van Buren Street, Suite 630	60 E. Van Buren Street, Suite 630
Chicago, Illinois 60605	Chicago, Illinois 60605

VIA ELECTRONIC MAIL)

(SEE PERSONS ON ATTACHED SERVICE LIST)

PLEASE TAKE NOTICE that I have today filed with the Office of the Clerk of the Illinois Pollution Control Board, **ENTRY OF APPEARANCE OF MELISSA S. BROWN and PHILLIPS 66 COMPANY'S POST-HEARING COMMENTS**, copies of which are hereby served upon you.

Respectfully submitted,

Phillips 66 Company

By: /s/ Melissa S. Brown
One of Its Attorneys

Dated: December 16, 2024

Melissa S. Brown
HEPLERBROOM, LLC
4340 Acer Grove Drive
Springfield, Illinois 62711
Melissa.Brown@heplerbroom.com

CERTIFICATE OF SERVICE

I, the undersigned, on oath state the following: That I have caused to be served the attached:
ENTRY OF APPEARANCE OF MELISSA S. BROWN and PHILLIPS 66 COMPANY'S
POST-HEARING COMMENTS via electronic mail upon:

Don Brown
Clerk of the Board
Illinois Pollution Board
60 E Van Buren Street, Suite 630
Chicago, Illinois 60605
don.brown@illinois.gov

Daniel Pauley
Hearing Officer
Illinois Pollution Control Board
60 E Van Buren Street, Suite 630
Chicago, Illinois 60605
Daniel.Pauley@illinois.gov

Caitlin Kelly
Assistant Attorney General
Office of the Attorney General
69 West Washington Street, Suite 1800
Chicago, Illinois 60602
Caitlin.Kelly@ilag.gov

Renee Snow
General Counsel
Illinois Department of Natural Resources
One Natural Resource Way
Springfield, Illinois 62702
renee.snow@illinois.gov

Rachel R. Medina
Mallory Meade
Assistant Attorneys General
Office Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706
Rachel.Medina@ilag.gov
Mallory.Meade@ilag.gov

Gina Roccaforte
Assistant Counsel
Dana Vetterhoffer
Deputy General Counsel
Illinois Environmental Protection Agency
1021 North Grand Avenue East
PO Box 1927
Springfield, Illinois 62794
Gina.Roccaforte@illinois.gov
Dana.Vetterhoffer@illinois.gov

Jason E. James
Assistant Attorney General
Office of Attorney General
201 West Point Drive, Suite 7
Belleville, Illinois 62226
Jason.James@ilag.gov

Trejahn Hunter
Illinois Environmental Regulatory Group
215 East Adams Street
Springfield, Illinois 62701
thunter@ierg.org

That my email address is Melissa.Brown@heplerbroom.com

That the number of pages in the email transmission is 11.

That the email transmission took place before 4:30 p.m. on December 16, 2024.

Date: December 16, 2024

/s/ Melissa S. Brown
Melissa S. Brown

BEFORE THE ILLINOIS POLLUTION CONTROL BOARD

IN THE MATTER OF:)	
)	R 25-17
AMENDMENTS TO 35 ILL. ADM. CODE 217)	(Rulemaking – Air)
NITROGEN OXIDES EMISSIONS)	

ENTRY OF APPEARANCE OF MELISSA S. BROWN

NOW COMES Melissa S. Brown, of the law firm HEPLERBROOM, LLC, and hereby enters her appearance in this matter on behalf of Phillips 66 Company.

Respectfully submitted,

By: /s/ Melissa S. Brown

Dated: December 16, 2024

Melissa S. Brown
HEPLERBROOM, LLC
4340 Acer Grove Drive
Springfield, Illinois 62711
Melissa.Brown@heplerbroom.com
(217) 528-3674

BEFORE THE ILLINOIS POLLUTION CONTROL BOARD

IN THE MATTER OF:)	
)	
AMENDMENTS TO 35 ILL. ADM. CODE)	R 25-17
217, NITROGEN OXIDES EMISSIONS)	(Rulemaking – Air)
)	

PHILLIPS 66 COMPANY'S POST-HEARING COMMENTS

NOW COMES, Phillips 66 Company, by and through its undersigned attorney, and pursuant to the deadline set by the Hearing Officer at the Second Hearing in this matter, hereby submits its Post-Hearing Comments for the Illinois Pollution Control Board's ("Board") consideration in the above-referenced proceeding.

I. Background

In February 2024, the Illinois Environmental Protection Agency ("Illinois EPA" or "Agency") began a period of stakeholder outreach concerning proposed amendments to the Board's nitrogen oxides ("NOx") emission regulations in 35 Ill. Adm. Code Part 217. Specifically, the proposed amendments addressed revisions to the NOx Reasonably Available Control Technology ("RACT") provisions in Part 217. Illinois EPA accepted written comments on the proposed amendments until March 25, 2024 and engaged in discussions with various stakeholders prior to filing its rulemaking proposal with the Board. During the pre-proposal stakeholder outreach period, Phillips 66 participated in discussions with the Agency and written comment via the Illinois Environmental Regulatory Group ("IERG"), of which Phillips 66 is a member.

On March 25, 2024, IERG submitted a comment letter to the Agency addressing several issues and points of clarification regarding the proposed amendments. Among these issues was the proposed compliance date (initially proposed as January 1, 2025). IERG explained the infeasibility of an early 2025 compliance date for many sources and proposed a later compliance date in 2028.

IERG's comment letter also objected to the inclusion of the 90% multiplier (also known as a 10% environmental benefit factor) for emissions averaging plans proposed in Section 217.158. IERG explained that the multiplier penalizes users of an emission averaging plan given that owners and operators utilize emissions averaging plans because they are likely already over-controlling some of their units relative to the proposed unit-specific emission limit. IERG also objected to the removal of the maintenance turnaround provisions in Section 217.158 in the comment letter.

On July 8, 2024, the Agency filed its Proposal for Regulations in this matter. Statement of Reasons, PCB R 25-17 (July 8, 2024). The Proposal filed with the Board included an adjusted compliance date (May 1, 2025 instead of January 1, 2025), proposed inclusion of a 10% environmental benefit factor, and proposed removing the maintenance turnaround provision. *Id.* Phillips 66 then began discussions with the Agency regarding these issues among others. Those discussions continued before and after the hearings held in this matter.

Prior to the Second Hearing, Illinois EPA filed its initial Post-Hearing Comments (October 18), Second Post-Hearing Comments (October 31), and Third Post-Hearing Comments (November 20). Based on discussions between Illinois EPA and Phillips 66, Illinois EPA proposed amendments specific to Phillips 66's Wood River refinery in the Agency's Second Post-Hearing Comments and Third Post-Hearing Comments. Phillips 66 supports the proposed amendments, with one exception explained below, and requests that the Board adopt the proposed amendments.

II. Proposed Section 217.152(e) and Section 217.Appendix I

First, as proposed in the Agency's Second Post-Hearing Comments (and revised in the Agency's Third Post-Hearing Comments), the Agency proposes the following extensions to the compliance dates for five heaters at the Wood River refinery via a new subsection (e) in Section 217.152:

Section 217.152:

- e) Notwithstanding subsection (a) of this Section, the owner or operator of emission units subject to Subpart F and located at a petroleum refinery listed in Appendix I that first become subject to the emission limitations under Subpart F on May 1, 2025, must comply with the applicable limitations in Subpart F, including the option of demonstrating compliance with the applicable Subpart through an emissions averaging plan under Section 217.158, for such emission units beginning on and after the dates set forth in Appendix I.

Section 217.Appendix I: Compliance Dates for Certain Emission Units at Petroleum Refineries

Phillips 66 Company (Facility ID 119090AAA)

<u>Point</u>	<u>Emission Unit Description</u>	<u>Compliance Date</u>
<u>0036</u>	<u>CAU Heater</u>	<u>December 31, 2025</u>
<u>0010</u>	<u>HTR-SMR Steam Methane Reformer</u>	<u>December 31, 2026</u>
<u>0033</u>	<u>RAU-Heater</u>	<u>December 31, 2027</u>
<u>0085</u>	<u>HDU-1 Heater</u>	<u>December 31, 2027</u>
<u>0088</u>	<u>HDU-2 Heater</u>	<u>December 31, 2027</u>

Illinois EPA's Second Post-Hearing Comments, PCB R 25-17 (Oct. 31, 2024); Illinois EPA's Third Post-Hearing Comments, PCB R 25-17 (Nov. 20, 2024). The CAU Heater, RAU-Heater, HDU-1 Heater, and HDU-2 Heater will be newly subject to the Part 217 NOx RACT regulations

based on the proposed amendment to the source-wide applicability threshold in Section 217.150 from 100 tons per year or more to 50 tons per year or more of NO_x emissions (or potential NO_x emissions). These heaters will be subject to the applicable standards and requirements in Part 217, Subpart F (Process Heaters).

Phillips 66 requested extensions of the compliance date for these heaters due to the heaters not currently being equipped with stack test ports for purposes of emissions testing. The requested extensions are needed so that Phillips 66 can design and install the stack test ports on the heaters during their next scheduled maintenance turnaround. The stack test ports should be installed during heater downtime in order to reduce certain safety risks. Installing test or analyzer ports when a heater is off-line and the stack is cool reduces the risk of burns from hot surfaces, fire, or explosions from welding on operating equipment, mistakes due to discomfort, and reduced dexterity from additional protective gear. Additionally, disturbing stack refractory while in operation increases the risk of refractory falling onto and damaging heater tubes and other internal components.

The compliance dates proposed in Appendix I by the Agency for the CAU Heater, RAU-Heater, and HDU-1 Heater coincide with the date of their next scheduled maintenance turnaround plus time to conduct the stack test. Phillips 66 initially proposed a compliance date for the HDU-2 Heater of December 31, 2028 in order to also coincide with its next scheduled maintenance turnaround. However, in its Third Post-Hearing Comments, the Agency proposes a compliance date of December 31, 2027 for the HDU-2 Heater. It is Phillips 66's understanding that the Agency proposed a December 31, 2027 compliance date for that heater based on the three-year timeframe discussed in the Agency's Second Post-Hearing Comment in relation to the Federal Good Neighbor Plan. *See* Agency's Second Post-Hearing Comment, PCB R 25-17 (Oct. 31, 2024). However, for the safety reasons discussed above, Phillips 66 requests that the compliance date for

the HDU-2 Heater be revised to December 31, 2028 in order to coincide with the heater's next scheduled maintenance turnaround, which is scheduled for late Third Quarter 2028 (plus time to conduct the stack testing).

Moreover, in the Agency's Second Post-Hearing Comment, the Agency proposes a compliance date of December 31, 2026 for the HTR-SMR Steam Methane Reformer. Illinois EPA's Second Post-Hearing Comments, PCB R 25-17 (Oct. 31, 2024). As explained in the Agency's Second Post-Hearing Comment, the SMR "was previously thought to not be a process heater, as the term is defined in Section 211.5195." *Id.* (citing to Post-Hearing Comments of Illinois EPA, R 08-19 at 22 (March 23, 2009)). The Agency has revisited the prior determination, and the Agency and Phillips 66 are now in agreement that the SMR is a process heater that will be newly subject to Part 217, Subpart F (Process Heaters). Per Section 217.157, a process heater subject to Subpart F with a rated heat input capacity greater than 100 mmBtu/hr must install and operate a NOx continuous emissions monitoring system ("CEMS"). Phillips 66 requests a compliance deadline of December 31, 2026 for the SMR in order to allow time to design and install a CEMS on the SMR. Similar to installation of the test ports on the other heaters, the requested compliance date for the SMR coincides with the next scheduled maintenance turnaround for the SMR so that Phillips 66 can install the CEMS during SMR downtime in order to avoid the safety risks discussed above.

Additionally, Phillips 66 requests the compliance date extensions discussed above for the five heaters in order to avoid the potential for a larger shut down of equipment prior to May 1, 2025. Refineries, including Phillips 66, have planned maintenance turnarounds for equipment that are on staggered schedules to ensure that the refinery is continuously operating at full capacity. The proposed compliance date extensions ensure that the work to be performed can be completed

on a staggered schedule. Phillips 66 supports the amendments discussed above and requests that the Board adopt the proposed amendments.

III. Proposed Section 217.158(m)

In the Agency's Proposal, the Agency proposes to amend Section 217.158(f) to provide that, on and after May 1, 2025, the equation for calculating actual NO_x emission from the units listed in an emissions averaging plan must include a 10% environmental benefit factor on calculated allowable emissions "to generate an environmental benefit and to determine compliance." Statement of Reasons, PCB R 25-17 (July 8, 2024). The Agency explained that the 10% environmental benefit factor requirement is based on the United States Environmental Protection Agency's ("USEPA") Economic Incentive Program ("EIP") Guidelines guidance document entitled "Improving Air Quality with Economic Incentive Programs," EPA-452/R-01-001, January 2001.¹ Illinois EPA's Technical Support Document, PCB R 25-17 (July 8, 2024). The Agency maintains that the EIP Guidelines require EIPs to provide for a specific emissions cap or a 10% environmental benefit factor and, per recommendation of USEPA, the Agency proposes incorporating the 10% environmental benefit factor requirement. *Id.* Phillips 66 opposes the inclusion of a 10% environmental benefit factor. The basis of the requirement is a 2001 draft guidance document, which states that it is "non-binding policy for EIPs.". *See* fn. 1 at p. 12; Agency's Responses to IERG's Pre-Filed Questions, PCB R 25-17 at 8 (Nov. 20, 2024). There is no statutory or regulatory authority that explicitly requires inclusion of a 10% environmental benefit factor in order to demonstrate RACT requirements. Phillips 66 requests that the 10% environmental benefit factor not be included in the amendments to Part 217.

¹ Publicly accessible on USEPA's website at <https://www.epa.gov/sites/default/files/2015-07/documents/eipfin.pdf>.

If, however, the Board decides to adopt the 10% environmental benefit requirement in Section 217.158, then Phillips 66 requests that the Board adopt the Agency's proposed amendment in Section 217.158(m). In the Agency's Third Post-Hearing Comment, the Agency proposes an amendment that would include Phillips 66's Wood River refinery in a new subsection (m) of Section 217.158. The proposed Section 217.158(m) provides an extension until January 1, 2028 for when the 10% environmental benefit requirement for emissions averaging plans would apply.

Based on historical data and the proposed amendments to Part 217, Phillips 66 is projected to meet the limit of 0.08 lb/mmBtu, with the 10% environmental benefit applied, during normal operating conditions. However, additional time is needed to verify compliance during all operating scenarios for several reasons. First, additional time is needed to evaluate the emissions data of the five newly applicable heaters once the stack ports are installed and testing is conducted and once the CEMS is installed on the SMR. Once the emissions data is gathered from the newly applicable heaters, Phillips 66 will require time to evaluate the need for any additional controls as each heater is added to the refinery's NOx RACT emissions averaging plan. Second, the shorter compliance period (30-days) coupled with over 30 heaters in the refinery's NOx RACT emissions averaging plan make the tolerance and operational control of heater downtime combinations and boiler load distribution complex and critical. Furthermore, the typical project timeline for potential NOx boiler and heater controls is a minimum of three years. Therefore, any potentially necessary control projects are already on an expedited schedule. As such, if the Board adopts the 10% environmental benefit factor, Phillips 66 supports the amendment proposed in Section 217.158(m) discussed above and requests that the Board adopt the proposed amendment.

Phillips 66 would like to thank the Board for the opportunity to submit these comments.

Respectfully submitted,

PHILLIPS 66 COMPANY

Dated: December 16, 2024

By: /s/ Melissa S. Brown
One of Its Attorneys

Melissa S. Brown
HEPLERBROOM, LLC
4340 Acer Grove Drive
Springfield, Illinois 62711
Melissa.Brown@heplerbroom.com
(217) 528-3674