

BEFORE THE ILLINOIS POLLUTION CONTROL BOARD

IN THE MATTER OF:)
)
AMENDMENTS TO 35 ILL. ADM. CODE) R18-22
PART 205, EMISSIONS REDUCTION) (Rulemaking-Air)
MARKET SYSTEM)

NOTICE

To: Tim Fox
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PLEASE TAKE NOTICE that I have today filed with the Office of the Clerk of the Pollution Control Board the TESTIMONY OF DAVID "BUZZ" ASSELMEIER, a copy of which is herewith served upon you.

Respectfully submitted,

ILLINOIS ENVIRONMENTAL
PROTECTION AGENCY

By: /s/ Annet Godiksen
Annet Godiksen
Assistant Counsel
Division of Legal Counsel

DATED: April 25, 2018

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Testimony of David "Buzz" Asselmeier

My name is David Asselmeier and I go by my nickname of Buzz. I am the manager of the Inventory and Data Support Unit in the Air Quality Planning Section of the Illinois Environmental Protection Agency's Bureau of Air. I have been with the Bureau of Air for slightly over 31 years. I was a permit analyst for approximately my first 3.5 years and since then have been responsible primarily for the air emissions inventory, which includes issues such as Annual Emissions Reports and administering the Emissions Reduction Market System (ERMS) program. I have a Bachelor of Science degree in Chemical Engineering from the University of Missouri-Rolla (now the Missouri University of Science and Technology). I will be providing testimony regarding the proposed sunset to the ERMS rule, 35 Ill. Adm. Code 205.

I have been involved with the implementation of the ERMS rule from its origination. I was responsible for working with the contractor who designed the ERMS computer system and performed the testing of that system. My current ERMS-related responsibilities include allocating Allotment Trading Units (ATUs), performing trades and transfer agreements as they are requested, assigning Seasonal Emissions Reports to my staff for review, performing emissions compensation, and writing the required Annual Performance Review Report each year.

ERMS was the first "cap and trade" system for volatile organic materials (VOM) in the U.S. While it has served the State's purposes, after 18 years, the usefulness and necessity of the program has waned. The ineffectiveness of ERMS leads to work on the part of both the Agency and the regulated community for very little gain. As evidenced by the graph of reported seasonal emissions (Figure 1), even though reductions mandated by the ERMS rule were a one-time event, emissions continued to decrease over the first nine years of the program. After the recession of 2008, emissions have not significantly increased or decreased. With new technology, new regulations, and existing New Source Review regulations, it is extremely unlikely that emissions will increase significantly to any of the levels seen in the early years of

ERMS. Also, over the history of the ERMS program, sources have been regulated by newer federal and State rules, or by federally enforceable permit conditions, that limit their current emissions of VOM below their emissions allowed based on the amount of allotments they receive.

Figure 2 shows the historical emissions of VOM in the Chicago nonattainment area for 2002-2014. As shown, the point source emissions are roughly 10% of the total emissions for the nonattainment area, with ERMS sources accounting for approximately 70% of these point source emissions. Clearly the amount of emissions being regulated by the ERMS program is a very small percentage of the entire nonattainment area's VOM emissions.

Figure 3, the "Chicago Yearly Maximum 8-hour Ozone Values" graph represents each year's maximum 8-hour average ozone concentration in the Illinois portion of the ozone nonattainment area. While the graph shows year-to-year fluctuations in maximum concentrations, these differences are due, in part, to changes in summer meteorological conditions (see 2012 vs. 2013). To lessen the effect meteorology has on the data, 10-year averaging periods were used to establish an 8-hour maximum ozone trend. The 10-year averaging periods show steadily decreasing maximum ozone concentrations over the last several decades. This overall decrease is illustrated by the four horizontal average lines. As can be seen, concentrations over the last four decades have dropped from 135 parts per billion (1978-1987) down to 89 parts per billion (2008-2017), a 34% decrease.

The current status of ERMS is that a few companies exceeding their allotments buy ATUs from a source that ceased operation years ago and that had, at one time, a large amount of emissions and, correspondingly, a large number of ATUs. In fact, during the existence of ERMS, two large VOM sources have ceased operation. The reduction in emissions from those two sources greatly outweigh any increase in emissions for sources exceeding their allotments. ERMS has ceased to be a market system and is now simply functioning the same as the current New Source Review rules. Since there is no gain in continuing to implement the ERMS program, it makes sense to sunset the program and reduce the workload for both the regulated community and the Agency created by ERMS.

The sunset date of April 30, 2018, was chosen to highlight and reinforce the Agency's belief that the rule will be sunset before the end of 2018. The ERMS seasonal allotment period begins May 1 and runs through September 30, so the April 30 date represents the last day prior to that period. Extremely little activity takes place in ERMS during the seasonal allotment period. Activity increases during the reconciliation period, which

runs October 1 through December 31, during which the ERMS seasonal reports are due. Hardly any trades of ATUs for purposes of expected exceedances are performed until mid-December. Choosing the date of April 30, 2018, demonstrates to affected sources that the Agency is not expecting sources to meet the requirements of the ERMS rule for the 2018 season as the rule is expected to be sunset before the end of the year.

Figure 1

Reported Seasonal Emissions (tons/season)

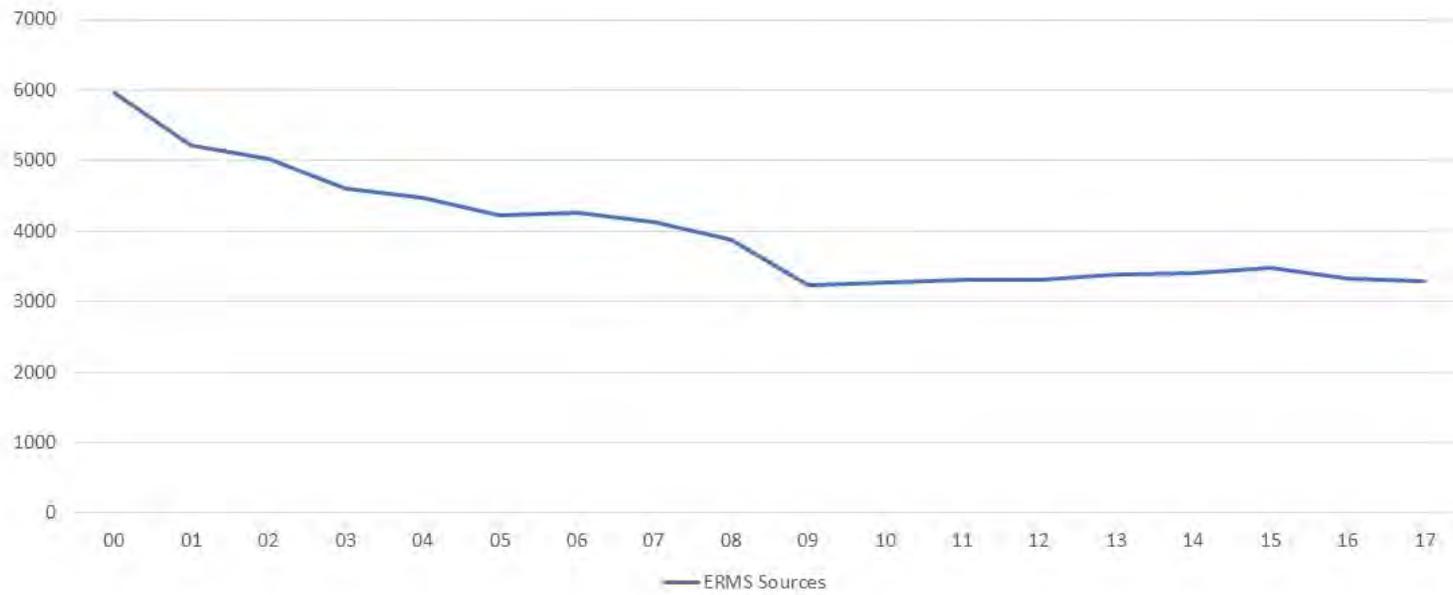


Figure 2

Chicago NAA VOM Emissions (tons/day)

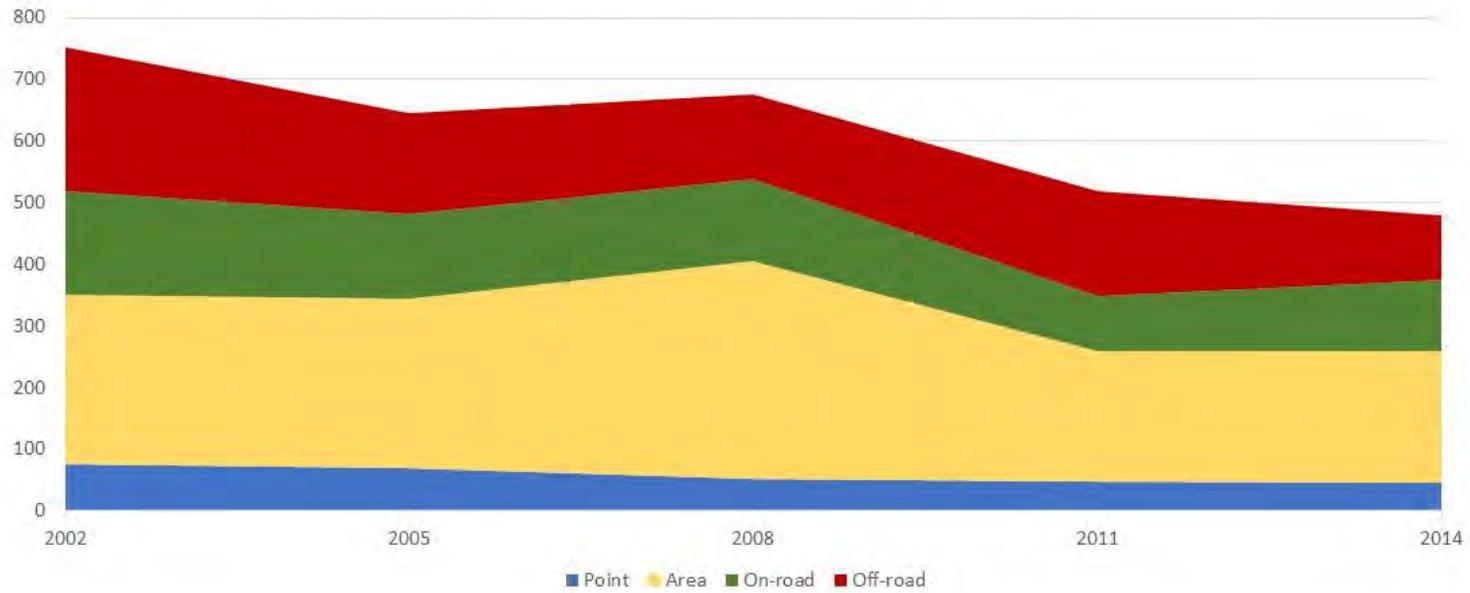
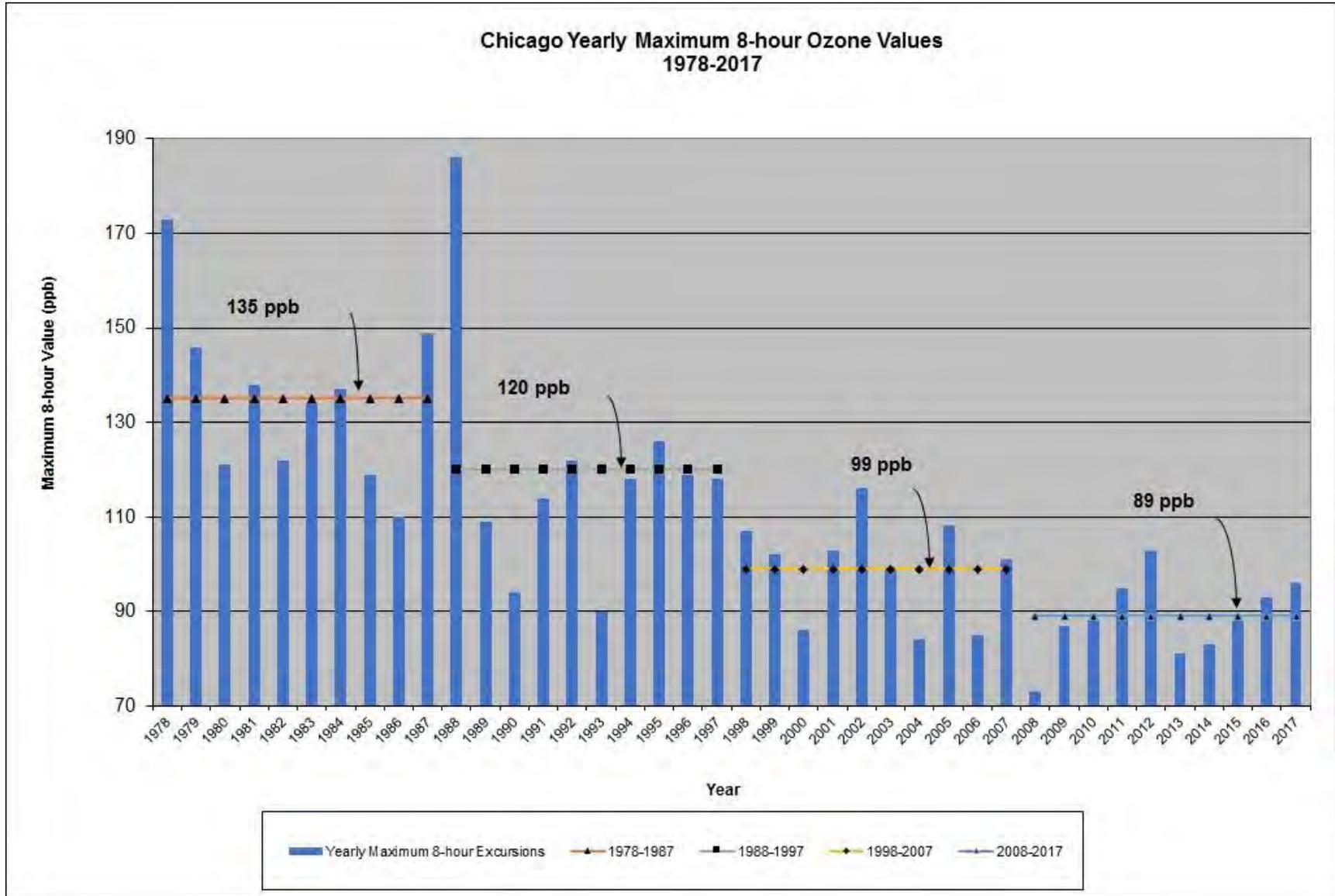


Figure 3



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CERTIFICATE OF SERVICE

I, the undersigned, an attorney, state that I have served the attached TESTIMONY OF DAVID "BUZZ" ASSELMEIER of the Illinois Environmental Protection Agency, upon the person to whom it is directed, by the following means:

By emailing the testimony, numbering 8 pages, from annet.godiksen@illinois.gov, on April 25, 2018, by 6:00 PM to the following persons:

To: Tim Fox
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