

1 BEFORE THE ILLINOIS POLLUTION CONTROL BOARD

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5 IN THE MATTER OF:

6 VEHICLE SCRAPPAGE ACTIVITIES No. R00-16

7 35 ILL. ADM. CODE 207 (Rulemaking-Air)

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13 Proceedings held on March 1st, 2000, at 10:00 a.m.,
at the
14 Illinois Pollution Control Board, 600 South Second Street,
Suite
15 403, Springfield, Illinois, before the Honorable Marie
Tipsord,
16 Hearing Officer.

17

18

19

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21 Reported by: Darlene M. Niemeyer, CSR, RPR
 CSR License No.: 084-003677

22

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A P P E A R A N C E S

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Members of the Board present:

3

G. Tanner Girard

Ronald C. Flemal

4

Elena Z. Kezelis

Marili McFawn

5

6

Also present: Anand Rao, Scientist

7

8

ILLINOIS ENVIRONMENTAL PROTECTION AGENCY

BY: Bonnie Sawyer

9

Assistant Counsel

P.O. Box 19506

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Springfield, Illinois 62794-9506

On behalf of the Illinois EPA.

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P R O C E E D I N G S

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(March 1, 2000; 10:00 a.m.)

3

HEARING OFFICER TIPSORD: Good morning. My name is

Marie

4

Tipsord, and I have been appointed by the Board to serve

as

5

Hearing Officer at this proceeding entitled, In the Matter

of:

6

Vehicle Scrappage Activities, 35 Ill. Adm. Code 207,

Docket

7

Number R00-16.

8

To my right is Dr. Tanner Girard. He is the

presiding

9

Board Member assigned to this matter. Also present today

are

10

Board Member Ronald C. Flemal, and Board Member Elena

Kezelis.

11 In addition to the Board Members present today, we
have a
12 number of our staff, including to my left, Anand Rao, from
our
13 technical staff, chief -- division chief, whatever.

14 Also present in the audience is Carol Sudman,
Assistant to
15 the Chairman, Claire Manning; Erin Connelly (spelled
16 phonetically) Amy Jackson, assistant to Elena Kezelis;
Steve
17 Langhoff, Joel Sternstein, assistant to Board Member
Nicholas
18 Melas; Natalie Williams, administrative assistant to Dr.
Girard;
19 and Karen Newbold and Cameron Kline. I think that is all
of the
20 Board staff. Did I miss anybody?

21 Dr. Girard, is there anything you would like to say
this
22 morning?

23 BOARD MEMBER GIRARD: Thank you. I would like to
welcome

24 everyone here to this public hearing this morning,
especially the

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1 members of the public who have come and taken time off
from work

2 and maybe traveled quite a distance to be here. We
certainly
3 appreciate your participation in this public hearing to
help us
4 craft the best possible rules for the people of Illinois.
And I
5 just want to assure you that we will take your comments
6 seriously, and we look forward to your participation.
Thank you.

7 HEARING OFFICER TIPSORD: The purpose of today's
hearing is
8 to hear the prefiled testimony of the Illinois
Environmental
9 Protection Agency and to allow questions to be asked of
the
10 Agency. There are four persons who will be testifying on
behalf
11 of the Agency. We will have them read their prefiled
testimony
12 into the record.

13 After all four have completed, we will then allow
questions
14 of the panel. We also have prefiled testimony from Mike
Balogh.
15 That is, B-A-L-O-G-H. After Mr. Balogh has presented his
16 testimony, also by reading it into the record, we will
allow
17 questions of him.

18 If there is anyone else here today who wishes to
testify, I
19 do have a sign-up sheet to the left, and they may sign up
there.
20 Anyone may ask a question, but I do ask that you raise
your hand
21 and allow me to acknowledge you before you ask the

question.

22 After I have acknowledged you, please state who you are
for the

23 record, and if you represent an organization who that

24 organization is. This will allow the court reporter to
present a

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1 more complete record for the Board. Please speak one at a
time.

2 If you are speaking over each other, the court reporter is
unable

3 to get everything down.

4 Also note that any questions asked by a Board Member
or

5 staff here today are intended to help build a complete
record for

6 the Board's decision, and not to express any preconceived
notion

7 or bias.

8 Okay. I have placed lists to the left side of the
room

9 here. There are copies of the current notice and service
list.

10 In addition, there is a sign-up sheet for anyone else who
wishes

11 to be placed on either the notice list or the service
list. If

12 you wish to be on the service list you will receive all
pleadings

13 and prefiled testimony in this proceeding. In addition,
you must
14 serve all of your filings on the persons on the service
list. If
15 you wish to be on a notice list, you will receive all of
the
16 Board and Hearing Officer orders in this rulemaking.
17 If you have any questions as to which list you need
to be
18 on or you would like to be on, please feel free to talk to
me at
19 a break, and I will try to direct you to the proper list.
There
20 are also copies of the Board's order which accepted this
21 rulemaking for hearing. There are a few copies there. If
I
22 should happen to run out, please let me know and we will
be happy
23 to send you a copy.
24 At this time are there any questions? Okay. Seeing
none,

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1 then we will proceed with the Agency.
2 Ms. Sawyer, do you have an opening statement?
3 MS. SAWYER: Yes, I do.
4 HEARING OFFICER TIPSORD: All right. Please go
ahead.

5
Sawyer, and I

MS. SAWYER: Good morning. My name is Bonnie

6 am an Assistant Counsel with the Division of Legal Counsel
at the

7 Illinois EPA.

8 The purpose of the hearing today is to present
testimony on

9 the Illinois EPA's Vehicle Scrappage rulemaking proposal,
which

10 was accepted by the Board as a proposed rule on January
20th of

11 this year. The proposed rule would establish procedures
to

12 receive emission reduction credits based on emission
reductions

13 achieved from voluntary vehicle scrappage activities
conducted in

14 Illinois.

15 Under vehicle scrappage older, higher-emitting
vehicles are

16 removed from the road prior to the end of their useful
life,

17 thereby generating emission credits once the emissions
from

18 replacement vehicles are netted. The primary use for
these

19 Creditable Emission Reductions is in conjunction with the

20 Emissions Reduction Market System, which may be described
today

21 as ERMS. ERMS establishes a market system that may be
used by

22 stationary sources to meet emission reduction
requirements. The

23 vehicle scrappage is a possible method to generate
marketable

24 emission reductions to meet ERMS requirements.

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1 The Illinois EPA is required to develop and submit
to the
2 Board a proposal that provides procedures, practices and
3 performance requirements to allow for emission reduction
credits
4 for voluntary vehicle scrappage activities by the Illinois
5 General Assembly in the Vehicle Emissions Inspection Law
of 1995.
6 This proposal is designed to fulfill the Agency's
statutory
7 obligation under this law.

8 The Illinois EPA intends to submit the final vehicle
9 scrappage rule adopted by the Board to the U.S. EPA as a
state
10 implementation plan revision. The Illinois EPA has
previously
11 submitted the Board's ERMS rule to the U.S. EPA for
approval as a
12 state implementation program in December of 1997. The
U.S. EPA
13 is currently reviewing that proposal.

14 As emission reduction credits generated due to
vehicle
15 scrappage activities may be used in conjunction with
programs
16 that are or will be part of Illinois' federally approved

17 implementation plan, this program must also be submitted
to the

18 U.S. EPA for approval.

19 The Agency filed the testimony of Darwin Burkhart,
part of

20 the Air Quality Planning Section, explaining how the
emission

21 reductions generated from vehicle scrappage activities
will be

22 factored into emissions inventories prepared by the Agency
and

23 submitted to the U.S. EPA, and also how these emission
reductions

24 will be accounted for in the State's Air Quality Planning

9

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1 Program. Mr. Burkhart will, of course, as the Hearing
Officer

2 pointed out, read this testimony into the record today.

3 The Agency also filed written testimony of Roger
Kanerva,

4 the Environmental Policy Advisor to the Director of the
Illinois

5 EPA; Stanley Ostrem, an Environmental Policy Analyst in
the

6 Office of Environmental Policy; and James Matheny, the
Manager of

7 the Technical Services Section in the Division of
Inspection and

are 8 Maintenance in the Bureau of Air. Each of these witnesses

9 available today to answer questions.

Mr. 10 We will begin with the testimony of Roger Kanerva.

11 Kanerva also has a short statement in addition to his
prefiled

12 testimony that provides some additional updated
information.

13 So at this point I would like to turn it over to Mr.

14 Kanerva.

15 HEARING OFFICER TIPSORD: Okay. Excuse me just a
moment,

16 Mr. Kanerva.

17 Ms. Sawyer, could we first have all of your
witnesses

18 sworn?

19 MS. SAWYER: Sure.

20 HEARING OFFICER TIPSORD: All right. Would the
court

21 reporter please swear in the witnesses.

22 (Whereupon the witnesses were sworn by the Notary
Public.)

23 HEARING OFFICER TIPSORD: Thank you. Okay. Please
go

24 ahead, Mr. Kanerva.

1 MR. KANERVA: Good morning. As Bonnie mentioned, I
am

2 Roger A. Kanerva, Environmental Policy Advisor to the
Director of

3 the Illinois EPA. I have given my card to the court
reporter. I

4 have served in this position since 1991 and I have been
with the

5 IEPA since 1978 in various senior management roles. As
some of

6 you probably recall, I was also a co-manager of the design

7 process for the Emissions Reduction Market System, which
became a

8 rulemaking completed by the Board not too long ago, and
the

9 regulatory developments that came out of that.

10 My testimony will explain the IEPA's interest in
vehicle

11 scrappage, or VS, for clean air purposes, what we did to
test the

12 feasibility of such programs, and the role we see for VS
in

13 Illinois. This proposed rule is another demonstration of
the

14 IEPA's commitment to promote the use of market-based
approaches

15 for environmental protection. VS in the clean air
regulatory

16 context is another tool for generating emissions
reductions in

17 the ozone nonattainment areas in Illinois.

18 Our interest in VS goes back to the early 1990s when
we

19 first began to seriously investigate market-based
approaches for

20 clean air. As a result of an overall feasibility study,
we took
21 a careful look at the viability of doing VS. The first VS
22 project in the U.S. was conducted in 1990 by the Unocal
23 Corporation in Southern California. Under SCRAP, as it
was
24 called, they purchased over 8,000 vehicles and, through
testing

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1 of some vehicles, confirmed that older vehicles were high
in
2 emissions sources. In our minds, SCRAP left some
questions
3 unanswered, so we undertook our own project, which was
dubbed
4 Cash for Clunkers, in 1992.

5 The IEPA sponsored the first VS project done in the
6 Midwest. With assistance from the Environmental Defense
Fund and
7 General Motors, the IEPA designed a pilot project that
would
8 evaluate the feasibility of a large scale VS program in
the
9 Chicago area. This design introduced the following
important

10 features that had not been part of previous efforts:

11 One, emissions testing of each purchased vehicle.

12 Two, Institution of variable pricing schedule with

prices

13 paid for vehicles based on the expected emissions from
vehicles

14 by model year.

15 Three, a professional mechanic's inspection of every
16 vehicle to attempt to obtain a better understanding of the
17 remaining life that should be associated with vehicles
available

18 to full-scale scrappage programs.

19 Four, targeting of specific high-emitting vehicles
which

20 were identified by the IEPA's Division of Vehicle
Inspection and

21 Maintenance and incorporating actual miles traveled by
22 participants.

23 The target vehicle population was model years from
1968 to

24 1979 that had marginally passed the last inspection or
were being

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1 driven on waivers. Over 1,300 potential participants were
2 randomly selected and sent a letter that provided the
purchase

3 price being offered. IEPA received responses from 448
owners who

4 were willing to sell their vehicle for the amount
indicated.

5 This turned out to be more than twice the number of
vehicles
6 which we could afford to purchase. In total, we received
over
7 3,000 calls from interested citizens once the word got
around.
8 Seven corporate co-sponsors, being Abbott Labs,
Amoco Oil,
9 Clark Oil, Commonwealth Edison, Mobil Oil, People's Gas
and
10 UNOVEN Oil helped fund the actual purchase of 207 vehicles
in
11 late fall of 1992. The prices paid ranged from \$647.00
for a
12 model year 1968, to \$950.00 for a model year 1977, with
the
13 average cost per vehicle coming in at about \$860.00.
14 Emissions testing was done using IM 240 procedures
and
15 expected remaining usage was determined. After deducting
the
16 replacement emissions, it was determined that the
purchases and
17 scrapping of 207 vehicles resulted in a total emissions
reduction
18 of 43.6 tons of hydrocarbons and seven tons of nitrogen
oxides.
19 On average, the participants bought a replacement vehicle
that
20 was eight years newer than the vehicle sold to the
project.
21 The complete results for this project are provided
in the
22 final report titled, "Pilot Project for Vehicle Scrapping
in
23 Illinois," May 1993. These positive results led the IEPA

to

24 recommend that VS be provided as an alternative emissions

13

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1 reduction strategy. A number of valuable lessons learned
from

2 this project are reflected in the proposed VS regulation
we have

3 filed.

4 I would like to go to some other regulatory
experiences.

5 The South Coast Air Quality Management District, or AQMD,
in

6 California adopted Rule 1610 for "Old-Vehicle Scrapping"
in

7 1993. This rule has been amended several times, including
8 changes in 1996 that allowed emissions credits from
scrapping to

9 be traded with other regulated sources. Over the years,
AQMD has

10 licensed some 14 scrappers under this rule. At present,
however,

11 two scrap yard companies and one broker are the active
licensed

12 scrappers.

13 Since 1993, some 25,800 vehicles have been collected
and

14 scraped under this rule. About half of these vehicles
have been

15 within the 1975 to 1981 model years. In turn, this has
generated
16 about 5,249,000 pounds, which equates to 2,625 tons of VOC
17 emission reduction credits and 2,127,000 pounds, or 1,064
tons of
18 NOx credits for scrappage sponsors.

19 Since 1996, when trading was allowed, the AQMD has
20 confirmed 733 transactions involving some 6,321,000 pounds
of
21 VOCs and NOx credits. This data was supplied to us by the
22 district in February. Interestingly enough, about
2,151,000
23 pounds of these credits, or about 34 percent, have been
purchased
24 directly by the AQMD using its Air Quality Investments
Fund.

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1 This fund receives payments from some companies that have
chosen
2 this compliance method for their ride share regulatory
program.

3 Certain amendments were also made to this rule to
better
4 address parts recycling, improve public accessibility, and
5 provide refinements for credit usage. All things
considered,
6 however, the AQMD's scrappage activities appear to be a
viable

7 and active component of their clean air regulatory
programs.

8 The VS role in Illinois. As has been stated, IEPA
found VS

9 to be a feasible method for generating emissions
reductions.

10 This finding was translated into legislative action in the
11 Vehicle Emissions Inspection Law of 1995. Subsection (d)
of the

12 13B-30 of this law requires the IEPA to propose and the
Board to

13 adopt rules for VS programs. These rules are necessary to
enable

14 persons that sponsor VS to receive credits for the
emissions

15 reductions achieved.

16 Back in this general time frame, 1994 to 1995, the
IEPA

17 developed and made public a discussion document for
possible VS

18 rules. At the same time, we had been working on our
proposal for

19 a VOM emissions trading system. The final system design
was

20 published in March, 1995. This system design specifically

21 identified inter-sector emissions trading as a viable
component,

22 and, in particular, mentioned VS programs as a way of
generating

23 necessary emissions reductions.

24 At this point, then, we made a strategic decision to
hold

1 back on development of VS rules until authorizing
legislation and

2 related rulemaking could be accomplished for the overall

3 Emissions Reduction Market System for the Chicago metro
ozone

4 nonattainment area. After all, the existence of a market
system

5 for stationary sources is what would give real value to
credits

6 generated by VS programs.

7 It took most of three years, 1996 through 1998, to
get the

8 basic market system in place. Thus, we renewed or
development of

9 VS rules in late 1998 and on through 1999, including
additional

10 outreach efforts as described in the Statement of Reasons
we

11 filed. The culmination of this work is the proposal filed
in

12 early January 2000.

13 The IEPA envisions VS as playing a secondary role,
at most,

14 in the overall market system setup under Part 205,
Emissions

15 Reduction Market System, or ERMS. Creditable Emissions

16 Reductions, CERS, generated by VS would serve as a "stop
gap"

17 means of achieving compliance if purchased by a
participating

18 source. Thus, we generally see CERS as being less
desirable than

19 ATU transfers from regular allotments, ATU being allotment

20 trading units, but, nevertheless, important to have
available as

21 an optional compliance strategy. Section 205.510 of Part
205

22 provides for inter-sector transactions. Furthermore,
subsection

23 (a) of this Section recognizes regulatory based proposals
which

24 would ensue from adoption of Part 207.

16

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1 Another important role for VS comes from the Part
205 rules

2 for the ERMS. Section 205.710 specifies the provisions
for the

3 Alternative Compliance Market Account, the ACMA.
Subsection (g)

4 of this Section authorizes the Agency to implement VOM
emissions

5 reductions using funds derived from the sale of ATUs out
of the

6 ACMA. It further provides that, "the Agency shall
endeavor to

7 generate new emissions reductions whenever possible," in
the

8 instance where the ACMA does not have a positive balance.
We see

9 VS as one of the ways to fulfill this responsibility to
help keep
10 the ACMA as a viable source of ATUs when needed. In this
regard,
11 the proposed VS rule expressly provides for circumstances
where
12 the Agency serves as the scrapping sponsor.
13 Conclusion. The IEPA sees this proposed rule as
another
14 building block in the overall market-based structure we
are
15 fashioning for clean air in Illinois. It has been shown
to work
16 in practice and to achieve real emissions reductions that
should
17 be part of our plans for further progress towards ozone
18 attainment. This proposed rule will ensure that emissions
19 reductions are achieved in a credible manner and any
credits
20 granted are properly justified.
21 As Bonnie Sawyer mentioned, I have a couple of
supplemental
22 points to make, which will be considered as oral testimony
at the
23 hearing today, and elaborates on a couple of points in the
24 written testimony just provided, or that you just heard
that I

1 just went through.

2 At the hearing today I will supplement my written
testimony

3 by elaborating on several points about the role of vehicle

4 scrappage and VS in Illinois' Clean Air Program. As
described in

5 my written testimony, we envision VS playing a secondary
role

6 with respect to the Emissions Reduction Market System, or
ERMS.

7 With the start-up of the ERMS just a few months away,
market

8 activity is already developing, as evidenced by the market
price

9 listings posted by Canter Fitzgerald, a national
environmental

10 brokerage service. Canter Fitzgerald, being CF. CF's web
site

11 listing for February 22nd of this year showed \$210.00 per
VOM

12 ATU, or \$2,100.00 per ton of VOM emissions for a seasonal
period.

13 In this listing CF also shows the price for
permanent

14 transfer of ATUs as being \$10,000.00 per ton. As an
illustrated

15 comparison, the cost of buying scrappage credits under the
South

16 Coast AQMD rules varies from about \$5,800.00 per ton of
VOCs to

17 as high as \$20,000.00 per ton, depending on the model year
of the

18 vehicle collected. Using these respective costs, a
participating

19 source in search of emissions reductions for compliance
would

market. 20 probably prefer trading for ATUs in the regular ERMS
21 On the other hand, other factors could influence
this 22 decision, such as relative availability of ATUs in any
given 23 season and the time of year ATUs are sought in the market.
A
24 participating source might simply prefer to control its
own

18

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trading 1 compliance fate and choose vehicle scrappage over finding
2 partners in the marketplace. In this regard, vehicle
scrappage 3 sponsors may find enterprising ways to be competitive in
this 4 marketplace.
5 (Board Member Marili McFawn
entered the 6 hearing room.)
7 MR. KANERVA: The second matter I want to cover
involves 8 the utility of VS as a source of emissions reductions for
the 9 Alternative Compliance Market Account. In anticipation of
having 10 the responsibility to manage the ACMA, the Agency
sponsored an

11 amendment to Section 9.8 of the Environmental Protection
Act.
12 This section contains the original authorization for the
ERMS.
13 This amendment added subsection (e) that created within
the state
14 treasury the alternative compliance market account fund.
15 This fund can be used for the following purposes.
16 One, to accept and retain funds from persons who
purchase
17 allotment trading units from the Agency pursuant to
regulatory
18 provisions and payments of interest and principal.
19 Two, to purchase services, equipment or commodities
that
20 help generate emissions reductions in or around the ozone
21 nonattainment area in Northeastern Illinois. Thus, the
necessary
22 mechanisms are in place for the Agency to collect and
expend
23 funds that help generate emissions reductions. VS could
well be
24 one of the activities we sponsor to fulfill our obligation
under

19

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1 Section 205.710 (g) of the Part 205 rules.

2 That concludes my oral remarks.

just 3 HEARING OFFICER TIPSORD: Before we move on, I would
4 like to note for the record that you referred to the Pilot
5 Project for Vehicle Scrappage in Illinois Report. I just
want to 6 note that that is a part of the proposal as Exhibit Number
3, so 7 it is in the record.

8 All right. Please continue when you are ready.

9 MS. SAWYER: All right.

10 MR. OSTREM: Good morning. As Bonnie mentioned, my
name is

11 Stanley L. Ostrem. My duties at the Agency encompass
primarily 12 working with the development and implementation of market-
based 13 emissions reduction programs. I have a Bachelor's degree
in 14 Geography and a Master's degree in Environmental Studies.

15 Today I will be presenting an overview of the
vehicle 16 scrappage proposal, along with a brief mention of the
17 accompanying Technical Support Document, or TSD. To start
off, 18 we thought it would be helpful to present a walk-through
of the 19 key terms of the vehicle scrappage proposal and then cover
20 supporting information that goes into more detail. But
since the 21 proposal includes a lot of areas, we thought it would be
useful 22 to give an overview first.

23 I want to first point out that this vehicle
scrappage

the 24 proposal is consistent with the U.S. EPA's Guidance for

20

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Programs, 1 Implementation of Accelerated Retirement of Vehicles
2 dated February 1993. In fact, we used this guidance, the
3 findings from our pilot project, and input we received
from
4 various outreach efforts to put together a proposal that
we
5 believe adequately addresses the concerns that have been
brought
6 up throughout the rule development process.

central 7 I want to first describe some keys terms that are
8 to the vehicle scrappage proposal.

types of 9 Project versus program. There are really two main

activities. A 10 events that will comprise all vehicle scrappage

vehicle 11 vehicle scrappage project is a one-time event while a

felt it 12 scrappage program is a periodic or ongoing activity. We

everyone may 13 was important to include some flexibility here. Not

in the 14 have the need or means to sponsor a full-fledged program

a 15 future, so that's why we included the option of conducting
16 one-time project instead.

17 In addition, vehicle scrappage manager applicants,
whom I

18 will describe in more detail later, that wish to be
approved to

19 conduct a vehicle scrappage program must pass an
examination and

20 attend refresher training. These requirements do not
apply for

21 project managers. We felt that since vehicle scrappage
programs

22 require more of a time and resource investment when
compared to

23 projects, it would be beneficial for programs to have
vehicle

24 scrappage managers meet these additional requirements.

21

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1 Sponsor versus manager. There are also a couple of
2 individuals who are an integral part of the vehicle
scrappage

3 process. A sponsor needs to be responsible for the
financial

4 aspects, and a manager needs to conduct the actual project
or

5 program. Identifying a vehicle scrappage manager is a

6 particularly important step to consider for a sponsor
because the

7 manager will basically be responsible for all operational
aspects
8 of a project or program. A prospective vehicle scrappage
manager
9 must meet certain eligibility requirements that are
outlined in
10 the proposal in order to function as such.

11 Basic Program Requirements. There are several
provisions
12 that are required of all proposed vehicle scrappage
projects and
13 programs. But in the true spirit of a market-based
emissions
14 reduction program, there is it also a certain level of
15 flexibility available to individuals involved, which is a
common
16 theme throughout this proposal.

17 Vehicle eligibility. There are also vehicle
eligibility
18 and ownership requirements that need to be met in order
for
19 vehicles to be considered for inclusion into a vehicle
scrappage
20 project or program. I do want to mention that our
findings from
21 the 1992 pilot project gave us a good starting point when
22 developing this list of requirements. In addition, U.S.
EPA's
23 vehicle scrappage guidance includes these eligibility
24 requirements as well.

1 Historically one of the main concerns regarding the
vehicle
2 scrappage concept is that if a vehicle is not currently
3 contributing to emissions because it is not or cannot be
driven,
4 it should not be eligible for vehicle scrappage
activities. As a
5 result, we determined this was a particularly important
issue to
6 address when developing these proposed rules. We feel
that the
7 list of vehicle eligibility requirements in effect, "weed
out"
8 those vehicle that would not be viable vehicle scrappage
9 candidates.
10 I want to highlight a couple of these requirements
here
11 today. The first being that a vehicle has to be
continually
12 registered in Illinois for 12 months prior to the date of
its
13 sale to a vehicle scrappage project or program. This
directly
14 excludes vehicle owners who see an advertisement that a
vehicle
15 scrappage activity is to take place and decide to sell
their
16 vehicle that may not have been legal to use in the first
place.
17 Secondly, a vehicle has to also be in compliance with
Illinois'

18 vehicle inspection program. This helps ensure that
targeted

19 vehicles are in working order and an active part of the
mobile

20 source population.

21 Marketing to vehicle owners. When it comes to
actually

22 marketing a vehicle scrappage project or program to
prospective

23 vehicle owners, we have included certain mandatory
requirements

24 and optional choices for vehicle scrappage managers and
sponsors

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1 to use. This proposal provides flexibility in the manner
in

2 which vehicle scrappage managers and sponsors notify
vehicle

3 owners that they are seeking vehicles for vehicle
scrappage

4 activities. Vehicle scrappage sponsors or managers may
ask the

5 Agency to notify owners who meet the specifications
contained in

6 the vehicle scrappage plan.

7 This option was identified in the recommendations
portion

8 of our pilot project because some sponsors may need some

9 additional assistance in identifying prospective vehicle

owners.

10 If a sponsor chooses to instead seek out vehicles on their
own,
11 they may do so through general notification methods such
as a
12 newspaper advisement in the area where a proposed vehicle
13 scrappage activity is to take place.

14 Whichever notification method is used, there is a
minimum
15 amount of information required. As with the vehicle
eligibility
16 requirements I covered earlier, there is a complete list
17 contained in the proposal, but I do want to touch on a
couple of
18 these requirements here today.

19 One of the key themes in this proposal that is
especially
20 important to highlight is that participation in all
vehicle
21 scrappage activities is strictly voluntary. No vehicle
owner
22 will be required to provide their vehicle to a vehicle
scrappage
23 project or program unless they choose to participate. In
24 addition, just because an owner's vehicle is identified as
a

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1 potential candidate for retirement, does not mean that

these

2 vehicles are subject to an environmental or other
violation. The

3 last thing we want to allow is vehicle scrappage sponsors
or

4 managers to give the wrong impressions during this
notification

5 process, so we have incorporated specific information

6 requirements that are to be contained in all public
notifications

7 of this type.

8 Pre-scrapping vehicle salvage operation. As
identified in

9 the Statement of Reasons, we met with a variety of
stakeholders

10 during the development of this proposal, and a lot of
useful

11 suggestions resulted from these discussions. One group of

12 stakeholders are those who are in the business of pre-
scrapping

13 vehicle salvage. The Agency recognizes the importance of
keeping

14 these groups informed of future vehicle scrappage
activities, so

15 we incorporated an extensive notification procedure into
the

16 vehicle scrappage proposal.

17 Vehicle scrappage sponsors and managers must provide

18 notification, either via the internet or through other
public

19 notification means, of upcoming vehicle scrappage
activities to

20 these types of organizations utilizing an Agency-provided
list.

21 So any vehicles collected in a vehicle scrappage project
or
22 program, or vehicle parts from collected vehicles, must be
made
23 available for purchase by one of these groups.

24 Even though vehicles or vehicle parts may be
recycled or

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1 parted out during vehicle scrappage project or programs,
it is
2 important to point out that credit for emissions will not
be
3 available for any vehicles sold to pre-scrapping
operations
4 unless the disassembly of certain emission-related
components
5 take place. Closely tracking this process helps ensure
that
6 credit for a vehicle scrappage project or program is not
claimed
7 unless actual reductions take place.

8 Operability check. Another expressed concern for
vehicle
9 scrappage is that some of the vehicles targeted for these
types
10 of activities may not be regularly used and should not be
11 providing emissions credit. We addressed this concern
based
12 primarily on our findings from the 1992 pilot project.

There are

13 minimum operability steps that must be completed before a
vehicle

14 scrappage sponsor or manager may scrap a vehicle for
credit. So

15 in addition to the eligibility requirements that I
mentioned

16 earlier, we have incorporated these safeguards into the
proposal

17 to exclude vehicles that are not operational.

18 Management of wastes and bona fide vehicle parts
handlers.

19 The final disposition of all collected vehicles was an
important

20 issue to resolve when we were designing the pilot project
and it

21 is also addressed in this proposal. The proper management
of

22 collected vehicles is fundamental to the success of
vehicle

23 scrappage activities. Removing emissions from the airshed
while

24 potentially causing other environmental problems due to
the

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1 improper handling and/or disposal of vehicles is
unacceptable.

2 Therefore, all proposed vehicle scrappage activities must
meet

3 certain disassembly, recycling and disposal requirements.

4 Also included were requirements for identifying
vehicle

5 parts handlers who would be allowed to purchase and resell

6 vehicle parts from sponsoring entities. We felt it was
important

7 to include the provision that these vehicle parts handlers

8 represent bona fide operations to ensure that proper
disassembly,

9 recycling and disposal of all collected vehicles takes
place. So

10 as a safeguard, any problems that arise with a vehicle
parts

11 handler during vehicle scrappage activities may subject
that

12 vehicle scrappage project or program to enforcement
actions in

13 accordance with the Illinois Environmental Protection Act;

14 including the possible revocation of approval of the
vehicle

15 scrappage plan. These types of provisions will help to
ensure

16 the validity of future vehicle scrappage activities.

17 Documentation beyond federal requirements. There
are

18 specific documentation requirements that all vehicle
scrappage

19 sponsors and managers must collect in order to properly
keep

20 track of vehicle scrappage activities that they operate.
As I

21 stated earlier, we designed this proposal to be in-line
with the

22 minimum documentation requirements contained in U.S. EPA's

23 vehicle scrappage guidance.

24 We wanted to ensure that good management practices
were

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1 followed for all vehicles collected, so we went above and
beyond

2 the federal guidance. Records need to be maintained for
at least

3 five years and should include the minimum amount of
information

4 included in the proposal in order to be considered
complete by

5 the Agency. Among the information items required, we have
6 mileage verification, emissions calculation verification,
and

7 demonstration of proper disassembly, which will allow the
Agency

8 to help verify the past activities during any future
inspections.

9 Optional program elements. There are provisions
included

10 in these proposed rules that vehicle scrappage projects
and

11 programs are required to follow, but there are also
optional

12 program elements available that exceed those requirements.
The

13 intent here is that vehicle scrappage sponsors and
managers may

14 propose to use optional program enhancements to better
narrow
15 down the universe of candidates they are targeting for
vehicle
16 scrappage activities.
17 This added flexibility will help to identify
vehicles for
18 potential inclusion in a vehicle scrappage project or
program.
19 Another added benefit for the vehicle scrappage sponsor
and
20 manager using optional program elements is the increase in
21 emission credits that can ultimately be attained.
22 Targeting of high emission vehicles. Getting the
most
23 emissions reduction "bang for the buck," if you will, is
24 obviously one of the main goals in pursuing these types of

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1 market-based activities. Since the amount of emissions
taken off
2 the road is directly proportional to the amount of
emission
3 credits a vehicle scrappage sponsor or manager will
receive, it's
4 an added bonus to be able to directly target high emission
5 vehicles for potential inclusion into a vehicle scrappage
project
6 or program.

7 The high emission vehicles can be targeted using the
8 Agency's administered Vehicle Inspection and Maintenance
Program
9 that issues certificates of waiver or test results to
these
10 applicable vehicles. This could be an attractive option
for
11 vehicle scrappage sponsors and managers to seriously
consider
12 when deciding what type of vehicle scrappage activity to
conduct.

13 Use of enhanced prescreening inspection. Another
option
14 available to vehicle scrappage sponsors and managers is
use of an
15 enhanced prescreening inspection. Basically, the
operability
16 checks I covered earlier can be supplemented with more
stringent
17 requirements when inspecting vehicles that are to be
retired.

18 This really gets into further analysis of the recent use
patterns
19 and the remaining useful life of vehicles, which can only
help to
20 further clarify the pool of vehicles when designing a
particular
21 vehicle scrappage project or program.

22 Credit generation. The credit generation portion of
the
23 vehicle scrappage proposal is the next area I want to
cover.
24 Since this proposal is a market-based activity where
emission

1 reductions are sought after, there needs to be a
quantification

2 of these reductions for use in determining the proper
amounts of

3 credit allowed.

4 There are three methods for determining emission
5 reductions. In keeping with the theme throughout, there
is a

6 certain amount of flexibility available in how one
determines the

7 level of emissions reductions a particular vehicle
scrappage

8 project or program will receive.

9 First off, there is the measure/measure method where
the

10 emissions of both the retired and replacement vehicles are
11 measured using the Inspection and Maintenance, or IM 240
test.

12 Next, the model/model method uses the most recent
version

13 of U.S. EPA's MOBILE model to determine the modeled
emissions of

14 both the retired and replacement vehicles.

15 Finally, the measure/model method uses a combination
16 approach to allow for measuring of the retired vehicle and
17 modeling the replacement vehicle. The later method was
the one

18 we utilized for the pilot project.

19 Credit adjustments and discounting. The amount of

20 Creditable Emissions Reductions, or CERs, available will

depend

21 on which of these three methods are used. The credit

22 adjustments, or discounting, we have included will take

into

23 consideration the type of method used in determining the

amount

24 of emissions reductions that have been realized from

conducting a

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1 vehicle scrappage event.

2 Since measure/measure is the most rigorous method

available

3 to determine the emissions reductions of retired vehicles,

there

4 will be no required reduction to the value of CERs

claimed. The

5 measure/measure method requires additional effort and

expense on

6 behalf of the vehicle scrappage sponsor and manager to

arrange

7 for vehicle testing for both the retired or replacement

vehicles.

8 Since this is the most intensive method available, the

effort

9 will pay off with no discounting of CERs.

10 Using the measure/model method may cause claimed
CERs to be

11 discounted by ten percent to account for the natural
retirement

12 of vehicles. There is also the enhanced prescreening
option I

13 highlighted earlier that would, in effect, cancel out this
ten

14 percent reduction, but that is something that would have
to be

15 addressed and approved up-front during the planning phase.

16 Finally, using the model/model method, will result
in an

17 initial discount of 20 percent for the natural retirement
of

18 vehicles with an additional five percent environmental
discount.

19 These factors basically come from the original federal
guidance

20 mentioned previously.

21 This discounting rationale will provide flexibility
in the

22 design of vehicle scrappage projects or programs while at
the

23 same time ensuring that the proper discounting takes place
to

24 account for differences between measurement and modeling.
It

1 will be up to the vehicle scrappage sponsor/manager to
design the

2 optimum combination of approaches.

3 Useful life of vehicles. When determining the
remaining

4 useful life of vehicles, we have incorporated limitations
that

5 depend on the type of measurement techniques used in a
particular

6 vehicle scrappage project or program. For retired
vehicles that

7 are modeled, the remaining useful life will be three
years, as

8 specified in the federal guidance. Retired vehicles that
are

9 measured will have, at a minimum, a useful life of two
years. I

10 should point out that in the case of measurement, a
greater than

11 two-year minimum useful life may be possible on a case by
case

12 basis. In these instances, vehicle scrappage sponsors or
13 managers must submit information to the Agency that
demonstrates

14 more than a two-year life is justified. In fact, using
the

15 enhanced prescreening option I briefly mentioned earlier
would be

16 one example of how one could demonstrate this
justification.

17 Submission and review of claims. Once a vehicle
scrappage

18 project or program is conducted, the CERs are not
automatically

19 granted to a program sponsor or manager. Another issue
bought up

20 during the proposal development process was deciding on
how to
21 accurately quantify the emission reductions claimed on
behalf of
22 vehicle scrappage activities. We have set up a CER review
23 process in the proposal where all CER claims are submitted
to the
24 Agency for review and approval.

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1 Timing requirements. These CER claims are to be
submitted
2 to the Agency for review not less frequently than yearly,
nor
3 more frequently than monthly depending on need. And the
Agency
4 has specific timing requirements in how long CER claim
submittals
5 can be reviewed and approved or disapproved. The Agency
has 45
6 calendar days from receipt of a complete claim to issue a
written
7 determination regarding how many CERS have been generated
from a
8 vehicle scrappage project or program. So vehicle
scrappage
9 sponsors and managers will know the disposition of their
CER
10 claim submittal in a timely manner.

of the 11 Vehicle scrappage plans. Now we have covered many
12 key components that make up a viable vehicle scrappage
program.
13 Taking a step back to the beginning of the process,
preparation
14 during the planning phase is integral to the success of
all
15 vehicle scrappage projects or programs. We initially had
some
16 concerns that, unless properly designed, projects or
programs
17 could easily "miss the mark" so to speak in achieving
viable
18 emissions reductions.
19 So the next feature of this proposal I want to spend
some
20 time on is the actual vehicle scrappage plan. This plan
should
21 be considered as the "blueprint" of how a vehicle
scrappage
22 sponsor and manager intends to conduct a vehicle scrappage
23 project or program from start to finish. As you might
imagine,
24 there are several required components that will constitute
a

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list of 1 complete vehicle scrappage plan. The first being another

2 items that all vehicle scrappage plans must include, at a
3 minimum, in order to be considered for approval. And,
again,
4 many of these items were incorporated from our experiences
with
5 the pilot project. Once the Agency receives a submitted
vehicle
6 scrappage plan, we will review the plan to either approve
or
7 disapprove it in accordance with the timing outlined in
the
8 vehicle scrappage proposal.

9 Public notice provisions and opportunity for
hearing. An
10 item I want to highlight with regards to the planning
process is
11 the public notice provisions we have in place. The intent
here
12 is to properly notify the general public of any proposed
vehicle
13 scrappage projects or programs that may be conducted in a
14 particular area. This is an added feature that will fully
inform
15 and allow comment for the potentially affected public.

16 There is a timing limitation here as well. The
vehicle
17 scrappage sponsor or manager must provide public notice,
i.e.,
18 through a local newspaper or other public notification
means, in
19 the area where vehicles are to be collected and retired
within 14
20 days of submitting the vehicle scrappage plan to the
Agency.
21 This will give interested persons an opportunity to obtain

a copy

22 of the vehicle scrappage plan; submit any comments; and,
if

23 desired, request that a hearing be scheduled.

24 Once the notice of proposed vehicle scrappage plan

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1 submission is published, any comments and requests for
hearing

2 must be received by the Agency within 21 days. We believe
this

3 will provide ample opportunity for the general public to
provide

4 comment and requests for hearing to the Agency. Should
any such

5 requests be submitted to the Agency, we will determine
whether to

6 hold a public hearing in accordance with the appropriate
7 provisions of the Agency's procedural rules.

8 Training requirements. Since functioning as a
vehicle

9 scrappage program manager encompasses several areas of
10 responsibility, including many technical areas, we felt it
was

11 important to ensure that these individuals were competent
in the

12 duties they are responsible to perform. Having a properly
13 trained vehicle manager will help ensure the success of
all

14 vehicle scrappage activities. So each person who wants to
become
15 a vehicle scrappage manager must meet the requirements
outlined
16 in the proposed rule; and, successfully complete the
training
17 course, including an examination for vehicle scrappage
managers
18 who will conduct vehicle scrappage programs. The training
will
19 be offered by the Agency annually, based upon need, and
will
20 follow a prescribed curriculum.
21 Fee provisions. The last thing I want to briefly
touch on
22 here today is the fee provisions we have included in this
23 proposal. For vehicle scrappage plan and plan renewal
fees there
24 are a variety of amounts outlined in the proposal that are
in

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1 line with other fee structures required in the Agency.
The same
2 holds true for the form of payment used, non-refundability
of
3 fees, and credits for overpayments.
4 Finally, technical support document, or TSD. The
TSD that

5 accompanies this proposal has been submitted as an
exhibit, so we

6 won't go over this document in detail. However, the
vehicle

7 testing and mobile source modeling portion of the TSD will
be

8 described by Jim Matheny here shortly to expound on some
of the

9 background concepts that are involved in this proposal.

10 This concludes my presentation.

11 MS. SAWYER: At this time the Agency would like to
present

12 the testimony of James Matheny.

13 HEARING OFFICER TIPSORD: Before you start, I would
just

14 like to note that Board Member Marili McFawn has joined us
today.

15 BOARD MEMBER McFAWN: Good morning.

16 HEARING OFFICER TIPSORD: And also to note that the
17 technical support document is listed as item number nine
in the

18 table of contents of the regulatory submittal.

19 MS. SAWYER: And one other thing, the U.S. EPA
guidance

20 that was referred to by Mr. Ostrem is Exhibit Number 2 in
the

21 proposal.

22 HEARING OFFICER TIPSORD: All right. Thank you very
much.

23 Please go ahead.

24 MS. SAWYER: We next would like to present Mr.
Matheny's

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1 testimony.

2 MR. MATHENY: Good morning. My name is James
Matheny, and

3 I am the Manager of the Technical Services Section in the
4 Division of Inspection and Maintenance, Bureau of Air. I
have

5 been employed with the Agency since 1976, including
approximately

6 nine years in the Division of Air Pollution Control, and
15 years

7 in the Division of Vehicle Inspection and Maintenance. I
am a

8 registered Professional Engineer.

9 The purpose of my testimony is to provide
information on

10 the vehicle emissions testing program and its relationship
with

11 this rulemaking, including the availability and use of IM
240 and

12 evaporative test data to quantify emissions from candidate
13 vehicles.

14 Illinois has included periodic inspection of motor
vehicle

15 emissions in its Air Quality improvement strategy since
1986.

16 This program requires most vehicles registered in the
Chicago and

17 metro-east St. Louis ozone nonattainment areas to undergo
a

18 biennial exhaust and evaporative system inspection.
Vehicles are

19 inspected to determine compliance with standards
applicable for

20 the vehicle type and model year.

21 Beginning in February of 1999, the Agency
implemented major

22 changes to the program required to bring Illinois into
compliance

23 with the federal Clean Air Act requirements for Enhanced

24 Inspection and Maintenance of motor vehicles. The
principle

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1 change to the Illinois program involves the incorporation
of the

2 IM 240 transient loaded mode test procedure to more
accurately

3 quantify exhaust emissions in 1981 and newer light-duty
vehicles

4 and identify high-emitting vehicles in need of emissions
related

5 repairs.

6 The IM 240 procedure provides a cost-efficient and
accurate

7 means to determine vehicle-specific exhaust emission rates
from

8 passenger cars and light-duty trucks. The IM 240 has been

9 successfully demonstrated in Illinois and in several other

test 10 ongoing IM programs throughout the country. The IM 240
inertia 11 procedure consists of operating the vehicle on a variable
cycle, 12 weight dynamometer over a specified 240 second driving
miles 13 which simulates a typical urban trip of approximately two
miles per 14 in length at speeds varying from zero, or idle, to 57
15 hour.

16 The dynamometer used is specifically designed to
accurately 17 simulate the vehicle loads generated during vehicle
operation, 18 including vehicle accelerations and decelerations
experienced on 19 the road. The drive cycle was derived from portions of
the drive 20 cycle used in the Federal Test Procedure, or FTP, used by
U.S. 21 EPA to determine compliance with federal new vehicle
22 certification standards.

23 The analytical equipment used is comparable to that
used in 24 the FTP. As a result, IM 240 measurements correlate
extremely

in-use 1 well to the FTP and can provide reasonable estimates of
2 vehicle-specific exhaust emission rates. The IM 240 test
is 3 specifically identified in U.S. EPA guidance as an
acceptable 4 procedure for quantifying exhaust emissions of vehicles
5 participating in vehicle scrappage programs.

240 6 Although the vehicle emission test program limits IM
7 testing to 1981 and newer vehicles, older vehicles can be
tested 8 using this procedure. There are some vehicles for which
IM 240 9 testing is not possible due to the type of dynamometers
used in 10 Illinois facilities. The test lanes are equipped with
two-wheel 11 dynamometers, which prevents testing of vehicles with
full-time 12 four-wheel drive or vehicles with traction control systems
that 13 can not be disengaged.

14 Since IM 240 measures total hydrocarbon, THC,
emissions, it 15 may be appropriate to adjust measured results to account
for non 16 volatile components. The required adjustment is
relatively 17 small, five percent or less on older vehicles, increasing
to as 18 much as 15 percent of exhaust emissions on new vehicles.

19 The Illinois Enhanced IM program incorporates
features to 20 accommodate testing of vehicles for use in the proposed

program.

21 IM 240 testing is available at any one of 35 facilities
located

22 throughout the greater Chicago and metro-east St. Louis
areas.

23 The facilities are open 55 hours a week and the state
contract

24 with Envriotest Illinois, Incorporated, includes
provisions for

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1 scheduled, after-hour testing of fleets of vehicles.

2 The testing system is currently designed to allow
for

3 voluntary testing of vehicles not currently scheduled for

4 mandatory testing. While current lane software is
configured to

5 enable fast-passing of clean vehicles, a feature designed
to

6 terminate the test if measured emissions are below fast-
pass

7 standards, the software can be modified to disable this
feature

8 to provide the full-term IM 240 results required for this

9 scrappage program.

10 All voluntary testing must be authorized in advance
by

11 contractor management personnel, and are subject to a \$20
fee, as

enhanced 12 authorized by the Illinois Vehicle Inspection Law. The
13 emission testing contains provisions to allow scheduled
14 after-hour testing of vehicles, the additional cost of
which 15 would be negotiated with the contractor.
16 Envirotest is required to maintain a database
containing 17 all vehicles registered in the Chicago and metro-east test
areas.
18 This database provides current information on emissions
program 19 compliance status, which is available on-line to Agency
personnel 20 through a local-area network linked to servers located in
the 21 contractors headquarters in Villa Park, Illinois. Agency
22 Technical Staff also have the capability to query the
vehicle 23 database to determine the vehicle eligibility requirements
as 24 specified in Section 207.304 of the proposed rule.

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1 The test system also maintains historical data on
all 2 vehicle tests, waiver determinations, and other
administrative 3 actions conducted. To the extent that full-term IM 240
data is

4 available, this information can be extracted from the
database
5 and used to quantify the emissions level of a vehicle.
Section
6 207.314 of the proposed rule would allow use of test
results
7 obtained within 90 days prior to the collection of the
vehicle.
8 As with vehicle information, test history information and
results
9 are available on-line for individual vehicles. Database
query
10 and reporting capabilities also exist to identify fleets
of
11 eligible vehicles, to characterize these vehicles for
screening
12 or targeting purposes, and for program auditing purposes
13 including verification of eligibility, verification of
vehicle
14 age or mileage, and of the final disposition of retired
vehicles.
15 Emissions modeling using U.S. EPA's MOBILE model.
The
16 modeling approach, as discussed previously, relies on the
use of
17 U.S. EPA's MOBILE model to estimate emission rates of
subject
18 vehicles. The MOBILE series of computer programs provides
19 estimates of exhaust and evaporative emission rates for
vehicle
20 fleets and sub-fleets that have traditionally been used by
states
21 in preparation of on-highway MOBILE source emission
inventories,
22 and determining the effectiveness of MOBILE source

emission

23 control strategies.

24 The MOBILE model generates emission factors based
upon U.S.

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1 EPA evaluation of vehicle certification and in-use emission
2 testing data. Most applications of the model require the
use of
3 local-area specific input data so that the emission
factors
4 generated reflect local conditions. Input variables
include
5 characterization of the fleet population using vehicle
6 registration data to establish the model year mix and
vehicle
7 type mix, characterization of ambient conditions, such as
daily
8 minimum and maximum temperatures, traffic related inputs
such as
9 average vehicle speeds and operating modes. Other
important
10 inputs include the proper characterization of local fuel
11 composition and the impacts of specific emission control
measures
12 such as Inspection and Maintenance programs.
13 U.S. EPA routinely updates the computer program to
reflect
14 recent research and results of in-use testing. The

current

15 version of the model is MOBILE 5, which was originally
released
16 in 1994. U.S. EPA is currently developing MOBILE 6, which
may be
17 released by sometime this year.

18 Of particular importance for the proposed program,
the

19 MOBILE model incorporates a by model year option that
provides a
20 detailed break-out of estimates of exhaust and evaporative
21 emissions by model year for the most recent 25 model
years.

22 These estimates are available for each of eight vehicle
types or

23 classes, including passenger cars and light-duty truck 1
and 2

24 classes included in this rulemaking. A limitation of the

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1 modeling approach is that the emission rates provided
represent

2 average emission rates for all vehicles within the model
year and

3 class. Since the average includes both "clean" and
"dirty"

4 vehicles, the results may underestimate the actual
emissions from

5 "dirty" vehicles selected for retirement.

6 Evaporative and other non-exhaust emissions. While
the IM

7 240 test can be used to quantify exhaust emissions from
vehicles,

8 no equivalent short-test is available to measure
evaporative and

9 running loss emissions from vehicles. These emissions
make up

10 from one-third to one-half of all VOM emissions from in-
use

11 vehicles, and can only be measured using sophisticated and
12 expensive evaporative tests such as the SHED test used by
U.S.

13 EPA and manufacturers during new vehicle certification.

14 Inspection and Maintenance programs incorporate
simple

15 screening tests to identify vehicles with leaking or
inoperative

16 evaporative emission control systems. Gas cap and/or fuel
system

17 vapor leak checks are limited in effectively identifying
gross

18 emitters resulting from leaking control systems, not those
that

19 have malfunctioning canister purge valves and lines. At
this

20 time, practical estimation of evaporative contributions is
21 limited to MOBILE model estimates, although the model can
be used

22 to generate evaporative emission factors separately, from
23 vehicles passing, or failing gas cap pressure tests.

24 Illinois vehicle emissions testing results. With
the

1 inception of enhanced emissions testing in early 1999, the
Agency
2 has collected mass emissions data on over 1.5 million
vehicles.
3 This information provides tremendous amount of real-world
data on
4 the emissions performance of light-duty vehicles
registered in
5 Illinois nonattainment areas. Preliminary evaluation of
calendar
6 year 1999 results indicates that while the majority of in-
use
7 vehicles can be considered as "normal" emitters, a
significant
8 percentage of the fleet exceed applicable IM 240, idle,
and gas
9 cap pressure test standards, and are in need of repair
and/or
10 retirement.
11 Current initial failure rates for the Illinois
program are
12 approximately ten percent of vehicles presented. Exhaust
failure
13 rates average approximately seven percent, and gas cap
test
14 failures average approximately three percent. It is
important to
15 note, however, that a vehicle passing Illinois' current
standards
16 does not guarantee that the vehicle is clean. By design,

17 Inspection and Maintenance standards are designed to
maximize
18 emission reduction potential while minimizing errors of
19 commission or false failures. As such, standards are
typically
20 set two to three times higher than U.S. EPA certification
21 standards.

22 Testing data does indicate that the Illinois fleet
contains
23 a significant number of vehicles emitting at levels
several times
24 the level of applicable exhaust standards. In the first
year of

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1 the two year biennial test cycle, the Agency has
identified
2 28,500 vehicles that emitted over two times the allowable
3 Illinois IM 240 standard during its initial inspection.
The
4 Agency has identified over 6,000 vehicles that emitted
over five
5 times the allowable IM 240 standard. Most of these
vehicles are
6 older, high-mileage vehicles that may be difficult, if not
7 practically impossible to repair. To the extent that the
cost of
8 repairing these vehicles significantly exceeds the value
of the

9 vehicle, Inspection Maintenance is no longer an option.

10 Eligible vehicle populations. The Agency has
queried the

11 Vehicle Inspection Database to estimate the numbers of
vehicles

12 that would be eligible for participation in the proposed
program.

13 Based upon application of eligibility criteria specified
in

14 Section 207.304 of the proposed rule, and selecting
vehicles of

15 model year 1983 or older, approximately 152,000 vehicles
16 registered in the Chicago IM area were identified.

17 With significant numbers of high-emitting model year
1984

18 to 1990 model year vehicles, the addition of these
additional

19 model years brings the total eligible to 1,288,000
vehicles.

20 Obviously, most of these vehicles are normal emitters. By

21 focusing on vehicles that marginally passed or were
granted

22 waivers within the past test cycle, 73,500 model year 1968
to

23 1983, and 149,000 model year 1968 through 1990 model year
24 vehicles were identified.

1 Thank you. This ends my prepared testimony.

2 MS. SAWYER: Thank you, Mr. Matheny. At this time I
would

3 like to present the testimony of Darwin Burkhart.

4 MR. BURKHART: Good morning. My name is Darwin
Burkhart.

5 I have been with the Air Quality Planning Section of the
Bureau

6 of Air at the Illinois EPA since 1991. I graduated from
Purdue

7 University in 1987 with a Bachelor's degree in Physical
Sciences,

8 and I also have a Master's degree in Environmental
Planning from

9 the University of Illinois at Springfield. My primary

10 responsibility at the Illinois EPA for the past nine years
has

11 been evaluating, developing and implementing programs
concerning

12 motor vehicles and fuels.

13 My testimony today addresses three areas. One,

14 inter-sector transactions; two, Creditable Emissions
Reductions,

15 or CERS, and three, the state's emission inventory.

16 Inter-sector transactions are provided in the
Emissions

17 Reduction Market System, or ERMS, rule. It is the
mechanism in

18 the ERMS program by which a project sponsor or manager may
submit

19 a proposal to the IEPA to seek credit for emissions
reductions

20 achieved from mobile sources. While there are other
mobile

21 source programs currently in place, such as enhanced
vehicle
22 emissions testing, clean fuel fleets, transportation
conformity
23 and a host of emission and fuel regulations at the federal
level,
24 vehicle scrappage will provide scrappage sponsors and
managers a

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1 measurable way to receive credit for additional emissions
2 reductions due to scrappage activities. These emissions
3 reductions in the mobile source sector resulting from
vehicle
4 scrappage will supplement the reductions already occurring
in the
5 other programs. They will not be double-counted in the
emission
6 inventory, as discussed below.

7 As a part of the proposal, the vehicles that are
scrapped
8 in a project or program will generate Creditable Emissions
9 Reductions or CERS. When approved by the Agency, these
emission
10 reductions may be used by the project sponsor or manager
in a
11 number of ways.

12 One, seasonal control periods. The CERS can be
converted

13 into allotment trading units, or ATUs, for use in the
market
14 system of ERMS. These ATUs are available to the project
manager
15 or sponsor for the approved time period.
16 Annual control period. Another use of CERS is for
meeting
17 the offset requirements of New Source Review. Major new
sources
18 and major modifications of existing sources emitting VOM
in the
19 Chicago ozone nonattainment area are subject to certain
20 preconstruction requirements contained in 35 Ill. Adm.
Code Part
21 203, commonly known as New Source Review. The CERS could
be used
22 to address the emissions offsets that are required when a
new
23 source is constructed or modified in the Chicago area.
Since the
24 NSR provisions require these offsets on an ongoing basis,
the

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1 source will need to replenish any expired CERS with new
CERS.
2 One of the primary Clean Air Act obligations that
the state
3 must satisfy is the requirement to prepare for each
serious or

4 above ozone nonattainment area a State Implementation
Plan, or
5 SIP, revision which provides for an actual reduction in
ozone
6 precursors of at least three percent per year averaged
over each
7 consecutive three-year period.

8 The Chicago ozone nonattainment area is a severe
area and
9 is, therefore, subject to this requirement. This
requirement,
10 referred to as the rate-of-progress, ROP, plan, began six
years
11 after the enactment of the 1990 Clean Air Act amendments
and
12 continues until the area attains the one-hour ozone
standard.

13 The process required by the U.S. EPA to address this
Clean
14 Air Act requirement is for states to first develop their
ROP
15 plan, or rate-of-progress plan, which identifies the
complement
16 of control programs that are being relied upon to meet the
17 necessary reduction requirements, then to later prepare a
18 periodic emissions inventory for each respective milestone
year,
19 for example, 1999, 2002, etcetera, to demonstrate that the
ROP
20 emissions level was actually achieved.

21 Illinois completed its 9 percent ROP plan for
Chicago for
22 the 1999 milestone period in December of 1997, and has
recently
23 updated that plan in January of 2000. This plan relies on

VOM

24 and NOx emissions reductions from all source sectors,
including

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1 mobile sources. In this latest ROP plan, no emission
reduction
2 credit was relied upon for the vehicle scrappage program.
3 Therefore, any reductions generated from this program are
4 available for use by sponsors in the previously mentioned
air

5 quality programs, consistent with the individual
provisions of

6 that program.

7 Illinois will account for any emission reductions
from the

8 vehicle scrappage program achieved during a milestone
period at

9 the time it completes its periodic emission inventory for
that

10 milestone year. For example, for the milestone period of
1997 to

11 1999, a periodic emission inventory will be prepared from
1999 to

12 demonstrate that the required 1999 ROP emissions level was
13 achieved. Illinois will account for any mobile source
control

14 program reductions, such as from clean fuel fleets,

15 transportation control measures, or vehicle scrappage, by

16 reducing the fleet-wide on-road mobile emissions by the
reduction
17 amounts achieved by these mobile source control programs.
18 Point source emissions are based on actual emission
rates,
19 such that any sources relying on vehicle scrappage
reductions to
20 meet their air quality reduction obligations do not have
their
21 emission rates reduced by the vehicle scrappage credits.
Thus,
22 the inventory will represent actual emissions levels for
each
23 source category, and no double counting will occur.
24 Approved emissions reductions will be reflected in
the

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1 inventory and it will serve as a means to document and
monitor
2 the mobile emissions reductions that take place.
3 Thank you. That concludes my testimony.
4 MS. SAWYER: Thank you, Mr. Burkhart.
5 HEARING OFFICER TIPSORD: I think before we go to
6 questioning -- is there something else you have before
that? If
7 not, I thought we would take a short break.
8 MS. SAWYER: No, there is nothing else before that.

ten 9 HEARING OFFICER TIPSORD: Okay. Then we will take a
10 minute break.
11 (Whereupon a short recess was taken.)
the 12 HEARING OFFICER TIPSORD: All right. We are back on
13 record.
hearing 14 (Board Member Elena Kezelis was not present in the
15 room after the recess.)
16 HEARING OFFICER TIPSORD: We will start with
questions of
17 the Agency.
18 Does anyone now have a question for the Agency in
the
19 audience?
20 All right. Then seeing none, are there any
questions of
21 the --
22 MR. RAO: Yes, I have a few.
23 HEARING OFFICER TIPSORD: All right. Go ahead. I
will let
24 you start.

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1 MR. RAO: I had a question for Mr. Kanerva.
Basically I

per 2 wanted to know if the Agency has any estimates of the cost
know, 3 ton of VOM reduction involving the scrappage program. You
program 4 you had mentioned some costs for the ATUs from both our
estimates 5 in Illinois and also from California. Do you have any
the 6 of how much it would cost per ton of VOM reduction from
7 scrappage program?

Roger 8 MR. KANERVA: Yes, I will respond to that. This is
9 Kanerva from the Agency.

from 10 We used -- we presented the cost per ton information
me find 11 the California program, or the South Coast program -- let
reflect the 12 my place here -- because that is current, and it does
the 13 actual program operation where people are complying with
14 South Coast rules.

project 15 Frankly, I think from our experience with the pilot
credits 16 we would expect the cost per ton to range for scrapping
work we 17 to probably be less in our area. In the pilot project
end on 18 did, the amounts came out near the same level as the low
little 19 South Coast, around the \$4,000.00 to \$5,000.00 level, or a
20 higher. And that was for just collecting 270 vehicles.

21 MR. RAO: And then that could change if the number

of

22 vehicles --

23 MR. KANERVA: That is right. As you get a larger
scrapping

24 project, you get less relative cost per activity you do.
So we

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1 had projected that you might even get down as low as
\$2,500.00

2 to \$3,000.00 a ton, which would then be pretty competitive
with

3 the ATUs in the marketplace, at least as they are being
initially
4 listed.

5 The other thing that is a little deceptive about how
the

6 actual pricing might come out on these is that we are at
the very

7 beginning of the ATU market. The experience with the acid
rain

8 program and the SO2 market was that the trading units
there did

9 start out very low, but they are expecting to climb over
time.

10 So there may be a point at which the cost per ton of these
two

11 get quite comparable, you know, maybe several years down
the

12 road.

13 MR. RAO: Okay. Thank you. I had a couple of
questions
14 for Mr. Matheny. In your testimony concerning IM 240
testing you
15 mentioned that this procedure has certain limitations, you
know,
16 in vehicles that are pre 1981 model years. But you did
say that
17 the procedure can be used for testing. But could you
explain a
18 little bit about what those limitations are and, you know,
why
19 you think that it can be used for older vehicles.
20 MR. MATHENY: The limitations currently are tied to
the
21 software, the computer software that our test contractor
is using
22 to select the appropriate test procedure for vehicles
coming in
23 for a normal inspection. Currently it limits the IM 240
test to
24 vehicles that are model year 1981 or newer. Although that

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1 software can be modified, in fact, in an after hours
scenario,
2 the software can -- a switch can be thrown to allow the IM
240
3 testing for any vehicle that is presented.

4 MR. RAO: Okay. So it is something that is very
easily
5 modified and changed, depending on which vehicle is --
6 MR. MATHENY: Yes, it is a relatively easy
modification.
7 MR. RAO: Okay. And also in your testimony when you
were
8 talking about the database, the Envirotech database, you
9 mentioned that the test history information and reserves
are
10 available on line for individual vehicles. Is this
information
11 available to anybody who has access to the internet, or is
it
12 limited to the internet or --
13 MR. MATHENY: No, it is limited to the local area
network
14 that the Agency and the contractor use to administer the
test
15 program.
16 MR. KANERVA: It is available on line to the Agency
and the
17 contractor.
18 MR. RAO: Okay. We saw the statement, and we were
19 wondering if any public could access the information and
find out
20 what is going on with a particular vehicle. Okay. That's
about
21 it. Thank you.
22 HEARING OFFICER TIPSORD: Okay. Then --
23 MR. RAO: Oh, Marie, excuse me. I have just one
more. Dr.
24 Flemal wanted this information. This is in regards to the

1 brokerage company that you were talking about on the web
page.

2 Do you have an address that you could provide us?

3 MR. KANERVA: Yes, I brought that. I can give that
to you

4 before we leave.

5 MR. RAO: Okay. Thank you.

6 HEARING OFFICER TIPSORD: All right. I have some
questions

7 specific to the rule. A couple of these, Ms. Sawyer, you
don't

8 have to answer today. You can file comments later. Some
of them

9 have been pointed out to us through the Joint Committee on
10 Administrative Rules. For example, in the table of
contents of

11 the proposal, at 207.510, 207.512, and the title of
subpart (g)

12 those do not match the titles within the rule.

13 MS. SAWYER: Okay.

14 HEARING OFFICER TIPSORD: So if you could just let
us know

15 which one you prefer, and then make that correction when
we go

16 final.

17 MS. SAWYER: Sure.

18 HEARING OFFICER TIPSORD: Okay. And then turning to
19 207.304 -- oh, wait. Excuse me.

20 In the definitions at 207.102, recognized repair
21 technician, you use the phrase, it means a person
professionally

22 engaged in vehicle repair employed by a going concern
whose

23 purpose is to repair vehicles. Could I have some
clarification

24 on exactly what a going concern whose purpose is the
repair of

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1 vehicles.

2 MS. SAWYER: Yes, hopefully -- I will tell you the
basis

3 for that language. It is out of the Illinois Vehicle
Emissions

4 Inspection law. It is the same way the term was defined
in that

5 law. But we can take a look into that and provide you a
6 clarification.

7 HEARING OFFICER TIPSORD: Great. Thank you. In
207.304

8 (d) you refer to the entire Chapter 12 of the Illinois
Vehicle

9 Code for being legally driven to the collection site.
That is a

10 really substantial chapter. I was just wondering if you

could

11 take a look at that and see if you might be able to
clarify that

12 a little more.

13 MS. SAWYER: Okay.

14 HEARING OFFICER TIPSORD: It just seemed, in my
quick run

15 through, that it didn't really have a -- some of it might
be able

16 to be excluded, basically.

17 MS. SAWYER: Okay. I will take a look at that.

18 HEARING OFFICER TIPSORD: Then in (h) you talk about
the

19 vehicle inspection law and regulations promulgated
thereunder. I

20 was wondering if you have any specific regs in mind, or if
there

21 is any specific cross-reference, or if there is a reason
to keep

22 the language that general.

23 MS. SAWYER: We can take a look into that, as well.

24 HEARING OFFICER TIPSORD: All right. And then in
207.310

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1 (a) do you have a preliminary list of collector
associations from

2 your pilot project and, if so, could you provide that to
us?

3 MR. KANERVA: This idea of having the list for the
4 collector groups came up after we did the pilot project.
5 Actually, it came up in some outreach sessions that we did
in the
6 Chicago area when we had done a discussion document about
this,
7 and it came out of evaluating the South Coast public
outreach
8 work. So we had not generated a specific list prior to
that.

9 The two discussion sessions or outreach sessions
that we
10 had last summer, one here in Springfield and one in
Chicago, we
11 had some lists that some groups had that were given to us,
but we
12 didn't collect them as anything official. So we would --
in
13 implementing this rule, we would offer an opportunity for
anyone
14 that wants to be part of that list to do it as a fresh
thing.
15 But it does not exist, per se, right now.

16 MS. SAWYER: Some of the names that I had provided
you with
17 to be included on the notice list were from the collector
18 associations that we had been working with.

19 HEARING OFFICER TIPSORD: Okay.

20 BOARD MEMBER GIRARD: While we are on this section,
I have
21 a question on subsection (b) there. In (b) you have got
two
22 different time frames for notification, either a ten day
time

mail. 23 frame for notifying over the internet or twenty days by

you 24 What if you have notification of both types? Or how do

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particular 1 decide which type of notification to provide for a

2 project or program?

flexibility 3 MR. KANERVA: Well, again, we were trying to provide
4 scrappage managers, the sponsors and managers some

the 5 here in the way that most suited them. In talking to the
6 collector folk, the groups, they make extensive use now of

do sort 7 internet capabilities, because it is so quick and it is
8 convenient for many of them. If I recall correctly, they

them 9 of have a fax out kind of concept, too, where certain of

others, 10 will fax to some of their members and others will fax to

11 so there is sort of a networking thing there.

would 12 Anyway, we wound up taking both approaches, where we

one. 13 have some sort of electronic approach and then the written

would 14 If they do them both, I would suspect we would say they

15 have the full twenty days probably, because they have
essentially
16 triggered both items. Now, that is something that needs
more
17 clarification, and we can look at that.
18 MS. SAWYER: I think we probably do need to take a
look
19 into that. If they notify on the internet then they have
20 fulfilled the first requirement that allows them to scrap
within
21 ten days. So we could provide written comments on how we
think
22 that should be interpreted or if it needs any further
23 clarification.
24 BOARD MEMBER GIRARD: Do you see any particular
problems if

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1 it was twenty days for either method of notification?
2 MR. KANERVA: Well, the main trade-off here is the
amount
3 of time -- the lapsed time for going ahead and completing
the
4 testing on the vehicles and getting them scrapped. And
there is
5 a concern about too much delay in that process, because
you are
6 starting to impact what the -- you are starting to move
into the

7 remaining lifetime of the vehicle, basically. So we have
a
8 cutoff of time in terms of how they can get credited for
things.
9 The main -- in talking to the South Coast folks who
have --
10 I think they even have a hotline approach. But if the
scrappers
11 came across any vehicle of real value and it gets posted,
folks
12 learn about it pretty quickly. So we thought that the ten
days
13 and twenty days was plenty of time for the word to get out
that
14 there was a vehicle that somebody might want. The
electronic is
15 quick enough, and these folks are in touch with each other
enough
16 that the ten days, I think, is plenty, if they do the
electronic.
17 BOARD MEMBER GIRARD: Okay. Thank you.
18 HEARING OFFICER TIPSORD: As a follow-up to that,
you
19 talked about posting on the internet. When you talk about
that,
20 do you mean posting on the Agency's page? Do you mean
posting on
21 the -- where, specifically, would they be posting this
notice?
22 MR. KANERVA: We left it up to their choice. In (c)
there
23 we say that they may utilize our capabilities. So we
would set
24 it up that they could use our web site if they wanted.
Some of

1 these -- the more you get into this, the more intriguing
it gets.

2 Some of these scrappers and parts distributing people that
use

3 parts or whatever, have an extensive information setup of
their

4 own. I mean, they have to have some way of communicating
with

5 each other about who has what special parts all over the
country,

6 and for that matter, across the planet.

7 These folks are exchanging information in Europe and
here

8 and all over the place about what sorts of vehicle parts
are out

9 there. So some of them might prefer to use their own and
just

10 setup access to that, so that they would have a separate
little

11 posting of cars collected. For example, in addition to
all of

12 them, here is the parts we have for '57 Chevys and here is
the

13 whatevers, that they already can give people access to.

14 But if we get -- that would tend to be a -- someone
that

15 was more in the business of dealing with these vehicles,
like a

16 scrapping operation. If an individual industry, as Unocal
did
17 originally back in 1990, decided to sponsor like a one-
time
18 project to collect 500 cars or 1,000 or whatever they
needed for
19 that ozone season, they might not have, you know, the same
20 capabilities. And so it would be better for them to use
the
21 Agency's web site or something like that. So it is their
choice.
22 It would be in their scrappage plan. They would have to
23 identify, though, what they were going to do.
24 HEARING OFFICER TIPSORD: Also just as an aside,
back to

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1 the definitions, if any of those definitions perhaps come
from
2 another act, if you could identify that for us, that would
be
3 helpful.
4 MS. SAWYER: Another act other than the
Environmental
5 Protection Act?
6 HEARING OFFICER TIPSORD: Yes.
7 MS. SAWYER: Okay.
8 HEARING OFFICER TIPSORD: And then in 207.316, you
use the

used 9 same phrase as you did in 304, this time referring to the
and 10 tire stuff, Title 14 of the Environmental Protection Act
at 848 11 regulations promulgated thereunder. The Board has rules
have 12 and -- at 35 Ill. Adm. Code 848 and 849. Does the Agency
13 any regulations in mind, or is there a reason to keep the
14 language that general?
15 MS. SAWYER: Okay. We will check into that.
this 16 HEARING OFFICER TIPSORD: Okay. Then on to 207.318,
generally 17 is a documentation requirement, and let me just say
site, 18 that you require that the documentation be maintained on
that any 19 but I don't recall, and I may have overlooked it, seeing
the 20 of this documentation is provided to the Agency or kept by
like 21 Agency. Is that -- am I correct that this is not provided
22 in an annual report to the Agency?
23 MR. KANERVA: That's correct. We would prefer to
operations 24 essentially do an on-site audit with these kinds of

1 and check them out on-site, and we can access that
information if

2 we want to. In particular, if there appear to be some
cars where

3 the records are not quite like we would like them to be or
4 something else, we may want to copy those records and
check that

5 out more carefully. But there really isn't a particular
reason

6 to submit all of the individual information constantly to
the

7 Agency. They do have to submit the specified
documentation when

8 they apply for their Creditable Emissions Reductions. So
when

9 they apply to get the credits, they have to go through a
certain

10 amount of documentation there.

11 HEARING OFFICER TIPSORD: Okay. What effect does
this have

12 on whether or not this information is public for purposes
of, for

13 example, the Freedom of Information Act requests? In
other

14 words, could someone from the general public ask to see
this

15 information on-site?

16 MS. SAWYER: I don't think that they would be
covered, the

17 individual scrappage projects or programs would be covered
by the

18 Freedom of Information Act. I think that that would need
-- you

19 know, it is in our possession, of course, and it would be
with

20 yours. But I don't think that there is anything in there
that

21 specifically allows the public to -- or I should say
requires the

22 scrappers to make this information available to the
public.

23 BOARD MEMBER GIRARD: Let me ask a direct question,
then.

24 Do you consider this five year documentation to be a
public

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1 record?

2 MS. SAWYER: I guess I could look into it more, but
it is

3 my understanding that it only becomes a public record when
it is

4 actually in the possession of a public agency or body of
some

5 sort. So anything that we have obtained during
inspections or

6 anything that they submit in terms of their CER claims or

7 anything in conjunction with their plan submittal, we can
look

8 into that further, but that is my understanding of how
public

9 records are defined.

10 BOARD MEMBER GIRARD: What problems do you have with
having

11 this submitted to the Agency as a report then?

12 MR. KANERVA: Well, it depends on what you mean by
annual

13 report. I mean --

14 BOARD MEMBER GIRARD: I didn't say annual. I just
said a

15 report.

16 MR. KANERVA: Oh, some kind of report. I guess the
comment

17 I was going to make, and we can consider that and give it
some

18 thought. But this is not unlike what we did with the
Emissions

19 Reduction Market System rules. There we required them to
keep a

20 compliance master file at the facility, which had to have
all of

21 the documentation pertinent to a company about
transactions and

22 trades. That is not something the Agency really has a
need to

23 have in its possession necessarily to carry out the
functions

24 that we have under that program.

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1 So there are additional documentation things that we
wanted

2 to check as an audit type of thing, but didn't need to
actually

3 have them filed with us to carry out our work. So that
concept
4 was partly what we were getting at here. Whether or not
it would
5 make sense -- I guess what I think might be kind of
interesting
6 about that point, is like with a one-time project, it may
make
7 some sense for them to put some kind of report together at
the
8 end, just sort of summarizing what they have done and what
the
9 results are.

10 I think we are still going to need to have an
opportunity
11 for people to file for their credit aspects on an ongoing
basis,
12 because they will collect 200 cars and then they could be
13 marketing those credits. We don't want them to wait until
the
14 end of the three year program, because then the cars that
they
15 bought the first six months are already kind of history.

16 MS. SAWYER: I don't think that it is particularly
uncommon
17 for sources of emissions or, you know, in this instance,
18 scrappers, to maintain a certain level of documentation on
site
19 and to submit to some form of summary of that information
to the
20 Agency periodically. And really that is the same thing
that is
21 being required in this rule when they have to -- or when
they

the 22 claim CERs. They are submitting some form of summary of
23 information that they are relying on. And it is very
common for
24 us to then have to go out and actually inspect to verify
the

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1 information submitted. So supporting documentation is
oftentimes

2 not submitted to the Agency.

3 BOARD MEMBER GIRARD: I think one major difference
you

4 would have in this program as opposed to the other program
is

5 that you don't have any trade secret problems. You don't
have

6 any of those kinds of problems here. There is not going
to be

7 any trade secret involved in this documentation. So I
think it

8 is a different situation.

9 MS. SAWYER: Perhaps. I mean, I don't know that the
10 information is not submitted to us simply because of trade
secret

11 concerns, because if there are genuine trade secret
concerns,

12 then it would not be available to the public anyway. I
think it

13 is not submitted more because of the burdensome level of

14 reporting that that requires of sources, or in this case
15 scrappers. And there is an extensive burden to the Agency
also

16 to maintain that level of records.

17 BOARD MEMBER GIRARD: I think another thing to keep
in mind

18 is there probably would be more public interest in a
program like

19 this, sort of even out of proportion to the amount of
reductions

20 it is going to produce, and along with that public
interest they

21 want to see if the program is actually reducing the
emissions the

22 way it is supposed to, and they want to see all of the

23 assumptions that go into it.

24 So, I mean, it could be more of a burden if you have
to go

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1 through a court challenge to see some of these records
than if we

2 simply make it available up front through a Freedom of

3 Information Act process that they can have access,
reasonable

4 access to these records, just as Agency personnel would
have

5 reasonable access.

6 MR. KANERVA: Maybe there is a little bit of
7 misunderstanding here, based on the way you just described
that.
8 Every one of these projects has to file a scrappage plan
with the
9 Agency, which is a public document, which has
documentation of
10 all of these procedural things that they are going to do.
So the
11 way that they are going to determine emissions reductions,
how
12 they are going to do the tests, where it is going to be
located,
13 all of the collection procedures, I mean, that has been
carefully
14 laid out.
15 So I think in terms of being able to ensure folks
that this
16 was a credible project, we are trying to do that on the
front
17 end, right at the very beginning. And that's why we had
the
18 public notice provisions and the opportunity for a
hearing, so
19 that the folks could have a -- could look very carefully
at
20 whatever was being proposed. And then the filing of all
of the
21 documentation for the credits, we thought was critical
over time,
22 and that will be in the public record, because that is
what is
23 the proof that there was emission reductions. I mean,
that's the
24 result of doing the scrapping. So we really focused on
the

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1 beginning and the results.

2 We can take a look at this concept about what other
3 information needs to be somehow summarized and sent to us.

I can

4 consider that.

5 BOARD MEMBER GIRARD: Thank you. I would appreciate
that.

6 Like you said, you have done a great job of having the
beginning

7 and the end in the public domain. If we could just find
some way

8 to have some of that middle in there also. Thank you.

9 HEARING OFFICER TIPSORD: My next question, then, is
on

10 Section 207.404. Within that section you refer to the
Agency

11 administered vehicle inspection and maintenance program.
Does

12 the Agency have rules on that, or if we could have even a
13 reference back to the act on that. I think particularly
since we

14 used the phrase Agency administered, we may want to
15 cross-reference where people can look for the Agency
direction on

16 that.

17 MS. SAWYER: Okay.

a 18 HEARING OFFICER TIPSORD: And then in 207.606, just
19 double-check, and then your Statement of Reasons -- I am
sorry.
20 It is specifically 207.606 (d) that you talk about review
to the
21 Board. In your Statement of Reasons you discussed the
fact that
22 you viewed this like a permit appeal, and that such a
permit
23 appeal would be pursuant to the Board's procedural rules,
Part
24 105. Am I correct in assuming that you still think this
is most

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before 1 like a permit appeal and should proceed along those lines
2 the Board?

amended 3 MS. SAWYER: Yes. Although, I am not sure in the
4 Board procedural rules if there may be a more appropriate
5 proceeding established. I know that there is a pending
project 6 on amending the subtitle (a) rules.

a 7 HEARING OFFICER TIPSORD: Would you object to having
8 cross-reference added?

9 MS. SAWYER: No. We didn't know if you really

wanted to be

10 tied down to that, or if you wanted to go in a different
11 direction because of what you are doing with your subtitle
(a) 12 rules.

13 HEARING OFFICER TIPSORD: Okay. I assumed that was
the 14 case, but I wanted to double-check. Thank you.

15 Then 207.700 (b)(3) and (c), and, quite honestly,
this is 16 just a double-check because of the question that came to
us from 17 the Joint Committee on Administrative Rules. First, in
207 18 (b)(3), you capitalized the word "state." Under I believe
the 19 Secretary of State's rules on rules, capitalization of the
word 20 state means the State of Illinois.

21 We just wanted to double-check and be sure that you
do mean 22 that there has never been a final judgment entered against
him or 23 her in the State of Illinois. Since you used the phrase
"any 24 state," do you mean just the State of Illinois, or do you,
in

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1 fact, mean any state?

2 MS. SAWYER: I think what we meant was any state
court.

3 HEARING OFFICER TIPSORD: So it would be a small S,
and not

4 just Illinois?

5 MS. SAWYER: No, I mean any State of Illinois court.
I

6 think that's what we meant.

7 MR. KANERVA: A court in the State of Illinois.

8 HEARING OFFICER TIPSORD: Okay. Just the State of
9 Illinois?

10 MR. KANERVA: Right.

11 HEARING OFFICER TIPSORD: Okay. So the capital S is
12 correct. Thank you.

13 My next question has to do with subsection (c) (5),
and it

14 talks about that the Agency will offer the examination
15 biannually, if needed. And also then in (d) you talk
about

16 training courses and taking the examination if applicable.
My

17 question really comes to I assume if there are no
applications

18 you don't want to hold this. But is there a minimum
number of

19 applications you are going to require before you do this?
If one

20 person files are you going to do it?

21 MR. KANERVA: At this point I think the latter
commentary

22 is correct, that if there is some interest expressed, and
if

23 someone comes forward and applies to be a scrapping
manager, then

24 we would do the training. The South Coast folks really
have sort

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1 of three full-time entities in this business, and the most
they
2 have had is 14. It is not like one that would -- it is
not like
3 other kinds of permitting things we would do where there
is
4 hundreds and hundreds. If we had a dozen people in this,
that
5 would probably be quite a lot. So we would do it for
anyone if
6 they came forward.

7 HEARING OFFICER TIPSORD: Okay. Then in 207.900,
and,

8 again, this is a question that was sent to us by JCAR.
You cite

9 the total section in the Environmental Protection Act that
deals
10 with penalties and enforcement. Since the title is just
11 enforcement, but sections 42 and I also believe 45 deal
with

12 penalties, would the title of this section be more
appropriate to

13 be enforcement and penalties?

14 MS. SAWYER: That sounds reasonable, yes.

15 HEARING OFFICER TIPSORD: Okay. That was really all
I had.

16 Are there any other questions?

17 MR. BALOGH: I have just one comment and a couple of
18 questions.

19 HEARING OFFICER TIPSORD: All right. Mr. Balogh,
could you

20 identify yourself for the court reporter?

21 MR. BALOGH: Yes. I am Mike Balogh. I have just a
couple

22 of -- a comment and a couple of questions for Mr. Kanerva.

23 I just want to say that the car collectors and
enthusiasts,

24 we are not that wired, we are not that smart, and we are
not that

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1 organized. The car collector folks are quite interested
in

2 salvage vehicles, and are not sitting at their terminals
with a

3 big pocket of cash waiting to pounce on these. So the
fact that

4 ten days notice is considered reasonable, or even twenty
days, I

5 don't think it is really practical. So for most
organizations

6 and most clubs to really get the information out it is

almost a

7 thirty-day cycle, because we need to get together and --

8 HEARING OFFICER TIPSORD: Excuse me. I apologize
for

9 interrupting. But part of what you are already really
doing is

10 giving testimony, so if we could go ahead and have you
sworn now.

11 MR. BALOGH: Okay. I do have questions.

12 HEARING OFFICER TIPSORD: That is fine, but we might
as

13 well go ahead and have you sworn, because we will have you
sworn

14 to deliver your testimony anyway, and then what you have
already

15 said will be considered a sworn statement.

16 MR. BALOGH: Okay.

17 HEARING OFFICER TIPSORD: So let's go ahead and do
that,

18 please.

19 (Whereupon the witness was sworn by the Notary
Public.)

20 HEARING OFFICER TIPSORD: Okay. Go ahead.

21 MR. BALOGH: So, anyway, I think ten days is not
22 sufficient. If we want it to be practical and really
workable,

23 and if really that is the intent, and you want the intent,
and to

24 really be followed through and you want it to be
meaningful, it

I 1 is not enough. I think about 30 days is really necessary.

2 know that cuts into the time, so I realize that.

3 I have a question. I would like to know how does --
4 looking at the clunkers for cash program that was done, if
you do

5 the math, one vehicle that was scrapped comes out to about
five

6 tons of hydrocarbons savings emissions. How does that one
ton,

7 how does that fit out in a daily output of emissions for
let's

8 say Com Ed? How does that fit in the big scheme of
things?

9 MR. KANERVA: Well, we haven't done a comparison in
here.

10 MR. BALOGH: Well, say, any stationary source.

11 MR. KANERVA: Well, Com Ed is not particularly a
large

12 emitter of VOCs. It emits NOx and SO2 and what have you
in the

13 fossil fuel plants that it has. Of course, it is mostly
nuclear

14 facilities. Take a major VOC source in the Chicago area,
one we

15 have worked with is the 3M Company, Bedford Park, and they
are

16 somewhere at about 1,900 tons per year of VOCs, if I
recall

17 correctly.

18 MR. BALOGH: So 2,000 tons a year.

19 MR. KANERVA: Yes, rounded it off to 2,000 tons a
year, and

20 so you divide that to get your per day. And that's the
largest,

21 if not one of the -- well, it is one of the largest
sources in

22 the nonattainment area.

23 MR. BALOGH: I am just looking at the common sense
and the

24 scale aspect.

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1 The next question would be I know it was presented
in June

2 and it was presented as a no cost program, and I am
intimating no

3 cost to the tax payers. What would be the estimate of the
number

4 of people that the EPA would have to hire to administer
the

5 program in terms of training, auditing, reviewing and
compliance?

6 Because I think that is a valid cost.

7 MR. KANERVA: One of the aspects of the rule are
some

8 modest fee provisions to defray some costs. But I think
that

9 given the experience we have seen with this, there are not

10 hundreds of these. We are not trying to inspect a large

number

11 of people. So we basically felt that this was going to be
12 manageable within the sources that we had, basically.

13 If for some reason we get a different experience
with this,

14 like many, many companies doing small scrappage projects,
which

15 would add to our inspection load for the year, then we
would have

16 to assess it at that time. But there really has been no

17 indication that this would be a significant increase to
our

18 resource demand.

19 MR. BALOGH: The point is if it is not a significant

20 increase in the resource demand, it does not result in a

21 significant reduction in emissions based on vehicles, is
the way

22 I see it. This is a layman. Again, I am not privy to a
lot of

23 the things.

24 I have a question for Stan Ostrem. The way the
model is

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Volare

1 presented, you take -- let's say someone takes their 1983

2 and turns it in, and they turn around and they buy a 1995

3 Expedition. I would think that they are going to drive

that

4 newer car a lot more. So I am just wondering in the model
and in

5 all your big calculations, how do you come up with the
mileage on

6 that and the usage?

7 MR. OSTREM: Well, I don't claim to be an expert for
the

8 model. Maybe someone else like Darwin or Jim would be
able to

9 further answer that question.

10 MR. BALOGH: Okay. Because I don't see that in
there where

11 the anticipated mileage is. And that's what we are
talking about

12 for the annual emissions. I just don't think that these
older

13 cars are used that much.

14 MR. KANERVA: Well, now we are switching back and
forth

15 here. The original car, the older car, we have the -- we
will

16 have the mileage estimates from that, from the vehicle
testing

17 program. What I thought you -- and we know from the U.S.
EPA's

18 vehicle testing records what the new vehicle's expected
emissions

19 are going to be. That is available from the U.S. EPA's
mobile

20 model. So if it is an Expedition or if it is something
else,

21 whatever its emissions are, are available and documented
in that

22 record.

23 And then there is a continued estimate of the amount
of

24 miles traveled. If anything, we are probably
conservative,

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1 because if they get the newer vehicle with a greater
reliability

2 and what have you, they may drive more. So we have stayed
on the

3 conservative side in terms of what the future emissions
are going

4 to be -- or what the future travel mileage would be.

5 MR. BALOGH: It just seems -- also, I am still -- I
brought

6 this up at the June meeting. I am still concerned that we
don't

7 address -- now, are commercial vehicles still being
considered in

8 this program?

9 MR. KANERVA: At the moment, no.

10 MR. BALOGH: But aren't they a large source of
emissions?

11 MR. KANERVA: Well, this is not a vehicle emission
control

12 program in the sense of the federal emissions standard
controls.

13 This is aimed at a particular population of high-emitting
older

14 vehicles, essentially non collector, that are in service
and that
15 might make economic sense to take out of service to get
the
16 emission reductions to trade. It is not aimed at changing
the
17 control pattern that is being applied to the mobile
source, you
18 know, for vehicles.

19 MR. BALOGH: I think there should be some verbiage
in there
20 somewhere that this is being considered in the overall
plan of
21 the EPA for emissions reductions, because commercial
fleets are
22 such high polluters. I would ask that that be considered
in your
23 planning.

24 That's all I have. Should I read my testimony now?

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1 HEARING OFFICER TIPSORD: Are there any other
questions for
2 the Agency? All right. Seeing none, I thank you, and we
will
3 discuss off the record in a little bit the prefiling for
the next
4 hearing.
5 And then, Mr. Balogh, we will allow you to come up
to the

6 microphone and read your testimony.

7 MR. BALOGH: My name is Mike Balogh. I appreciate
the

8 opportunity to be here today. When I am here today I
would like

9 to say I represent not just myself and my clubs and our
10 association, but I think I speak for a lot of other car
11 enthusiasts. I will give you a little bit of background.
I have

12 two degrees in science, a Bachelor's and a Master's
degree. I

13 have 20 years experience in the federal government, nine
of which

14 were in the Washington, D.C. area. And I have over 35
years of

15 experience as a car enthusiast. So when I speak to you
today,

16 that's my background.

17 As a citizen of Illinois and a tax payer and an
automobile

18 collector or hobbyist, I strongly oppose the proposed
vehicle

19 scrappage plan drafted by the Illinois EPA, now before
this

20 Board. My view is widely shared by my friends and fellow
21 hobbyists. We consider this plan as flawed in a number of
ways

22 that I shall explain. We, too, want clean air and a
healthy

23 environment. This plan is not the prudent way and it
should not

24 be implemented.

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1 Number one, it diverts attention from the major
source of
2 emissions. A recent report by the American Automobile
3 Association, based on data from 25 major U.S. cities
provided by
4 their respective states and submitted to the U.S. EPA,
showed
5 that stationary sources are responsible for nearly half,
47
6 percent of pollution emissions. Pollution from cars and
trucks
7 has been significantly reduced since 1970, with another
8 significant reduction projected by 2005.
9 Thus, the main focus of emission reductions should
be on
10 smokestack polluters. Letting them buy emissions credits
versus
11 spending the money on reducing that pollution just does
not make
12 any kind of sense. California and Arizona have
implemented
13 similar plans of mixed results. Are they effective? And
I was
14 able to hear some of that background today, so I am better
15 informed on that now.
16 Number two, money spent by stationary polluters, the
17 primary source of emissions, should be spent on reducing
their

18 emissions and not buying credits. This plan only delays
the need
19 for stationary polluters to reduce those emissions.
20 Number three, the plan creates a new bureaucracy for
21 administration oversight of the program. The Illinois EPA
22 offered this as a no government cost program. It will
cost
23 because of all of the paper work to be completed and filed
by
24 contractors and credit buyers and the cost of government

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1 employees to monitor and enforce the plan's statutes.
There is a
2 cost to process and review this new bureaucratic program.
3 Without accompanying regulatory oversight, the
scrappage
4 program is ripe for fraud by contractors who will fudge
the
5 information about a vehicle, such as the condition when
inspected
6 and remaining vehicle life and the volume of emissions it
would
7 have produced. What contractors would not give figures
that
8 maximize their profits? Without tight oversight why
wouldn't all
9 scrappage contractors maximize or falsify those numbers?
In this

10 whole process the vehicles are essentially worthless and
pawns

11 since the emissions credits are the real commodity. Yes,
this

12 program will cost tax dollars.

13 Number four, vehicle emissions projections are
considered

14 flawed and, of course, that's by me and my fellow
hobbyists. The

15 plan does not seem to take into account the current
composition

16 of today's vehicle population. Firstly, it seems that
commercial

17 vehicles, which tend to have much higher emissions for
vehicle

18 overall volume compared to passenger vehicles, are not
addressed.

19 Again, a primary source of emissions is seemingly not
addressed

20 in the plan with a goal to reduce emissions.

21 Secondly, over half of all vehicles sold in the U.S.
now

22 are trucks and SUVs. These vehicles are very significant
gas

23 guzzlers, getting 12 to 14 miles per gallon, thus
collectively

24 creating huge volumes of unburned hydrocarbons/pollution
relative

1 to traditional passenger cars. Again, why is this not
addressed?

2 Perhaps an Illinois Gas Guzzler Tax would be a better way
to go.

3 Number five, the target group of vehicles is
considered

4 flawed. The plan targets vehicles 1983 and older. From
the

5 Illinois EPA's own graph of 1999 data on vehicles by year
of

6 manufacturer in the Chicago area, there is a rapid
attrition of

7 vehicles by the year group to the 1983 year group. Then
you see

8 a cluster of year groups from 1983 back to 1977, and then

9 basically a flat line of earlier groups. In fact, the
entire

10 1976 to 1968 group are probably fewer vehicles than the
entire

11 1984 group.

12 If we can assume that these small figures per year
group

13 continue for pre 1968 vehicles, the question that the EPA
should

14 have considered is why the vehicle groups flatten out over
time.

15 There are two main reasons. In most cases dealer support
is no

16 longer available due to those vehicle's age. People are
keeping

17 these older vehicles because they voluntarily want to. It
is

18 highly unlikely that they are going to be enticed by a few

19 dollars that the scrappage contractor is going to offer.

And,

now 20 two, many of these vehicles are over 25 years old, and are
wanting 21 registered as antiques, so the same rationale about not
22 to scrap them applies.

the 23 Six, the target group of vehicles does not produce
24 volume of emissions assumed in the plan, because they are
simply

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This is 1 not driven as often as newer vehicles. This is a fact.
by year 2 a matter of comparing a graph showing relative emissions
years or 3 group usage and applying common sense. Cars that are 20
likely 4 more older also require more maintenance. They are more
Ford 5 to be kept in tune and driven less. Incidentally, a Model A
6 and many similar antiques get about 30 miles per gallon.
review. 7 Seven, the proposed plan bypasses state legislative
of 8 Considering that this plan would affect the vast majority
the 9 Illinoisans and their vehicles, and could be expanded to
10 entire state, it should have undergone some sort of
legislative

11 review.

12 Number eight, it poses an unnecessary threat to the
pool of

13 original and restorable vehicles in Illinois. This plan

14 threatens the best of the remaining pool of our older
vehicles,

15 i.e., not junk or derelict ones, but ones registered in
operating

16 condition. When cars are crushed, they are gone. This
plan

17 unnecessarily jeopardizes the historical vehicle resources
of the

18 state. Although the Illinois EPA has accommodated some
desires

19 of automotive hobbyists since the plan, the vehicle
scrappage

20 plan would unnecessary scrap thousands of cars that might
be kept

21 as original examples of their model, be restored, or serve
as

22 parts cars for restoration.

23 Collector cars are a part of our industrial history
of this

24 state and nation. They are a source of pride for their
owners,

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1 and they provide enjoyment for those that see them
displayed.

2 Cars are necessarily scrapped every day. Why do we need

to

3 sacrifice our 17 year old and older cars for a scrappage
plan

4 that does not address the major sources of pollution in
the

5 state?

6 I ask you to consider all of these points on my
behalf, on

7 behalf of myself, and the countless citizens of our state
who

8 share these same views. Please don't enact this plan.
Michael

9 J. Balogh, Illini Collector Car Club, and Illinois Classic
Auto

10 Preservation Society Member. Thank you.

11 HEARING OFFICER TIPSORD: Thank you, Mr. Balogh.
Are there

12 any questions for Mr. Balogh?

13 I just have one. You noted that cars that are 25
years old

14 may be registered as antiques. Is that through a program
with

15 the Secretary of State's office, or how is that
registration

16 done? Could you --

17 MR. BALOGH: Sure, it is right through the --

18 HEARING OFFICER TIPSORD: -- give us a little bit of
19 information on that?

20 MR. BALOGH: Sure, it is right through the Secretary
of

21 State.

22 HEARING OFFICER TIPSORD: Do you file a special --

23 MR. BLISS: License plates and everything. You just

send

24 in the paper work.

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1 MR. BALOGH: It is for, what, five years?

2 MR. BLISS: I think it is down to two or three years
now.

3 MR. BALOGH: Two or three. Okay.

4 HEARING OFFICER TIPSORD: Could you identify
yourself,

5 please, for the court reporter.

6 MR. BLISS: My name is David Bliss. I am from
Taylorville.

7 I am one of the officers of the Illinois Classic Auto

8 Preservation Society, of which Mr. Balogh is a car club
member.

9 HEARING OFFICER TIPSORD: Okay. Mr. Bliss, could we
also

10 have you sworn so that --

11 MR. BLISS: Yes.

12 HEARING OFFICER TIPSORD: -- the statements you have
made or

13 will make, you are considered sworn.

14 MR. BLISS: Yes.

15 (Whereupon the witness was sworn by the Notary
Public.)

16 HEARING OFFICER TIPSORD: All right. Thank you, Mr.
Bliss.

17 Yes, Mr. Kanerva?

18 MR. KANERVA: However you want to handle this is
fine, but

19 in the testimony here it talks about this AAA data on 25
major

20 U.S. cities.

21 MR. BALOGH: Yes.

22 MR. KANERVA: And the 45 percent of emissions. We
brought

23 information regarding Illinois' specific situation in the

24 nonattainment area for the relative area for mobile and

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1 stationary sources, and it is dramatically different than
these

2 numbers. So we can either submit them as comment or
provide them

3 today, or whatever you prefer.

4 HEARING OFFICER TIPSORD: If you have them with you
today

5 we can put them in as an exhibit.

6 MR. KANERVA: Okay.

7 MR. BALOGH: Could I ask what the percentage is?

8 MR. BURKHART: Basically our 1990 emissions
inventory is

9 our baseline that we use from which we deduct all the
programs

control 10 that we have under the Clean Air Act and the voluntary
sources 11 measures. But the 1990 baseline, the on road mobile
material 12 comprised of 36 percent of the overall volatile organic
comprise 13 emissions, the VOM emissions, whereas stationary sources
collection in 14 about 25 and a half percent. And during our data
mobile 15 1996, for the 15 percent rate of progress plan, on road
were at 16 sources made up over 37 percent, where stationary sources
17 17 and a half percent, roughly.
it is 18 The 1996, that is based on real emissions data. So
on our 19 consistent in our 1999 plan and our 2007 plan, and based
36 20 projections it has mobile sources continuing to be about
overall 21 percent on a frequent basis, basically 36 percent of the
22 emissions inventory.

23 HEARING OFFICER TIPSORD: Dr. Flemal?

24 BOARD MEMBER FLEMAL: Mr. Burkhardt, you are
referring to

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1 the Chicago metropolitan areas?

2 MR. BURKHART: That is correct, yes, that is for the
3 Chicago's nonattainment area, right.

4 HEARING OFFICER TIPSORD: In that case, would you
like to
5 move to have this --

6 MS. SAWYER: Sure. I would like to move to have
this
7 entered as an exhibit. It is all stapled together, so we
will
8 just enter it as one exhibit.

9 HEARING OFFICER TIPSORD: Is there any objection?
Seeing
10 none, we will mark this as Exhibit Number 1.

11 (Whereupon said document was duly marked for
purposes of
12 identification and entered into evidence as Hearing
Exhibit
13 Number 1 as of this date.)

14 HEARING OFFICER TIPSORD: Do you have any extra
copies of
15 this with you?

16 MS. SAWYER: I don't think we do.

17 HEARING OFFICER TIPSORD: Okay. We will make a
couple of
18 copies and make sure that you have a copy before you --

19 MR. BALOGH: My only comment would be that, again,
that is
20 a pie chart, and it is easy to subdivide and take the
target
21 group and see what percentage of the target group is
comprised of
22 that 36 percent, what that would be. And that gives you
kind of

23 a rule and a scale to say are you really effectively
attacking

24 the emissions.

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1 MR. RAO: Could you explain what you mean by target
group?

2 MR. BALOGH: Sure. I think he has quoted that there
is --

3 well, the target group in the vehicle scrappage. In other
words,

4 the --

5 MR. RAO: You mean that you want to --

6 MR. BALOGH: I am just saying that you don't have to
do it.

7 I am asking you to just look at it. Is it really
significant?

8 Will you really get a significant -- by scrapping a couple

9 thousand cars, or by sacrificing them, are you really
making

10 significant reductions, other than ones on paper, and are
you

11 really ignoring other reductions that could be done
through more

12 regulatory aspects on smokestack industries and other
means.

13 MR. KANERVA: We are really submitting that as an
exhibit

14 simply to provide what we feel is a more accurate

representation

15 of the Chicago area specific emissions inventory numbers,
because

16 the testimony here talks about nearly 47 percent being
stationary

17 source related. And we are just trying to clarify from
our

18 actual emissions inventory what the number is that we have
on

19 record with the EPA. That's all.

20 HEARING OFFICER TIPSORD: Thank you. Do you have
any other

21 questions? Any other questions for Mr. Balogh?

22 All right. Thank you very much, Mr. Balogh. We
appreciate

23 it.

24 MR. BALOGH: Thank you.

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1 HEARING OFFICER TIPSORD: And we will get you a copy
of

2 this exhibit before you leave today.

3 MR. BALOGH: Okay.

4 HEARING OFFICER TIPSORD: Mr. Bliss, you also signed
up.

5 MR. BLISS: Yes, ma'am.

6 HEARING OFFICER TIPSORD: Did you want to give any
7 additional remarks?

8 MR. BLISS: Other than concurring with what Mr.
Balogh has
9 had to say. Our only fear is that eventually this will
effect
10 all automobiles. And like he said, when the specific
model is
11 gone, it is gone forever. The auto manufacturers have
been able
12 to interchange parts with different cars and different
model
13 years. But when the older cars are gone, there will be no
source
14 of these parts, whether it be engines, doors, whatever.
15 And we think that eventually whatever is happening
in
16 Chicago and in the metro east St. Louis area will filter
through
17 the rest of the State of Illinois, and whatever was
originally
18 supposed to be voluntary will eventually become mandatory.
And
19 whether they say that is not true or not now, we don't
know what
20 the future holds.
21 HEARING OFFICER TIPSORD: Thank you. Are there any
22 questions for Mr. Bliss?
23 Okay. Mr. Scharf (spelled phonetically) you also
signed
24 up. Did you want to offer any testimony?

McLean 1 MR. SCHARF: Yes. I am Jerry Scharf. I am with the
2 County Antique Auto Club.
3 HEARING OFFICER TIPSORD: All right. We need to
have you 4 sworn in.
5 MR. SCHARF: Fine.
6 (Whereupon the witness was sworn by the Notary
Public.)
7 MR. SCHARF: My name, again, is Jerry Scharf.
8 HEARING OFFICER TIPSORD: Could you step up to the
9 microphone. We are not going to be able to hear you from
back 10 there.
11 MR. SCHARF: Certainly.
12 HEARING OFFICER TIPSORD: Thank you.
13 MR. SCHARF: I am Jerry Scharf. I am with McLean
County
14 Antique Automobile Club. I have been an automobile
enthusiast
15 now for in the neighborhood of 35 years and twice
president of
16 the Bloomington-Normal Club, so I have a lot of
background. I am
17 formerly a school teacher, and I worked for a large
insurance
18 company in Bloomington. I am sure you know who that is.
I just
19 retired from there, but anyway, I wanted to give you a
little
20 background.

21 I certainly concur with the testimony given by Mr.
Balogh
22 and Mr. Bliss. I think that -- unfortunately, I did not
have a
23 copy of the proposed ruling here or the proposed program
that we
24 are talking about prior to coming in here, so I have a
little bit

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1 of a disadvantage from that standpoint. But I think
probably one
2 of our bigger concerns is a lot of the -- a lot of these
cars in
3 the late 1970s and into and through the 1980s become
collector
4 cars. Many of those cars, obviously, are going to be
located in
5 the metropolitan areas because that is where more people
are and
6 there are more vehicles located there. And with the
premature
7 disposal of these vehicles, especially those that will
have a
8 collector interest on down the road, there will be less of
those
9 cars available and, of course, obviously, parts will
become a
10 problem, too.
11 So that's -- I just wanted to go on the record as

saying

12 that, and I appreciate the opportunity to speak here
today.

13 HEARING OFFICER TIPSORD: Are there any questions?
I would

14 just note that we are going to be holding a second hearing
in

15 Chicago, and we will also allow final comments after that
second

16 hearing, so after you have had a chance to look at the
proposal

17 if you want to come back and talk to us again in Chicago
or file

18 comments, you are more than welcome to.

19 MR. SCHARF: All right. Thank you.

20 HEARING OFFICER TIPSORD: Thank you. Yes, Mr.
Bliss?

21 MR. BLISS: Madam Chairman, there is not only auto

22 collectors or auto enthusiasts, there are those that
cannot

23 afford to collect a car. And if need be we could probably
get a

24 million signatures of auto enthusiasts throughout the
state.

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1 What we are vehemently opposed to is jumping together of
apples

2 and oranges, that is stationary as opposed to mobile
polluters.

3 And we just don't understand how that mobile polluters,
you can
4 buy the credits to continue with the stationary polluters.
We
5 think that we should be lumped together. Stationary
polluters
6 should have to trade their credits between the newer
factories
7 and the older factories that are the gross polluters. We
just
8 don't see how you can compare the two as opposed to
forming of
9 the pollution credits.

10 HEARING OFFICER TIPSORD: All right. Thank you.
Was there

11 anyone else who wished to offer comments today, testify?

12 Okay. Seeing none, let's go off the record for just
a
13 minute.

14 (Discussion off the record.)

15 HEARING OFFICER TIPSORD: All right. We are back on
the
16 record then.

17 At this time I would like to remind everyone that we
are
18 scheduled for a second hearing in Chicago. Specifically,
the
19 hearing will be at 100 West Randolph, the Thompson Center,
and it

20 is Room 9040. That hearing is scheduled for March 24th.
That

21 hearing will also start at 10:00 a.m. I believe that's a
Friday.

22 Yes, it is Friday, March 24th. We will not require

prefiling of

23 testimony. If anyone wishes to testify, they may come in
and

24 sign up and we will allow testimony in that manner.

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1 At this time I would really like to thank all of you
for
2 your time and attention. It has been really helpful. We
have
3 gotten some good comments.

4 I would also like to ask if any of the Board Members
5 present have anything they would like to add at this time?

6 BOARD MEMBER McFAWN: It is not substantive. I
would just

7 add that for those of you not familiar with our process,
our
8 transcripts are available on the web site, so they could
be

9 reviewed before the next hearing. If you have further
questions

10 of the Agency or of the participants in general you can
bring

11 them up at the 24th meeting.

12 HEARING OFFICER TIPSORD: Thank you. I always
forget to

13 mention the web site. Those are posted rather quickly, so
that

14 this will be available -- the transcript will be available

in

15 three business days, so I would say within a week it will
be

16 available on the web for review.

17 All right. Thank you again very much, and if there
is

18 nothing further, we will draw this hearing to a close.

19 Yes, Mr. Bliss?

20 MR. BLISS: I learned about this probably only about
two

21 days before the deadline for filing to be heard. I think
you

22 need to get it out to the public maybe a month ahead of
time

23 prior to another meeting, other than the one in Chicago.

24 HEARING OFFICER TIPSORD: I would just note that all
of our

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1 hearings are public noticed in the newspaper 30 days in
advance

2 of the hearing.

3 MR. BLISS: Okay. Is that every newspaper in the
State of

4 Illinois or just certain ones or what?

5 HEARING OFFICER TIPSORD: I believe this one was
done in

6 eleven newspapers. Because it is an air rule, it was done
in

7 eleven newspapers in the eleven regions. It is a 30 day
notice.

8 I believe it was actually 28 in some of the newspapers,
because

9 some of the newspapers are weekly newspapers. So I
believe it

10 was only 28 days before this hearing. But both hearings
were

11 noticed at least 20 days in advance.

12 MR. BLISS: I understood that this has always been
-- the

13 way I found out was through Old Cars Weekly, which is a
weekly

14 automotive newspaper. I take the Illinois State Journal
Register

15 daily, and I did not notice it in there.

16 HEARING OFFICER TIPSORD: I am pretty sure the
Springfield

17 newspaper is one of them. Quite frankly, I think the
Champaign

18 newspaper may be one, as well. There are also a couple of
weekly

19 newspapers in that, that eleven. We do eleven regions in
the

20 state, and so it is broken up in eleven regions. And
although

21 this is probably not necessarily a federally driven rule,
we did

22 take this as if it were, and did use the eleven regions.
We also

23 submitted the proposal to libraries in those eleven
regions as

24 well as putting notice of the hearing in our Environmental

1 Register and on our web page.
2 So I apologize if you heard of it late. I hope that
with
3 the second hearing if there is anything further you would
like to
4 add that you can join us there. And, again, I want to
reiterate
5 that we will have final comments due sometime after that
last
6 hearing, and so you will have yet another opportunity to
file
7 written comments.

8 MR. BLISS: Okay.
9 HEARING OFFICER TIPSORD: Anything else? Okay.
Then we

10 are --
11 MR. BLISS: Thank you for having this hearing.
12 HEARING OFFICER TIPSORD: All right. We are
adjourned.

13 Thank you.

14 (Hearing Exhibit 1 was retained by
15 Hearing Officer Tipsord.)

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1 STATE OF ILLINOIS)
) SS
2 COUNTY OF MONTGOMERY)

3 C E R T I F I C A T E

4

5 I, DARLENE M. NIEMEYER, a Notary Public in and for
the

6 County of Montgomery, State of Illinois, DO HEREBY CERTIFY
that

7 the foregoing 91 pages comprise a true, complete and
correct

8 transcript of the proceedings held on the 1st of March
A.D.,

9 2000, at 600 South Second Street, Suite 403, Springfield,
10 Illinois, In the Matter of: Vehicle Scrappage Activities,
35 Ill.

11 Adm. Code 207, in proceedings held before the Honorable
Marie

12 Tipsord, Hearing Officer, and recorded in machine
shorthand by

13 me.

14 IN WITNESS WHEREOF I have hereunto set my hand and
affixed

15 my Notarial Seal this 3rd day of March A.D., 2000.

16

17

18

19

20 Notary Public and
21 Certified Shorthand Reporter and
22 Registered Professional Reporter

21

22 CSR License No. 084-003677
23 My Commission Expires: 03-02-2003

23

24