

## NESCAUM TESTIMONY

### U. S. Environmental Protection Agency's Hearing on the NPRM for Amendments to Standards of Performance for New Residential Wood Heaters, New Residential Hydronic Heaters and Forced-Air Furnaces

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Presented by Lisa Rector

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- NESCAUM is the regional association of state air quality agencies in the six New England States, New Jersey and New York. My testimony represents the majority view of NESCAUM member states. Maine will submit separate comments.
- We appreciate the opportunity to provide testimony. However, NESCAUM is disappointed that EPA has not provided states and other interested parties with sufficient time to prepare comments on the NPRM and participate in this hearing. We ask that the Agency grant a 45-day comment period extension and schedule an additional hearing on this NPRM to allow greater opportunity for public input on this significant proposal. NESCAUM has submitted a written request for this extension.
- Reducing emissions from wood burning devices is a crucial public health issue for our states. Residential wood combustion is a significant source of particulate matter (PM) in many of our cities, towns and villages, contributing from 20 - 78 percent of total ambient PM in these locales in the colder months. These PM emissions pose serious health impacts ranging from exacerbation of cardiac and respiratory problems to premature death.
- The states in our region need the full projected emission reductions from the sources covered by this rule in a timely manner to effectively protect public health and the environment from the impacts of wood smoke, and ensure maintenance of the PM NAAQS.

- The CAA requires EPA to review and revise New Source Performance Standards (NSPS) every 8 years, if improved technology has been demonstrated. The 2015 revision to the NSPS emission standards for residential wood burning devices was the first since 1988, even though significant technological advances had taken place over that period.
- No further delay in fully implementing the NSPS is acceptable or warranted. The 2020 standards, which are long overdue and supported by the record established in the 2015 rulemaking, can be met by industry today.
- The NPRM proposes a number of amendments that would delay full implementation of the 2015 NSPS. The proposed changes are unnecessary and largely designed to provide economic relief for regulated entities that manufacture and sell residential wood heating appliances. However, the existing rule already includes a host of provisions, which NESCAUM supported, intended to provide flexibility and accommodate concerns that were raised by industry during the rulemaking process.
- NESCAUM opposes providing any sell-through period during which retailers can continue to sell Step 1 compliant hydronic heaters and forced-air furnaces after May 2020 when the Step 2 standards come into effect. The 2015 NSPS provides five years for manufacturers to design, certify and manufacture Step 2 compliant units and retailers to manage their inventories, which is ample time to prepare for the 2020 compliance date. There are nine hydronic heaters and two forced-air furnace models currently certified to Step 2 emission limits, demonstrating the technical feasibility of these standards well in advance of 2020.
- We also oppose a sell-through period for wood stoves. The five year period provided for manufacturers and retailers to sell Step 1 compliant units is more than sufficient given that 78 percent of devices in the market already met Step 1 standards when the 2015 NSPS was promulgated. There are over 80 pellet, catalytic and non-catalytic wood stove models already certified to Step 2 standards, supporting the viability of the current NSPS schedule.
- CAA §111(b)(1)(B) requires that emission standards be effective upon promulgation of

an NSPS or revision thereof. Consequently, NESCAUM does not believe that EPA has the legal authority to extend the period by which units that do not meet the Step 2 requirements can be sold after May 2020.

- The proposed sell-through period is unfair to those manufacturers who have invested in the research and development, and re-tooling costs to produce Step 2 compliant devices according to the current schedule in the NSPS. EPA makes no attempt to monetize or account for the lost return on investment by these small businesses due to the production of Step 2 units not sold in favor of Step 1 units during the sell-through period.
- NESCAUM supports implementation of fuel quality standards for all pellets sold for residential use to:
  - ensure consistent operations and comparable emissions performance from pellet appliances;
  - protect against contaminated pellets in the market; and
  - provide some assurance that the pellet heater's performance in the home is consistent with the certification test.
- NESCAUM conducted a study of products available in the retail market and found that absent enforceable fuel quality standards, wood pellets can contain significant levels of metals and other harmful contaminants, which can increase toxic emissions and potentially damage high efficiency equipment.
- We support eliminating size requirements for pellets, however, requirements for metals, sulfur, chlorine, ash and fines content should all be retained.
- Furthermore, EPA must include requirements that approved voluntary programs have mechanisms to provide appropriate oversight such that compliance assurance can be monitored, and appropriate enforcement actions taken when deviations occur.

- If EPA removes the fuel quality standards, pellet appliances must be tested and certified using worst case fuel with high ash and fines content to better reflect real world emissions.
- The Regulatory Impact Assessment (RIA) for the 2015 NSPS demonstrated that the public health benefits of this rule outweigh the costs to industry by more than 100 to 1. At an estimated cost of \$281 for room heaters and \$74 per ton of PM reduced for central heating units, the proposed NSPS is among the most cost effective control strategies promulgated for this pollutant.
- Similarly, the value of foregone air quality benefits that would occur with EPA's proposed sell-through period under the NPRM far exceed the projected cost savings to industry that would be realized by granting the proposed extension.
- The analytical approach EPA used in the Supplemental RIA to project the foregone emission reductions associated with the proposed sell-through period significantly understates the adverse environmental impacts of the proposed changes.
- EPA underestimates the loss in emission benefits associated with the proposed amendments by using only a "truncated" three-year period (2020-2022) instead of evaluating excess emissions over the 20-year useful lifetime of the non-Step 2 compliant units that could be sold under the proposed amendments.
- Even using their flawed methodology, EPA concludes the foregone environmental benefits outweigh the cost to industry by 10 to 20 times.
- To properly account for the lost air quality benefits of the proposed amendments to the rule, emissions that will occur for the full useful lifetime of the non-Step 2 compliant units (20 years) must be included.
- Applying this analytical approach, NESCAUM calculated the foregone PM benefits at \$2 billion to \$4.6 billion under Scenario 2 (with 3% discount rate). Comparing these projected lifetime foregone benefits to the additional compliance cost EPA calculates that industry would face without the relief proposed in the NPRM (\$29 million over 3

years), results in a foregone benefit to industry cost ratio of from 69:1 to 158:1.

- Importantly, in evaluating the costs and benefits of this proposal, EPA does not include the foregone benefits of the proposed sell-through period for pellet and wood stoves, which the NPRM asks for comments on. Should the Agency allow wood heater manufacturers and retailers to continue to sell Step 1 units through 2022, the adverse environmental impacts of this proposal would be significantly higher than the above numbers suggest.
- There are a number of associated environmental and economic effects that are expected to accrue that are not monetized in the Supplemental RIA, which further argue against the proposed changes:
  - Step 2 compliant devices will emit lower levels of volatile organic compounds, air toxics and carbon monoxide than the Step 1 units they replace.
  - Because current certification test procedures understate real world emissions, the actual adverse public health impacts of the proposed changes are likely to be far greater than suggested by the RIA.
  - Step 2 units burn more efficiently, which will provide consumers with significant savings in fuel costs over the lifetime of the unit.
- EPA overstates the cost savings that would be realized by the regulated industry by reducing stranded inventories, as a result of the proposed sell-through provisions, by failing to account for the fact that manufacturers have multiple avenues to continue the sale of these products in markets outside the U.S. where they meet other jurisdictional emission standards.
- In conclusion, the 2015 update to the wood heater NSPS was long overdue and the states are relying on the full public health and environmental benefits from this rule to accrue in a timely fashion. The proposed weakening is neither warranted nor acceptable. It is time to fully implement this highly cost-effective rule according to the schedule laid out in the 2015 NSPS.