



ENVIRONMENTAL PROTECTION AGENCY

40 CFR Parts 52 and 81

[EPA-R06-OAR-2018-0715; FRL-9993-56-Region 6]

Air Plan Approval; Texas; Houston-Galveston-Brazoria Area Redesignation and Maintenance Plan for Revoked Ozone National Ambient Air Quality Standards; Section 185 Fee Program

AGENCY: Environmental Protection Agency (EPA).

ACTION: Proposed rule.

SUMMARY: Pursuant to the Federal Clean Air Act (CAA or the Act), the Environmental Protection Agency (EPA or Agency) is proposing to approve a revision to the Texas State Implementation Plan (SIP). The EPA is proposing to determine that the Houston-Galveston-Brazoria (HGB) area is continuing to attain the 1979 1-hour and 1997 8-hour ozone National Ambient Air Quality Standards (NAAQS or standard) and has met the CAA criteria for redesignation. Therefore, the EPA is proposing to terminate all anti-backsliding obligations for the HGB area for the 1-hour and 1997 ozone NAAQS. The EPA is also proposing to approve the plan for maintaining the 1-hour and 1997 ozone NAAQS through 2032 in the HGB area. The EPA is also proposing to approve the Severe Ozone Nonattainment Area Failure to Attain Fee SIP revision to address section 185 of the CAA for the 1-hour ozone NAAQS.

DATES: Written comments must be received on or before **[INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

ADDRESSES: Submit your comments, identified by Docket No. EPA-R06-OAR-2018-0715, at <https://www.regulations.gov/> or via email to paige.carrie@epa.gov. Follow the online

instructions for submitting comments. Once submitted, comments cannot be edited or removed from Regulations.gov. The EPA may publish any comment received to its public docket. Do not submit electronically any information you consider to be Confidential Business Information (CBI) or other information whose disclosure is restricted by statute. Multimedia submissions (audio, video, etc.) must be accompanied by a written comment. The written comment is considered the official comment and should include discussion of all points you wish to make. The EPA will generally not consider comments or comment contents located outside of the primary submission (i.e. on the web, cloud, or other file sharing system). For additional submission methods, please contact Carrie Paige, 214-665-6521, paige.carrie@epa.gov. For the full EPA public comment policy, information about CBI or multimedia submissions, and general guidance on making effective comments, please visit <https://www.epa.gov/dockets/commenting-epa-dockets>.

Docket: The index to the docket for this action is available electronically at www.regulations.gov/ and in hard copy at the EPA Region 6 office. While all documents in the docket are listed in the index, some information may be publicly available only at the hard copy location (e.g., copyrighted material), and some may not be publicly available at either location (e.g., CBI).

FOR FURTHER INFORMATION CONTACT: Carrie Paige, EPA Regional Office 6, 1445 Ross Avenue, Suite 700, Dallas, TX 75202, 214-665-6521, paige.carrie@epa.gov. To inspect the hard copy materials, please schedule an appointment with Ms. Paige or Mr. Bill Deese at 214-665-7253.

SUPPLEMENTARY INFORMATION: Throughout this document “we,” “us,” and “our” means the EPA.

I. Background

In 1979, under section 109 of the CAA, the EPA established the primary and secondary NAAQS for ozone at 0.12 parts per million (ppm) averaged over a 1-hour period (44 FR 8202, February 8, 1979).¹ In 1997, we revised the primary and secondary NAAQS for ozone to set the acceptable level of ozone in the ambient air at 0.08 ppm, averaged over an 8-hour period (62 FR 38856, July 18, 1997).² In 2008, we further revised the primary and secondary ozone NAAQS to 0.075 ppm, averaged over an 8-hour period (73 FR 16436, March 27, 2008).³ For additional information on ozone, please see the Technical Support Document (TSD) in the docket for this action and visit <https://www.epa.gov/ozone-pollution>.

Implementation of the 1-hour and the 1997 8-hour Ozone NAAQS

In 2004, we published a rule governing implementation of the 1997 ozone NAAQS (Phase 1 Rule) (69 FR 23951, April 30, 2004). The Phase 1 Rule revoked the 1-hour ozone NAAQS along with designations and classifications for that standard and set anti-backsliding provisions for the transition from the 1-hour to the 1997 8-hour standard. Anti-backsliding provisions provide for controls that are not less stringent than the controls applicable to areas that were listed as nonattainment for the revoked ozone standards when the standards and designations were revoked. EPA did not include the section 185 fee requirement for areas classified as Severe and Extreme as an anti-backsliding provision in the Phase 1 Rule.⁴ The United States Court of

¹ Primary standards are set to protect human health while secondary standards are set to protect public welfare. In addition, many reports of ozone concentrations are given in parts per billion (ppb); ppb = ppm x 1000. Thus, 0.12 ppm becomes 120 ppb or 124 ppb when rounding is considered.

² The standard of 0.08 ppm becomes 0.084 ppm or 84 ppb when rounding, based on the truncating conventions in 40 CFR part 50, Appendix P.

³ In 2015, we again revised the primary and secondary ozone NAAQS to 0.070 ppm, averaged over an 8-hour period (73 FR 16436, March 27, 2008). This action does not address the HGB area under the 2008 or 2015 ozone standards.

⁴ The CAA section 185 fee program requirements apply to ozone nonattainment areas classified as Severe or Extreme that fail to attain by the required attainment date. It requires each major stationary source of VOC located

Appeals for the District of Columbia Circuit (D.C. Circuit Court) ruled that the section 185 fee requirement needed to be retained as an anti-backsliding provision under EPA's approach. *South Coast Air Quality Management District v. EPA*, 472 F.3d 882 (D.C. Cir. 2006) ("*South Coast I*").

In 2015, EPA revoked the 1997 ozone NAAQS and established anti-backsliding requirements for the revoked 1997 ozone NAAQS, as well as some revisions to the anti-backsliding requirements for the revoked 1-hour standard, in our final rule for implementing the 2008 ozone NAAQS (known as the "SIP Requirements Rule," 40 CFR 51.1100, and 80 FR 12264). EPA considered the *South Coast I* decision on the Phase 1 Rule in developing the SIP Requirements Rule for the 2008 8-hour ozone standard.

The SIP Requirements Rule provided that an area will be subject to the anti-backsliding obligations for a revoked NAAQS until we approve (1) a redesignation to attainment for the area for the 2008 ozone NAAQS or (2) a "redesignation substitute" for a revoked NAAQS, which required an area to demonstrate that it had attained the revoked NAAQS due to permanent and enforceable measures and would maintain that standard for ten years (40 CFR 51.1105(b)(1)). In the SIP Requirements Rule, EPA had created the redesignation substitute procedure because it believed it did not have the authority under the CAA to change the designations of areas under a revoked NAAQS, but wanted a means to terminate anti-backsliding requirements for an area that would otherwise be eligible for a redesignation had the standard not been revoked. 80 FR 12264, March 6, 2015 at 12304-05. Though EPA created the redesignation substitute based on the CAA 107(d)(3)(E) redesignation criteria, the procedure did not require states to demonstrate satisfaction of all five criteria. Texas submitted and EPA approved redesignation substitute

in an area that fails to attain by its attainment date to pay a fee to the state for each ton of VOC the source emits in excess of 80 percent of a baseline amount.

demonstrations for the HGB area for the 1-hour ozone NAAQS (80 FR 63429, October 20, 2015) and the 1997 8-hour ozone NAAQS (81 FR 78691, November 8, 2016), on the basis that the area was attaining both standards based on permanent and enforceable emission reductions and had demonstrated that the area would maintain each standard for 10 years.

On February 16, 2018, the D.C. Circuit Court vacated certain parts of the 2015 final rule for implementing the 2008 ozone NAAQS, including the redesignation substitute provision, based on the court's conclusion that those provisions were not consistent with CAA requirements. *South Coast Air Quality Management District v. EPA*, 882 F.3d 1138 (D.C. Cir. 2018) (“*South Coast II*”). In that decision, the Court held that the redesignation substitute tool was not consistent with Clean Air Act requirements because it failed to satisfy all five of the statutory requirements set forth in CAA section 107(d)(3)(E), which governs redesignations from nonattainment to attainment. *Id.* at 1152.

The HGB Area's Designations and Classifications Under the 1-hour Ozone NAAQS and the 1997 8-hour Ozone NAAQS

Under the 1-hour ozone NAAQS, the HGB area, consisting of Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery and Waller Counties, was designated as nonattainment and classified as Severe-17 with an attainment deadline of November 15, 2007 (56 FR 56694, November 6, 1991).⁵ The area did not attain the 1-hour ozone standard by its applicable attainment date of November 15, 2007 (June 19, 2012, 77 FR 36400). This determination of failure to attain by the HGB area's attainment date triggered the anti-backsliding requirements for CAA section 185 and contingency measures. The HGB area

⁵ Under CAA section 181(a)(2) certain Severe 1-hour ozone nonattainment areas like the HGB area were given an attainment deadline of 17 years rather than 15 years, thus the “Severe-17” classification.

subsequently attained the 1-hour ozone NAAQS at the end of 2013 (80 FR 63429, October 20, 2015).

Under the 1997 ozone NAAQS, the HGB area (the same eight counties designated as nonattainment under the 1-hour ozone NAAQS) was designated as nonattainment and classified as Moderate with an attainment deadline of no later than June 15, 2010. (69 FR 23858 and 69 FR 23951 April 30, 2004). At the request of the Texas Governor we reclassified the area to Severe and set an attainment deadline of June 15, 2019 (73 FR 56983, October 1, 2008). The HGB area attained the 1997 8-hour ozone NAAQS at the end of 2014 (81 FR 78691, November 8, 2016).

The Texas Redesignation and Maintenance Plan Submittal

On December 12, 2018, the Texas Commission on Environmental Quality (TCEQ or State) adopted the HGB Redesignation Request and Maintenance Plan SIP Revision for the 1-hour and 1997 ozone NAAQS and submitted this package to EPA on December 14, 2018. The SIP revision includes a request that the EPA redesignate the HGB area to attainment for the 1-hour and 1997 ozone NAAQS and provides a maintenance plan that will ensure the area remains in attainment of these NAAQS through 2032. This submittal addresses all five criteria of CAA section 107(d)(3)(E). As stated in their submittal, the TCEQ developed this redesignation request and maintenance plan SIP revision to address the uncertainty created by the court's *South Coast II* ruling.

We note that the Agency has previously taken the position that when it revokes a NAAQS in full, all the associated designations and classifications under that NAAQS are also revoked, *see* 69 FR 23951, 23969-70 (April 30, 2004), and the Agency no longer has the authority to change those designations, 80 FR 12296-97, 12304-05 (March 6, 2015). However, in the SIP Requirements Rule, EPA stated that it was retaining the listing of the designated areas in 40 CFR

Part 81 under the revoked 1997 NAAQS “for the *sole purpose* of identifying the anti-backsliding requirements that may apply to the areas at the time of revocation.” 80 FR 12296-97 (emphasis added). The *South Coast II* court did not address the Agency’s interpretation that it lacks authority to alter an area’s designation post-revocation of a NAAQS. The *South Coast II* court decision did hold that areas that were nonattainment for a revoked standard at the time of revocation could only terminate their obligations under that standard by demonstrating that they have met all five of the statutory redesignation criteria, and thus could not rely on the redesignation substitute mechanism included in the ozone implementation rule at issue. 882 F.3d at 1152 (“The Clean Air Act unambiguously requires nonattainment areas to satisfy all five of the conditions under §7407(d)(3)(E) before they may shed controls associated with their nonattainment designation.”).

While the Court did not address the issue of EPA’s authority to alter designations after a standard has been revoked, it did speak to EPA’s interpretation that we lacked authority to change a nonattainment area’s *classification* under a revoked ozone NAAQS. The Court held that the EPA is required to continue to reclassify to a higher classification, or bump up, areas under the revoked 1997 NAAQS that fail to attain on time, because, in the court’s view, such reclassification is an anti-backsliding control. *South Coast II*, 882 F.3d at 1147-48. The Court’s holding on this point could be interpreted to call into question EPA’s interpretation that when a NAAQS and its associated designations and classifications are revoked in full, it no longer retains the authority to alter those designations and classifications.

EPA is proposing to find that Texas’ submittal meets all five criteria in section 107(d)(3)(E), as required by the court, for the 1-hour and 1997 ozone NAAQS. EPA is therefore proposing to terminate the anti-backsliding obligations for the HGB area associated with those NAAQS. We

also take comment on whether EPA has the authority to alter an area's nonattainment area *designation* post-revocation, if only to fully clarify that such area has satisfied all requirements with respect to that revoked NAAQS. We therefore propose in the alternative that if EPA has such authority, the HGB area be redesignated to attainment for the revoked 1-hour and 1997 ozone NAAQS. Regardless of whether designations can be altered after revocation, it is clear under *South Coast II* that EPA has the authority to terminate an area's anti-backsliding obligations under a revoked NAAQS if that area meets the section 107(d)(3)(E) criteria.

If finalized, this action will replace our previous approvals of HGB redesignation substitutes for the 1-hour and 1997 8-hour ozone NAAQS. It should be noted that we are not proposing to alter our previous conclusions that the HGB area has attained the 1-hour and 1997 8-hour ozone NAAQS due to permanent and enforceable emission reductions. Along with taking comment on whether EPA can alter an area's nonattainment designation, we are specifically taking comment on whether as part of this action, EPA has the authority to and should revise the listings in Part 81 for the HGB area for the 1-hour and 1997 ozone standards from nonattainment to attainment in recognition that the area meets the 107(d)(3)(E) criteria and it is no longer necessary to identify the area as one where anti-backsliding obligations apply under these standards.

The Texas Severe Ozone Nonattainment Area Failure to Attain Fee Submittal

TCEQ adopted the HGB Severe Ozone Nonattainment Area Failure to Attain Fee program for the 1-hour ozone NAAQS (referred herein after as the HGB alternative section 185 fee equivalent program) on May 22, 2013. It was submitted to EPA as a SIP revision on November 27, 2018. The SIP revision provided a new Subchapter B (Failure to Attain Fee) in Chapter 101 (General Air Quality Rule) of Title 30 of the Texas Administrative Code (30 TAC).

II. Redesignation Criteria for Ozone Nonattainment Areas

As explained earlier in this action, we are proposing to terminate the anti-backsliding requirements for the revoked standards or redesignate to attainment of the revoked standards, which would also have the effect of terminating the anti-backsliding requirements, based on our conclusion that the five criteria in CAA section 107(d)(3)(E) are met. These criteria are the following: (1) we determine that the area has attained the NAAQS; (2) we fully approve the applicable implementation plan for the area under CAA section 110(k); (3) we determine that the improvement in air quality is due to permanent and enforceable reductions in emissions resulting from implementation of the applicable implementation plan and Federal air pollutant control regulations and other permanent and enforceable reductions; (4) we fully approve a maintenance plan for the area as meeting the requirements of CAA section 175A; and (5) we determine the State containing such area has met all requirements applicable to the area under CAA section 110 (Implementation plans) and part D (Plan Requirements for Nonattainment Areas).

EPA's Evaluation of the Redesignation and Maintenance Plan Submittal

Below is the summary of our evaluation. Detailed information on our evaluation can be found in the TSD. EPA normally evaluates these criteria as the basis to redesignate an area to attainment, therefore, EPA has here conducted this analysis for purposes of terminating the 1-hour and 1997 ozone NAAQS anti-backsliding requirements or in the alternative, for redesignation.

Has the Area Attained the 1-hour and 1997 8-hour ozone NAAQS and Are the Improvements in Air Quality Due to Permanent and Enforceable Reductions in Emissions? (Criteria 1 and 3)

In prior actions we determined that the HGB area attained the 1-hour ozone NAAQS (80 FR 63429, October 20, 2015) and 1997 8-hour ozone NAAQS (80 FR 81466, December 30, 2015 and 81 FR 78691, November 8, 2016). Quality-assured ambient air quality data found in the Air

Quality System (AQS) database shows that the HGB area attained the 1-hour ozone NAAQS in 2013 and attained the 1997 ozone NAAQS in 2014. Quality-assured data collected through 2017 and preliminary data for 2018 indicate that the area has continued to maintain both of these standards (Table 1).⁶ We are proposing to determine that the HGB area is attaining the 1-hour and 1997 8-hour ozone NAAQS.

Table 1. 1-Hour and 1997 Ozone Design Values for the HGB area

Years	1-hour ozone design value	1997 ozone design value
2011-2013	121 ppb	87 ppb
2012-2014	111 ppb	80 ppb
2013-2015	120 ppb	80 ppb
2014-2016	120 ppb	79 ppb
2015-2017	120 ppb	81 ppb
Preliminary 2016-2018	110 ppb	78 ppb

In prior actions, we determined that the improvement in air quality in the HGB area is due to permanent and enforceable reductions in emissions (80 FR 63429, October 20, 2015, regarding the 1-hour ozone NAAQS; 81 FR 78691, November 8, 2016, regarding the 1997 ozone NAAQS). Texas identified State and Federal control measures that were approved in both the 1-hour and 1997 8-hour ozone attainment demonstration (AD) SIPs that led to permanent and enforceable emission reductions. The 1-hour ozone AD SIP was approved on September 6, 2006 (71 FR 52670). The 1997 ozone AD SIP was approved on January 2, 2014 (79 FR 57).

Additionally, we have approved Reasonable Further Progress SIPs for the HGB area that

⁶ At the time of this writing, the preliminary ozone data for 2018 are posted on the TCEQ website, but are not yet posted in AQS. See https://www.tceq.texas.gov/cgi-bin/compliance/monops/8hr_attainment.pl. For more information on AQS, please visit <https://www.epa.gov/aqs>. Tables listing the HGB monitoring sites with the fourth high 8-hour ozone average concentrations and design values and expected exceedances of the 1-hour ozone NAAQS are provided in the TSD for this rulemaking.

document continuous emission reductions due to permanent and enforceable measures for the 1-hour and 1997 8-hour ozone standards (70 FR 7407, February 14, 2005; 74 FR 18298, April 22, 2009; and 79 FR 51, January 2, 2014). We propose that the HGB area has attained the 1-hour and 1997 ozone NAAQS due to permanent and enforceable emission reductions.

Is the Applicable Implementation Plan for the Area Fully Approved and Has the Area Met All Applicable Requirements Under CAA Section 110 and Part D? (Criteria 2 and 5)

We are proposing to find that the HGB area has met all requirements under CAA section 110 (Implementation Plans and part D (Plan Requirements for Nonattainment Areas) that are applicable for purposes of redesignation (CAA section 107(d)(3)(E)(v)), and that those requirements have been fully approved into the Texas SIP (CAA section 107(d)(3)(E)(ii)).

110(a)(2) of the CAA contains the general requirements for a SIP. Section 110(a)(2) provides that the SIP must have been adopted by the state after reasonable public notice and hearing, and that, among other things, it must: (1) Include enforceable emission limitations and other control measures, means or techniques necessary to meet the requirements of the CAA; (2) provide for establishment and operation of appropriate devices, methods, systems and procedures necessary to monitor ambient air quality; (3) provide for implementation of a source permit program to regulate the modification and construction of stationary sources within the areas covered by the plan; (4) include provisions for the implementation of part C prevention of significant deterioration (PSD) and part D new source review (NSR) permit programs; (5) include provisions for stationary source emission control measures, monitoring, and reporting; (6) include provisions for air quality modeling; and, (7) provide for public planning and emission control rule development.

Part D of the Clean Air Act establishes the plan requirements for nonattainment areas. Section 172(c) sets forth the basic requirements of air quality plans for states with nonattainment areas that are required to submit plans on a schedule pursuant to section 172(b). Subpart 2 of part D, which includes section 182 of the CAA, establishes specific requirements for ozone nonattainment areas depending on the areas' nonattainment classifications. The HGB area was classified as Severe under both the 1-hour and the 1997 ozone NAAQS with identical area boundaries. As such, the area is subject to the subpart 1 requirements contained in section 172(c) and section 176. The area is also subject to the subpart 2 requirements contained in section 182(d) (Severe nonattainment area requirements). A thorough discussion of the requirements contained in section 172(c) and 182 can be found in the General Preamble for Implementation of Title I (57 FR 13498, April 16, 1992).

Since Congress passed the CAA Amendments in 1990, EPA has consistently held the position that not every requirement that an area is subject to is applicable for purposes of redesignation. *See, e.g.*, September 4, 1992, Memorandum from John Calcagni (“Calcagni Memo”) at 6.⁷ For example, some of the Part D requirements, such as demonstrations of reasonable further progress, are designed to ensure that nonattainment areas continue to make progress toward attainment. EPA has interpreted these requirements as not “applicable” for purposes of redesignation under CAA section 107(d)(3)(E)(ii) and (v) because areas that are applying for redesignation to attainment are by definition already attaining the standard. *Id.* Similarly, EPA has long held that only those CAA provisions that are relevant to an area’s designation and classification as a nonattainment area are “applicable” for purposes of

⁷ “Procedures for Processing Requests to Redesignate Areas to Attainment,” Memorandum from John Calcagni, Director, Air Quality Management Division, September 4, 1992. To view the memo, please visit https://www.epa.gov/sites/production/files/2016-03/documents/calcagni_memo_-_procedures_for_processing_requests_to_redesignate_areas_to_attainment_090492.pdf

redesignation under CAA section 107(d)(3)(E)(ii) and (v). For this reason, SIP revisions that apply regardless of whether an area is designated nonattainment or attainment, such as good neighbor plans required under CAA section 110(a)(2)(D)(i)(I), have not been considered “applicable” for purposes of redesignation. Finally, some requirements may not be applicable in this action given that both of the NAAQS at issue in this notice were revoked for all purposes, and, post-revocation, the HGB area remained subject only to the anti-backsliding requirements identified by EPA in regulation. *See* 40 CFR 51.1105(a); 51.1100(o).

However, for the revoked ozone standards at issue here, over the past three decades the State has submitted numerous SIPs for the HGB area to implement those standards, improve air quality with respect to those standards, and to address anti-backsliding requirements for those standards. Therefore, even though some of the HGB area’s SIP-approved measures address measures that are not requirements “applicable” for purposes of redesignation under CAA section 107(d)(3)(E)(ii) and (v), such as CAA section 182(b) reasonable further progress, or address requirements that were not retained for anti-backsliding, such as section 182(a) emissions inventories, we provide in the accompanying TSD the list of SIP-approved measures the State has adopted and EPA has approved for the HGB area with respect to the revoked 1-hour and 1997 ozone NAAQS. These include: (1) emissions inventories, (2) emissions statements, (3) nonattainment new source review programs, (4) reasonably available control technology for sources of both VOC and NO_x, (5) gasoline vapor recovery, (6) both basic and enhanced vehicle inspection and maintenance programs, (7) enhanced ambient monitoring, (8) attainment and reasonable further progress demonstrations, (9) contingency measures for failure to attain or make reasonable further progress, (10) clean fuel vehicle programs, and (11)

transportation control measures to offset emissions from growth in vehicle miles traveled.⁸ Texas also submitted SIPs to address CAA section 110(a)(2) for the 1997 ozone NAAQS, which we approved in prior actions.⁹ Similarly, as part of this action, EPA is proposing approval of an alternative 185 fee equivalent program submitted by Texas on November 27, 2018 to meet the requirement in CAA section 182(d)(3).

Does Texas have a Fully Approved Ozone Maintenance Plan for the HGB Area? (Criterion 4)

Section 107(d)(3)(E)(iv) of the CAA requires EPA to determine that the area has a fully approved maintenance plan pursuant to CAA section 175A. Under CAA section 175A, the maintenance plan must demonstrate continued attainment of the NAAQS for at least 10 years after the Administrator approves a redesignation to attainment. Eight years after the redesignation, the state must submit a revised maintenance plan which demonstrates that attainment of the NAAQS will continue for an additional 10 years beyond the initial 10-year maintenance period. To address the possibility of future NAAQS violations, the maintenance plan must contain contingency measures, as EPA deems necessary, to assure prompt correction of any future NAAQS violation.

EPA's interpretation of the elements under CAA section 175A is contained in the Calcagni Memo. Section 107(d)(3)(E)(iv) requires the maintenance plan to be "fully approved," and the Calcagni Memo provides that a state may submit the redesignation request and maintenance plan at the same time and rulemaking on both may proceed on a parallel track. The Calcagni Memo further provides guidance on the content of a maintenance plan, explaining that it should address five requirements: (1) An attainment emissions inventory; (2) a maintenance demonstration; (3)

⁸ The requirements can be found in CAA sections 182(a) through 182(d).

⁹ Approval of the section 110(a)(2) Infrastructure SIP for the 1997 ozone standard for Texas is not required for purposes of redesignation.

an air quality monitoring commitment; (4) verification of continued attainment; and (5) a contingency plan.

In conjunction with the redesignation request submitted to EPA on December 14, 2018, TCEQ submitted a maintenance plan to provide for the ongoing attainment of the 1-hour and 1997 8-hour ozone NAAQS for at least ten years following the effective date of approval of the SIP revision. Our evaluation of the five requirements follows:

1. Attainment Inventory

The Texas submittal includes a 2014 base year emission inventory (EI) for NO_x and VOC. The TCEQ chose 2014 as the base year because it is the first year in which the HGB area is attaining both the 1-hour and 1997 ozone NAAQS and was the most recent periodic inventory available to develop the attainment EI. For reference, the previously approved 2011 EI (84 FR 3708, February 13, 2019) and the proposed 2014 base year EI are summarized (in tons per day or tpd) in Table 2. The 2014 base year EI was developed from the 2014 periodic EI, in accordance with the Air Emissions Reporting Requirements (*see* 80 FR 8787, February 19, 2015). We propose to approve the 2014 base year EI. For more information, see the TSD and the Texas submittal.

Table 2. Previous Emission Inventories and Submitted Emission Inventories for the HGB Area (tpd)

Source Type	NO _x		VOC	
	2011 EI Approved at 84 FR 3708	2014 EI Submitted	2011 EI Approved at 84 FR 3708	2014 EI Submitted
Point	108.33	95.11	95.99	77.56
Area	21.15	30.99	304.90	301.97
Non-road Mobile	142.44	100.61	49.78	37.51
On-road Mobile	188.02	131.15	80.73	65.04
Totals	459.94	357.86	531.40	482.08

The State’s submittal shows the historical trends of NO_x and VOC emissions reduced from 2002 through 2014, the date by which the HGB area reached attainment of both the 1-hour and 1997 ozone NAAQS. The attainment level emissions (provided in tpd) are identified by source category and summarized in Tables 3 and 4. The attainment emissions inventory is consistent with the Calcagni Memo.

2. Maintenance Demonstration

Texas has demonstrated maintenance of the 1-hour and 1997 ozone NAAQS through 2032 by providing EI projections from 2014 through 2032 that show emissions of NO_x and VOC for the HGB area remain at or below the attainment year (2014) emission levels. A maintenance demonstration need not be based on modeling.¹⁰ The future year Texas EIs presented are 2020, 2026, and 2032: 2032 is more than 10 years after the expected effective date of this action and 2020 and 2026 show emissions between the attainment year and final maintenance year. To generate the future year EIs, Texas estimated the amount of growth that will occur between 2014 and the end of 2020, 2026, and 2032. Generally, the State followed our guidelines in estimating the growth in emissions.

Table 3. Change in NO_x emissions from 2014 through 2032 for the HGB Area (tpd)

Source Category	Year			
	2014	2020	2026	2032
Point	95.11	128.77	128.94	129.12
Area	30.99	32.52	33.84	34.64
On-road	131.15	75.63	49.47	38.22
Non-road	100.61	75.77	63.65	61.60
<i>Annual Totals:</i>	<i>357.86</i>	<i>312.69</i>	<i>275.90</i>	<i>263.58</i>

Table 4. Change in VOC emissions from 2014 through 2032 for the HGB Area (tpd)

Source Category	Year			
	2014	2020	2026	2032

¹⁰ See *Wall v. EPA*, 265 F.3d 426 (6th Cir. 2001), *Sierra Club v. EPA*, 375 F.3d 537 (7th Cir. 2004). See also 66 FR 53094, 53099–53100 (October 19, 2001), 68 FR 25413, 25430–25432 (May 12, 2003).

Point	77.56	77.56	77.56	77.56
Area	301.97	319.18	327.46	351.20
On-road	65.04	49.16	37.82	28.59
Non-road	37.51	29.84	28.79	29.71
<i>Annual Totals:</i>	<i>482.08</i>	<i>475.74</i>	<i>471.63</i>	<i>487.06</i>

Table 3 shows a net decrease in emissions of NO_x from 2014 to 2032 of 98.28 tpd. Table 4 shows a net increase in emissions of VOC from 2014 to 2032 of 4.98 tpd, due to growth in area source emissions. The projected increase in VOC emissions is offset by the much larger projected decrease in NO_x emissions. In the most recent attainment demonstration submittal for the HGB area, the TCEQ included in their analysis that, excepting industrial HRVOC, which are not expected to increase, NO_x emissions are responsible for more ozone creation than VOC emissions from area and mobile source groups.¹¹ In its submittal, Texas notes that photochemical modeling and data analysis for the HGB area consistently show that reducing NO_x emissions is expected to be at least as effective as reducing VOC emissions in lowering the ozone design value,. This is further supported by the emission inventories showing consistent decreases in NO_x emissions in the HGB area with concurrent reductions in Ozone levels. Therefore, Texas has offset the growth in VOC emissions with far greater NO_x emissions reductions. The projected reduction in NO_x emissions and projected growth in VOC emissions, expressed in tpd and as a percentage, are shown in Table 5.

Table 5. Maintenance Demonstration¹²

Description	NO_x (tpd)	VOC (tpd)
a. 2014 Emissions Inventories (from Tables 2 and 3)	357.86	482.08

¹¹ The mobile source groups described by the TCEQ are on-road and non-road, including elevated ships. See the Texas Attainment Demonstration for the HGB Ozone Nonattainment Area (Docket ID: EPA-R06-OAR-2017-0053); HGB attainment SIP Appendix C pgs. 37-39 and 62 (Docket ID: EPA-R06-OAR-2017-0053-0004); Manvel Croix Source Apportionment spreadsheet (Docket ID: EPA-R06-OAR-2017-0053-0008), and numerous other source apportionment spreadsheets in the same Docket. 83 FR 24446, May 29, 2018.

¹² See our TSD for more detail on the State's submitted maintenance demonstration.

b. 2032 Emissions Inventories (from Tables 2 and 3)	263.58	487.06
c. Change in EI from 2014 to 2032 (line b minus line a)	- 94.28	+ 4.98
d. Percent change in EI from 2014 to 2032	- 26.34%	+ 1.03%

NOx emissions are projected to decrease by approximately 94 tpd by 2032, which is about 26 percent less than the 2014 NOx emission levels. VOC emissions are projected to increase by approximately 5 tpd by 2032, which is about 1 percent higher than the 2014 VOC emission levels. Because the projected reduction in NOx emission (26%) is far greater than the projected increase in VOC emissions (1%), we propose that the TCEQ has offset the growth in VOC emissions with NOx emissions reductions and demonstrated maintenance of the 1-hour and 1997 ozone NAAQS through 2032. We note that the projections for the on-road mobile source inventory for 2032, which TCEQ submitted as motor vehicle emissions budgets, are consistent with maintenance of the 1-hour and 1997 NAAQS.

3. Monitoring Network

The TCEQ has committed to continue to maintain an air monitoring network to meet regulatory requirements in the HGB area to ensure maintenance of the 1-hour and 1997 ozone standards. Texas has committed to meet monitoring requirements and continue to quality assure monitoring data in accordance with 40 CFR part 58, and to enter all data into AQS in accordance with Federal guidelines through the end of the maintenance period in 2032.

4. Verification of Continued Attainment

The TCEQ has the legal authority to enforce and implement the requirements of the maintenance plan for the HGB area. This includes the authority to adopt, implement, and enforce any subsequent emission control measures determined as necessary to correct any future failure to maintain the 1-hour and 1997 ozone NAAQS.

Verification of continued attainment is accomplished through operation of the ambient ozone monitoring network and the periodic update of the area's EI. The TCEQ has committed to continue monitoring ozone levels according to an EPA-approved monitoring plan. Should changes in the location of an ozone monitor become necessary, TCEQ will work with EPA to ensure the adequacy of the monitoring network. The TCEQ has further committed to continue to quality assure the monitoring data to meet the requirements of 40 CFR part 58 and enter all data into AQS in accordance with Federal guidelines.

In addition, to track future levels of emissions, TCEQ will continue to develop and submit to EPA updated EIs for all source categories at least once every three years, consistent with the requirements of 40 CFR part 51, subpart A, and in 40 CFR 51.122. The most recent triennial inventory for Texas was compiled for 2014. Point source facilities covered by the Texas emission statement rule will continue to submit VOC and NO_x emissions on an annual basis as required by 30 TAC Chapter 101.10(d).

5. Contingency Plan

Section 175A of the CAA requires that the state must adopt a maintenance plan, as a SIP revision, that includes such contingency measures as EPA deems necessary to assure that the state will promptly correct a violation of the NAAQS that occurs after redesignation of the area to attainment of the NAAQS. The maintenance plan must identify: The contingency measures to be considered and, if needed for maintenance, adopted and implemented; a schedule and procedure for adoption and implementation; and a time limit for action by the state. The state should also identify specific indicators to be used to determine when the contingency measures need to be considered, adopted, and implemented. The maintenance plan must include a commitment that the state will implement all measures with respect to the control of the pollutant

that were contained in the SIP before redesignation of the area to attainment in accordance with section 175A(d) of the CAA.

As required by CAA section 175A, Texas has proposed a contingency plan for the HGB area to address future violations of the 1-hour and/or 1997 ozone NAAQS. The contingency measures proposed by the TCEQ include, but are not limited to, the following:

- Limit VOC emissions from dryers, filtration systems, and fugitive emissions from petroleum dry cleaning facilities.
- Decrease in the rule threshold triggering applicability to requirements, such as control and inspection requirements, for controlling flash emissions from fixed roof crude oil and condensate storage tanks.
- Require the application of low solar-absorptance paint to VOC storage tanks.
- Implement enhanced leak detection and repair program measures.
- Decrease the rule threshold triggering applicability to requirements for storage tanks, transport vessels, and marine vessels.
- Regulate pneumatic controllers used in oil and natural gas production, transmission of oil and natural gas, and natural gas processing.

The maintenance plan provides that a monitored and certified violation of the NAAQS triggers the requirement to consider, adopt, and implement the plan's contingency measures. The schedule and procedure for adoption and implementation by the State is no longer than 18 months following a monitored and certified violation of the NAAQS. Given the estimated emissions in the Houston nonattainment area, we believe the proposed contingency measures are sufficient to address any potential future violations.

EPA is proposing that the TCEQ's maintenance plan adequately addresses the five basic components of a maintenance plan: Attainment inventory, maintenance demonstration, monitoring network, verification of continued attainment, and a contingency plan. Thus, the maintenance plan SIP revision proposed by the TCEQ meets the requirements of CAA section 175A and EPA proposes to approve it as a revision to the Texas SIP.

III. Motor Vehicle Emissions Budgets

The HGB maintenance plan submission includes motor vehicle emissions budgets (MVEBs) for the last year of the maintenance plan (in this case 2032). MVEBs are used to conduct regional emissions analyses for transportation conformity purposes. *See* 40 CFR 93.118. The MVEB is the portion of the total allowable emissions in the maintenance demonstration that is allocated to highway and transit vehicle use and emissions. *See* 40 CFR 93.101. As part of the interagency consultation process on setting MVEBs, TCEQ held discussions to determine what years to set MVEBs for the HGB area maintenance plan.

We note the HGB area already has adequate NO_x and VOC MVEBs for the 2008 ozone NAAQS. Therefore, the HGB area can continue to make conformity determinations for transportation plans, transportation improvement programs, and projects based on budgets for the 2008 ozone NAAQS as it has been doing, according to the requirements of the transportation conformity regulations at 40 CFR Part 93.¹³ The Houston area currently demonstrates conformity to the more stringent 2008 and 2015 ozone NAAQS using MVEBs contained in the area's 2008 ozone NAAQS Reasonable Further Progress SIP revision (82 FR 26091, June 6, 2017).

Therefore, EPA is not approving the submitted 2032 NO_x and VOC MVEBs for transportation

¹³ *Transportation Conformity Guidance for the South Coast II Court Decision*, EPA-420-B-18-050. November 2018, available on EPA's webpage at <https://www.epa.gov/state-and-local-transportation/policy-and-technical-guidance-state-and-local-transportation>.

conformity purposes. As noted previously, EPA is proposing to find that the projected emissions inventory which reflects these budgets are consistent with maintenance of the 1-hour and 8-hour standard.

IV. Evaluation of the HGB Alternative Section 185 Fee Equivalent Program

The CAA section 185 fee program requirements apply to ozone nonattainment areas classified as Severe or Extreme that fail to attain by the required attainment date. It requires each major stationary source of VOC located in an area that fails to attain by its attainment date to pay a fee to the state for each ton of VOC the source emits in excess of 80 percent of a baseline amount. CAA section 182(f) extends the application of this provision to major stationary sources of NO_x. In 1990, the CAA set the fee as \$5,000 per ton of VOC and NO_x emitted, which is adjusted for inflation, based on the Consumer Price Index, on an annual basis. For areas subject to section 185, fee collection is for each calendar year beginning after the attainment date, until the area is redesignated to attainment.¹⁴ More information on CAA section 185 is provided in our TSD. Because the HGB area failed to attain the 1-hour ozone NAAQS by the applicable attainment deadline of November 15, 2007, the area became subject to section 185 for that standard.¹⁵

On January 5, 2010 EPA issued the memo “Guidance on Developing Fee Programs Required by Clean Air Act Section 185 for the 1-hour Ozone NAAQS.”¹⁶ The guidance discussed options for the EPA approval of SIPs that included an equivalent alternative program to the section 185 fee program specified in the CAA when addressing anti-backsliding for a revoked ozone

¹⁴ Section 185 is an anti-backsliding requirement which would be terminated upon a showing that the five criteria of 107(d)(3)(E) are met. This action, if finalized, will terminate the requirement for a section 185 fee program.

¹⁵ Although the HGB area is also designated and classified as Severe for the 1997 8-hour ozone NAAQS, the section 185 fee program was not triggered for that standard, because the area attained the 1997 ozone NAAQS well before the Severe area attainment deadline of June 15, 2019. See 80 FR 81466, December 30, 2015.

¹⁶ See https://www.epa.gov/sites/production/files/2015-09/documents/1hour_ozone_nonattainment_guidance.pdf.

NAAQS under the principles of section 172(e). Section 172(e) requires EPA to develop regulations to ensure that controls in a nonattainment area are “not less stringent” than those that applied to the area before EPA revised a NAAQS to make it less stringent. Although section 172(e) does not directly apply where EPA has strengthened the NAAQS, as it did in 1997, 2008, and 2015, EPA has applied the principles in section 172(e) when revoking less stringent ozone standards. EPA allows a state to adopt an alternative to CAA section 185 if the state demonstrates that the proposed alternative program is “not less stringent” than the direct application of CAA section 185. EPA has previously stated that one way to demonstrate this is to show that the alternative program provides equivalent or greater fees and/or emissions reductions directly attributable to the application of CAA section 185. Although the 2010 guidance was vacated and remanded by the D.C. Circuit on procedural grounds, the court did not prohibit alternative programs, stating “neither the statute nor our case law obviously precludes that alternative” (*NRDC v. EPA*, 643 F.3d 311 (D.C. Cir. 2011)). EPA approved alternative 185 fee equivalent programs in California for the San Joaquin Valley (77 FR, 50021, August 20, 2012) and the South Coast Air Quality Management District covering two 1-hour ozone nonattainment areas: (1) Los Angeles-South Coast Air Basin Area and (2) Southeast Desert Modified Air Quality Management Area (77 FR 74372, December 14, 2012) (upheld in *Natural Res. Def. Council v. EPA*, 779 F.3d 1119 (9th Cir. 2015)). More recently we approved an alternative 185 fee equivalent program for the New York portion of the New York-Northern New Jersey-Long Island 1-hour ozone nonattainment area (84 FR 12511, April 2, 2019).

The Texas program: (1) calculates the amount of fees that major sources would pay each year; (2) offsets the major source fees with fees collected in the HGB area for programs designed to reduce emissions from mobile sources; and (3) allows for major sources to request to fulfill all

or part of their fee obligations with emission credits, emission allowances or a supplemental emission reduction project (if there are still major source fee obligations after offsetting with mobile source fees). The fees collected from mobile sources in the HGB area fund emission reductions through the (1) Texas Emissions Reduction Plan, (2) Low-Income Vehicle Repair Assistance, Retrofit, and Accelerated Vehicle Repair Program (LIRAP) and (3) Local Initiative Project program. The Texas Emission Reduction Plan provides money to help replace, repower or retrofit diesel equipment to accelerate the introduction of cleaner diesel equipment. LIRAP provides money to assist owners with the repair or replacement of automobiles that fail the Inspection and Maintenance (I/M) program and that otherwise would receive a waiver and not be repaired. The Local Initiative Project program provides money for projects such as improved enforcement of the I/M program. These programs all provide for emission reductions in the HGB area in the hard to reach mobile source sector.

In a letter dated December 4, 2018, TCEQ provided a reconciliation report summarizing the section 185 fee equivalency demonstration. The TCEQ report found that the fees collected for emission reduction projects in the HGB area more than fully offset the fees that would have been collected under a direct application of section 185 during the years 2012 to 2016.¹⁷

A detailed evaluation of the Texas section 185 alternative fee program is included in the TSD for this action. Based on our evaluation we are proposing to find that the Texas program proposed for approval is an equivalent section 185 fee program as it provides greater or equivalent fees and emission reductions than those that would be provided by major stationary sources alone. Thus, we are also proposing to approve 30 TAC Chapter 101, Subchapter B (Failure to Attain Fee) sections 101.100 - 101.102, 101.104, 101.106 – 101.110, 101.113,

¹⁷ Before the *South Coast II* decision our approval of the HGB 1-hour redesignation substitute ended the obligation for a section 185 fee program in late 2015 (80 FR 63429, October 20, 2015).

101.116, 101.117, 101.118(a)(1), 101.118(a)(3) and 101.120 - 101.122. At this time, we are not taking action on 30 TAC sections 101.118(a)(2) and 101.118(b).¹⁸

V. Proposed Action

We are proposing to determine that the HGB area is continuing to attain the 1-hour and 1997 8-hour ozone NAAQS, and that Texas has met the CAA criteria for redesignation of this area. Therefore, the EPA is proposing to terminate all anti-backsliding obligations for the HGB area for the 1-hour and 1997 ozone NAAQS. The EPA is also proposing to approve 30 TAC sections 101.100 - 101.102, 101.104, 101.106 - 101.110, 101.113, 101.116, 101.117, 101.118(a)(1), 101.118(a)(3) and 101.120 - 101.122 as an alternative 185 fee equivalent program. We are also proposing to approve the plan for maintaining the 1-hour and 1997 ozone NAAQS through 2032 in the HGB area.

VI. Incorporation by Reference

In this action, we are proposing to include in a final rule regulatory text that includes incorporation by reference. In accordance with the requirements of 1 CFR 51.5, we are proposing to incorporate by reference revisions to the Texas regulations as described in the Proposed Action section. We have made, and will continue to make, these documents generally available electronically through www.regulations.gov and in hard copy at the EPA Region 6 office (please contact the person identified in the **FOR FURTHER INFORMATION CONTACT** section of this preamble for more information).

VII. Statutory and Executive Order Reviews

¹⁸ Section 30 TAC 101.118(a)(2) allows for ending the failure to attain fee program through a finding of attainment by EPA. Section 30 TAC 101.118(b) allows for placing fee payment into abeyance if three consecutive years of quality-assured data resulting in a design value that did not exceed the 1-hour ozone standard, or a demonstration indicating that the area would have attained by the attainment date but for emissions emanating from outside the United States, are submitted to the EPA.

The actions in this proposal terminate statutory and regulatory requirements associated with prior federal revoked ozone standards and do not impose any additional regulatory requirements on sources beyond those imposed by state law. Therefore, this action does not in and of itself create any new requirements. Moreover, the Administrator is required to approve a SIP submission that complies with the provisions of the Act and applicable Federal regulations. 42 U.S.C. 7410(k); 40 CFR 52.02(a). Thus, in reviewing SIP submissions, EPA's role is to approve state choices, provided that they meet the criteria of the CAA. For that reason, these actions:

- Are not a "significant regulatory action" subject to review by the Office of Management and Budget under Executive Orders 12866 (58 FR 51735, October 4, 1993) and 13563 (76 FR 3821, January 21, 2011);
- Are not an Executive Order 13771 (82 FR 9339, February 2, 2017) regulatory action because they are not "significant regulatory actions" under Executive Order 12866;
- Do not impose an information collection burden under the provisions of the Paperwork Reduction Act (44 U.S.C. 3501 *et seq.*);
- Are certified as not having a significant economic impact on a substantial number of small entities under the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*);
- Do not contain any unfunded mandate or significantly or uniquely affect small governments, as described in the Unfunded Mandates Reform Act of 1995 (Public Law 104-4);
- Do not have federalism implications as specified in Executive Order 13132 (64 FR 43255, August 10, 1999);
- Are not an economically significant regulatory action based on health or safety risks subject to Executive Order 13045 (62 FR 19885, April 23, 1997);

- Are not a significant regulatory action subject to Executive Order 13211 (66 FR 28355, May 22, 2001);
- Are not subject to requirements of section 12(d) of the National Technology Transfer and Advancement Act of 1995 (15 U.S.C. 272 note) because application of those requirements would be inconsistent with the CAA; and
- Do not provide EPA with the discretionary authority to address, as appropriate, disproportionate human health or environmental effects, using practicable and legally permissible methods, under Executive Order 12898 (59 FR 7629, February 16, 1994).

In addition, the SIP is not approved to apply on any Indian reservation land or in any other area where EPA or an Indian tribe has demonstrated that a tribe has jurisdiction. In those areas of Indian country, the proposed rule does not have tribal implications and will not impose substantial direct costs on tribal governments or preempt tribal law as specified by Executive Order 13175 (65 FR 67249, November 9, 2000).

List of Subjects

40 CFR Part 52

Environmental protection, Air pollution control, Incorporation by reference, Intergovernmental relations, Ozone.

40 CFR Part 81

Environmental protection, Air pollution control.

Authority: 42 U.S.C. 7401 *et seq.*

Dated: May 9, 2019.

David Gray,

Acting Regional Administrator, Region 6.

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