



ENVIRONMENTAL PROTECTION AGENCY

40 CFR Part 52

[EPA-R09-OAR-2012-0398; FRL-9692-5]

Partial Approval and Disapproval of Air Quality Implementation Plans; Arizona; Infrastructure Requirements for Ozone and Fine Particulate Matter

AGENCY: Environmental Protection Agency (EPA).

ACTION: Proposed rule.

SUMMARY: EPA is proposing to partially approve and partially disapprove a State Implementation Plan (SIP) revision submitted by the State of Arizona to address the requirements of section 110(a)(1) and (2) of the Clean Air Act (CAA) for the 1997 8-hour ozone national ambient air quality standards (NAAQS) and the 1997 and 2006 NAAQS for fine particulate matter (PM_{2.5}). Section 110(a) of the CAA requires that each State adopt and submit a SIP for the implementation, maintenance, and enforcement of each NAAQS promulgated by the EPA. On September 18, 2008 and October 14, 2009, the Arizona Department of Environmental Quality (ADEQ) submitted a revision to Arizona's SIP, which describes the State's provisions for implementing, maintaining, and enforcing the standards listed above. On June 1, 2012, ADEQ submitted a

supplement to these SIP revisions, including certain statutory and regulatory provisions. We are taking comments on this proposal and plan to follow with a final action.

DATES: Written comments must be received on or before [**Insert date 30 days after publication in the Federal Register**].

ADDRESSES: Submit your comments, identified by Docket ID Number EPA-R09-OAR-2012-0398, by one of the following methods:

1. *http://www.regulations.gov*: Follow the on-line instructions for submitting comments.
2. *E-mail*: buss.jeffrey@epa.gov
3. *Fax*: 415-947-3579
4. *Mail or deliver*: Jeffrey Buss (AIR-2), U.S. Environmental Protection Agency, Region IX, 75 Hawthorne Street, San Francisco, CA 94105-3901. Deliveries are only accepted during the Regional Office's normal hours of operation.

Instructions: All comments will be included in the public docket without change and may be made available online at *http://www.regulations.gov*, including any personal information provided, unless the comment includes Confidential Business Information (CBI) or other information whose disclosure is restricted by statute. Information that you consider CBI or otherwise protected should be clearly identified as such and should not be submitted through *http://www.regulations.gov* or e-

mail. <http://www.regulations.gov> is an anonymous access system, and EPA will not know your identity or contact information unless you provide it in the body of your comment. If you send email directly to EPA, your e-mail address will be automatically captured and included as part of the public comment. If EPA cannot read your comment due to technical difficulties and cannot contact you for clarification, EPA may not be able to consider your comment.

Docket: Generally, documents in the docket for this action are available electronically at www.regulations.gov and in hard copy at EPA Region IX, 75 Hawthorne Street, San Francisco, California. While all documents in the docket are listed at www.regulations.gov, some information may be publicly available only at the hard copy location (e.g., copyrighted material, large maps), and some may not be publicly available in either location (e.g., CBI). To inspect the hard copy materials, please schedule an appointment during normal business hours with the contact listed in the **FOR FURTHER INFORMATION CONTACT** section.

FOR FURTHER INFORMATION CONTACT: Jeffrey Buss, Air Planning Office (AIR-2), U.S. Environmental Protection Agency, Region IX, (415) 947-4152, buss.jeffrey@epa.gov.

SUPPLEMENTARY INFORMATION: Throughout this document, the terms

"we," "us," and "our" refer to EPA.

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I. Background

A. Statutory Framework

Section 110(a)(1) of the CAA requires states to make a SIP submission "within 3 years (or such shorter period as the Administrator may prescribe) after the promulgation of a national primary ambient air quality standard (or any revision thereof)," that provides for the "implementation, maintenance, and enforcement" of such NAAQS. Section 110(a)(2) includes a list of specific elements that "[e]ach such plan" submission must meet. Many of the section 110(a)(2) SIP elements relate to the general information and authorities that constitute the "infrastructure" of a state's air quality management program and SIP submittals that address these requirements are referred to as "infrastructure SIPs." These infrastructure SIP elements include:

- Section 110(a)(2)(A): Emission limits and other control measures.

- Section 110(a)(2)(B): Ambient air quality monitoring/data system.
- Section 110(a)(2)(C): Program for enforcement of control measures and regulation of new and modified stationary sources.
- Section 110(a)(2)(D)(i): Interstate pollution transport.
- Section 110(a)(2)(D)(ii): Interstate and international pollution abatement.
- Section 110(a)(2)(E): Adequate resources and authority, conflict of interest, and oversight of local and regional government agencies.
- Section 110(a)(2)(F): Stationary source monitoring and reporting.
- Section 110(a)(2)(G): Emergency episodes.
- Section 110(a)(2)(H): SIP revisions.
- Section 110(a)(2)(J): Consultation with government officials, public notification, and prevention of significant deterioration (PSD) and visibility protection.
- Section 110(a)(2)(K): Air quality modeling and submission of modeling data.
- Section 110(a)(2)(L): Permitting fees.

- Section 110(a)(2)(M): Consultation/participation by affected local entities.

Two elements identified in section 110(a)(2) are not governed by the three-year submission deadline of section 110(a)(1) and are therefore not addressed in this action. These elements relate to part D of title I of the CAA, and submissions to satisfy them are not due within three years after promulgation of a new or revised NAAQS, but rather are due at the same time nonattainment area plan requirements are due under section 172. The two elements are: (i) section 110(a)(2)(C) to the extent it refers to permit programs required under part D (nonattainment New Source Review (NSR)), and (ii) section 110(a)(2)(I), pertaining to the nonattainment planning requirements of part D. As a result, this action does not address infrastructure elements related to the nonattainment NSR portion of section 110(a)(2)(C) or related to 110(a)(2)(I).

B. Regulatory History

On July 18, 1997, EPA issued a revised NAAQS for ozone¹ and a new NAAQS for fine particulate matter (PM_{2.5}).² EPA subsequently

¹ The 8-hour averaging period replaced the previous 1-hour averaging period, and the level of the NAAQS was changed from 0.12 parts per million (ppm) to 0.08 ppm (62 FR 38856).

² The annual PM_{2.5} standard was set at 15 micrograms per cubic meter (µg/m³), based on the 3-year average of annual arithmetic mean PM_{2.5} concentrations from single or multiple community-oriented monitors and the 24-hour PM_{2.5} standard was set at 65 µg/m³, based on the 3-year average of the 98th percentile of 24-hour PM_{2.5} concentrations at each population-oriented monitor within an area

revised the 24-hour PM_{2.5} NAAQS on September 21, 2006.³ Each of these actions triggered a requirement for states to submit an infrastructure SIP to address the applicable requirements of section 110(a)(2) within three years of issuance of the new or revised NAAQS.

On March 10, 2005, EPA entered into a Consent Decree with Earthjustice that obligated EPA to make official findings in accordance with section 110(k)(1) of the CAA as to whether states had made required complete SIP submissions, pursuant to sections 110(a)(1) and (2), by December 15, 2007 for the 1997 8-hour ozone NAAQS and by October 5, 2008 for the 1997 PM_{2.5} NAAQS. EPA made such findings for the 1997 8-hour ozone NAAQS on March 27, 2008 (73 FR 16205) and for the 1997 PM_{2.5} NAAQS on October 22, 2008 (73 FR 62902). In each case, EPA found that Arizona had failed to make a complete submittal to satisfy the requirements of section 110(a)(2) for the relevant pollutant. On September 8, 2011, EPA found that Arizona had failed to make a complete submittal to satisfy the requirements of section 110(a)(2)(G) for the 2006 24-hour PM_{2.5} NAAQS (76 FR 55577).

C. Scope of the Infrastructure SIP Evaluation

(62 FR 38652).

³ The final rule revising the 24-hour NAAQS for PM_{2.5} from 65 µg/m³ to 35 µg/m³ was published in the Federal Register on October 17, 2006 (71 FR 61144).

EPA is currently acting upon SIPs that address the infrastructure requirements of CAA section 110(a)(1) and (2) for ozone and PM_{2.5} NAAQS for various states across the country. Commenters on EPA's recent proposals for some states raised concerns about EPA statements that it was not addressing certain substantive issues in the context of acting on those infrastructure SIP submissions.⁴ Those commenters specifically raised concerns involving provisions in existing SIPs and with EPA's statements in other proposals that it would address two issues separately and not as part of actions on the infrastructure SIP submissions: (i) existing provisions related to excess emissions during periods of start-up, shutdown, or malfunction at sources, that may be contrary to the CAA and EPA's policies addressing such excess emissions ("SSM"); and (ii) existing provisions related to "director's variance" or "director's discretion" that purport to permit revisions to SIP approved emissions limits with limited public process or without requiring further approval by EPA, that may be contrary to the CAA ("director's discretion"). EPA notes that there are two other substantive issues for which EPA likewise stated in other proposals that it would address the issues separately: (i)

⁴ See, Comments of Midwest Environmental Defense Center, dated May 31, 2011. Docket # EPA-R05-OAR-2007-1179 (adverse comments on proposals for three states in Region 5).

existing provisions for minor source new source review programs that may be inconsistent with the requirements of the CAA and EPA's regulations that pertain to such programs ("minor source NSR"); and (ii) existing provisions for Prevention of Significant Deterioration programs that may be inconsistent with current requirements of EPA's "Final NSR Improvement Rule," 67 FR 80186 (December 31, 2002), as amended by 72 FR 32526 (June 13, 2007) ("NSR Reform"). In light of the comments, EPA believes that its statements in various proposed actions on infrastructure SIPs with respect to these four individual issues should be explained in greater depth.

EPA intended the statements in other proposals concerning these four issues merely to be informational, and to provide general notice of the potential existence of provisions within the existing SIPs of some states that might require future corrective action. EPA did not want states, regulated entities, or members of the public to be under the misconception that the Agency's approval of the infrastructure SIP submission of a given state should be interpreted as a reapproval of certain types of provisions that might exist buried in the larger existing SIP for such state. Thus, for example, EPA explicitly noted that the Agency believes that some states may have existing SIP-approved SSM provisions that are contrary to the

CAA and EPA policy, but that "in this rulemaking, EPA is not proposing to approve or disapprove any existing State provisions with regard to excess emissions during SSM of operations at facilities." EPA further explained, for informational purposes, that "EPA plans to address such State regulations in the future." EPA made similar statements, for similar reasons, with respect to the director's discretion, minor source NSR, and NSR Reform issues. EPA's objective was to make clear that approval of an infrastructure SIP for these NAAQS should not be construed as explicit or implicit reapproval of any existing provisions that relate to these four substantive issues.

Unfortunately, the commenters and others evidently interpreted these statements to mean that EPA considered action upon the SSM provisions and the other three substantive issues to be integral parts of acting on an infrastructure SIP submission, and therefore that EPA was merely postponing taking final action on the issues in the context of the infrastructure SIPs. This was not EPA's intention. To the contrary, EPA only meant to convey its awareness of the potential for certain types of deficiencies in existing SIPs, and to prevent any misunderstanding that it was reapproving any such existing provisions. EPA's intention was to convey its position that the statute does not require that infrastructure SIPs address these

specific substantive issues in existing SIPs and that these issues may be dealt with separately, outside the context of acting on the infrastructure SIP submission of a state. To be clear, EPA did not mean to imply that it was not taking a full final agency action on the infrastructure SIP submission with respect to any substantive issue that EPA considers to be a required part of acting on such submissions under section 110(k) or under section 110(c). Given the confusion evidently resulting from EPA's statements in those other proposals, however, we want to explain more fully the Agency's reasons for concluding that these four potential substantive issues in existing SIPs may be addressed separately from actions on infrastructure SIP submissions.

Although section 110(a)(1) addresses the timing and general requirements for these infrastructure SIPs, and section 110(a)(2) provides more details concerning the required contents of these infrastructure SIPs, EPA believes that many of the specific statutory provisions are facially ambiguous. In particular, the list of required elements provided in section 110(a)(2) contains a wide variety of disparate provisions, some of which pertain to required legal authority, some of which pertain to required substantive provisions, and some of which pertain to requirements for both authority and substantive

provisions.⁵ Some of the elements of section 110(a)(2) are relatively straightforward, but others clearly require interpretation by EPA through rulemaking, or recommendations through guidance, in order to give specific meaning for a particular NAAQS.⁶

Notwithstanding that section 110(a)(2) provides that "each" SIP submission must meet the list of requirements therein, EPA has long noted that this literal reading of the statute is internally inconsistent, insofar as section 110(a)(2)(I) pertains to nonattainment SIP requirements that could not be met on the schedule provided for these SIP submissions in section 110(a)(1).⁷ This illustrates that EPA must determine which provisions of section 110(a)(2) may be applicable for a given infrastructure SIP submission. Likewise, EPA has previously

⁵ For example, section 110(a)(2)(E) provides that states must provide assurances that they have adequate legal authority under state and local law to carry out the SIP; section 110(a)(2)(C) provides that states must have a substantive program to address certain sources as required by part C of the CAA; section 110(a)(2)(G) provides that states must have both legal authority to address emergencies and substantive contingency plans in the event of such an emergency.

⁶ For example, section 110(a)(2)(D)(i) requires EPA to be sure that each state's SIP contains adequate provisions to prevent significant contribution to nonattainment of the NAAQS in other states. This provision contains numerous terms that require substantial rulemaking by EPA in order to determine such basic points as what constitutes significant contribution. See, e.g., "Rule To Reduce Interstate Transport of Fine Particulate Matter and Ozone (Clean Air Interstate Rule); Revisions to Acid Rain Program; Revisions to the NO_x SIP Call; Final Rule," 70 FR 25162 (May 12, 2005) (defining, among other things, the phrase "contribute significantly to nonattainment").

⁷ See, e.g., *Id.*, 70 FR 25162, at 63 - 65 (May 12, 2005) (explaining relationship between timing requirement of section 110(a)(2)(D) versus section 110(a)(2)(I)).

decided that it could take action on different parts of the larger, general "infrastructure SIP" for a given NAAQS without concurrent action on all subsections.⁸ Finally, EPA notes that not every element of section 110(a)(2) would be relevant, or as relevant, or relevant in the same way, for each new or revised NAAQS and the attendant infrastructure SIP submission for that NAAQS. For example, the monitoring requirements that might be necessary for purposes of section 110(a)(2)(B) for one NAAQS could be very different than what might be necessary for a different pollutant. Thus, the content of an infrastructure SIP submission to meet this element from a state might be very different for an entirely new NAAQS, versus a minor revision to an existing NAAQS.⁹

Similarly, EPA notes that other types of SIP submissions required under the statute also must meet the requirements of section 110(a)(2), and this also demonstrates the need to identify the applicable elements for other SIP submissions. For

⁸ For example, EPA issued separate guidance to states with respect to SIP submissions to meet section 110(a)(2)(D)(i) for the 1997 8-hour ozone and 1997 PM_{2.5} NAAQS. See, "Guidance for State Implementation Plan (SIP) Submissions to Meet Current Outstanding Obligations Under Section 110(a)(2)(D)(i) for the 8-Hour Ozone and PM_{2.5} National Ambient Air Quality Standards," from William T. Harnett, Director Air Quality Policy Division OAQPS, to Regional Air Division Director, Regions I-X, dated August 15, 2006. In addition, EPA bifurcated the action on these "interstate transport" provisions within section 110(a)(2) and in most instances, substantive administrative actions occurred on different tracks with different schedules.

⁹ For example, implementation of the 1997 PM_{2.5} NAAQS required the deployment of a system of new monitors to measure ambient levels of that new indicator species for the new NAAQS.

example, nonattainment SIPs required by part D likewise have to meet the relevant subsections of section 110(a)(2) such as section 110(a)(2)(A) or (E). By contrast, it is clear that nonattainment SIPs would not need to meet the portion of section 110(a)(2)(C) that pertains to part C, i.e., the PSD requirements applicable in attainment areas. Nonattainment SIPs required by part D also would not need to address the requirements of section 110(a)(2)(G) with respect to emergency episodes, as such requirements would not be limited to nonattainment areas. As this example illustrates, each type of SIP submission may implicate some subsections of section 110(a)(2) and not others.

Given the potential for ambiguity of the statutory language of section 110(a)(1) and (2), EPA believes that it is appropriate for EPA to interpret that language in the context of acting on the infrastructure SIPs for a given NAAQS. Because of the inherent ambiguity of the list of requirements in section 110(a)(2), EPA has adopted an approach in which it reviews infrastructure SIPs against this list of elements "as applicable." In other words, EPA assumes that Congress could not have intended that each and every SIP submission, regardless of the purpose of the submission or the NAAQS in question, would meet each of the requirements, or meet each of them in the same

way. EPA elected to use guidance to make recommendations for infrastructure SIPs for these ozone and PM_{2.5} NAAQS.

On October 2, 2007, EPA issued guidance making recommendations for the infrastructure SIP submissions for both the 1997 8-hour ozone NAAQS and the 1997 PM_{2.5} NAAQS.¹⁰ Within this guidance document, EPA described the duty of states to make these submissions to meet what the Agency characterized as the "infrastructure" elements for SIPs, which it further described as the "basic SIP requirements, including emissions inventories, monitoring, and modeling to assure attainment and maintenance of the standards."¹¹ As further identification of these basic structural SIP requirements, "attachment A" to the guidance document included a short description of the various elements of section 110(a)(2) and additional information about the types of issues that EPA considered germane in the context of such infrastructure SIPs. EPA emphasized that the description of the basic requirements listed on attachment A was not intended "to constitute an interpretation of" the requirements, and was merely a "brief description of the required elements."¹² EPA also stated its belief that with one exception, these requirements

¹⁰ See, "Guidance on SIP Elements Required Under Section 110(a)(1) and (2) for the 1997 8-hour Ozone and PM_{2.5} National Ambient Air Quality Standards," from William T. Harnett, Director Air Quality Policy Division, to Air Division Directors, Regions I - X, dated October 2, 2007 (the "2007 Guidance").

¹¹ Id. at page 2.

¹² Id. at attachment A, page 1.

were "relatively self explanatory, and past experience with SIPs for other NAAQS should enable States to meet these requirements with assistance from EPA Regions."¹³ For the one exception to that general assumption, however, i.e., how states should proceed with respect to the requirements of section 110(a)(2)(G) for the 1997 PM_{2.5} NAAQS, EPA gave much more specific recommendations. But for other infrastructure SIP submittals, and for certain elements of the submittals for the 1997 PM_{2.5} NAAQS, EPA assumed that each State would work with its corresponding EPA regional office to refine the scope of a State's submittal based on an assessment of how the requirements of section 110(a)(2) should reasonably apply to the basic structure of the State's SIP for the NAAQS in question.

On September 25, 2009, EPA issued guidance to make recommendations to states with respect to the infrastructure SIPs for the 2006 PM_{2.5} NAAQS.¹⁴ In the 2009 Guidance, EPA addressed a number of additional issues that were not germane to the infrastructure SIPs for the 1997 8-hour ozone and 1997 PM_{2.5}

¹³ Id. at page 4. In retrospect, the concerns raised by commenters with respect to EPA's approach to some substantive issues indicate that the statute is not so "self explanatory," and indeed is sufficiently ambiguous that EPA needs to interpret it in order to explain why these substantive issues do not need to be addressed in the context of infrastructure SIPs and may be addressed at other times and by other means.

¹⁴ See, "Guidance on SIP Elements Required Under Sections 110(a)(1) and (2) for the 2006 24-Hour Fine Particle (PM_{2.5}) National Ambient Air Quality Standards (NAAQS)," from William T. Harnett, Director Air Quality Policy Division, to Regional Air Division Directors, Regions I - X, dated September 25, 2009 (the "2009 Guidance").

NAAQS, but were germane to these SIP submissions for the 2006 PM_{2.5} NAAQS. Significantly, neither the 2007 Guidance nor the 2009 Guidance explicitly referred to the SSM, director's discretion, minor source NSR, or NSR Reform issues as among specific substantive issues EPA expected states to address in the context of the infrastructure SIPs, nor did EPA give any more specific recommendations with respect to how states might address such issues even if they elected to do so. The SSM and director's discretion issues implicate section 110(a)(2)(A), and the minor source NSR and NSR Reform issues implicate section 110(a)(2)(C). In the 2007 Guidance and the 2009 Guidance, however, EPA did not indicate to states that it intended to interpret these provisions as requiring a substantive submission to address these specific issues in existing SIP provisions in the context of the infrastructure SIPs for these NAAQS. Instead, EPA's 2007 Guidance merely indicated its belief that the states should make submissions in which they established that they have the basic SIP structure necessary to implement, maintain, and enforce the NAAQS. EPA believes that states can establish that they have the basic SIP structure, notwithstanding that there may be potential deficiencies within the existing SIP.

EPA believes that this approach to the infrastructure SIP requirement is reasonable, because it would not be feasible to

read section 110(a)(1) and (2) to require a comprehensive review of each and every provision of an existing SIP merely for purposes of assuring that the state in question has the basic structural elements for a functioning SIP for a new or revised NAAQS. Because SIPs have grown by accretion over the decades as statutory and regulatory requirements under the CAA have evolved, they may include some outmoded provisions and historical artifacts that, while not fully up to date, nevertheless may not pose a significant problem for the purposes of "implementation, maintenance, and enforcement" of a new or revised NAAQS when EPA considers the overall effectiveness of the SIP. To the contrary, EPA believes that a better approach is for EPA to determine which specific SIP elements from section 110(a)(2) are applicable to an infrastructure SIP for a given NAAQS, and to focus attention on those elements that are most likely to need a specific SIP revision in light of the new or revised NAAQS. Thus, for example, EPA's 2007 Guidance specifically directed states to focus on the requirements of section 110(a)(2)(G) for the 1997 PM_{2.5} NAAQS because of the absence of underlying EPA regulations for emergency episodes for this NAAQS and an anticipated absence of relevant provisions in existing SIPs.

Finally, EPA believes that its approach is a reasonable reading of section 110(a)(1) and (2) because the statute provides other avenues and mechanisms to address specific substantive deficiencies in existing SIPs. These other statutory tools allow the Agency to take appropriate tailored action, depending upon the nature and severity of the alleged SIP deficiency. Section 110(k)(5) authorizes EPA to issue a "SIP call" whenever the Agency determines that a state's SIP is substantially inadequate to attain or maintain the NAAQS, to mitigate interstate transport, or otherwise to comply with the CAA.¹⁵ Section 110(k)(6) authorizes EPA to correct errors in past actions, such as past approvals of SIP submissions.¹⁶ Significantly, EPA's determination that an action on the infrastructure SIP is not the appropriate time and place to address all potential existing SIP problems does not preclude the Agency's subsequent reliance on provisions in section

¹⁵ EPA has recently issued a SIP call to rectify a specific SIP deficiency related to the SSM issue. See, "Finding of Substantial Inadequacy of Implementation Plan; Call for Utah State Implementation Plan Revision," 76 FR 21639 (April 18, 2011).

¹⁶ EPA has recently utilized this authority to correct errors in past actions on SIP submissions related to PSD programs. See, "Limitation of Approval of Prevention of Significant Deterioration Provisions Concerning Greenhouse Gas Emitting-Sources in State Implementation Plans; Final Rule," 75 FR 82536 (December 30, 2010). EPA has previously used its authority under CAA 110(k)(6) to remove numerous other SIP provisions that the Agency determined it had approved in error. See, e.g., 61 FR 38664 (July 25, 1996) and 62 FR 34641 (June 27, 1997) (corrections to American Samoa, Arizona, California, Hawaii, and Nevada SIPs); 69 FR 67062 (November 16, 2004) (corrections to California SIP); and 74 FR 57051 (November 3, 2009) (corrections to Arizona and Nevada SIPs).

110(a)(2) as part of the basis for action at a later time. For example, although it may not be appropriate to require a state to eliminate all existing inappropriate director's discretion provisions in the course of acting on the infrastructure SIP, EPA believes that section 110(a)(2)(A) may be among the statutory bases that the Agency cites in the course of addressing the issue in a subsequent action.¹⁷

II. The State's Submittals

On September 18, 2008, ADEQ submitted the "Analysis of Clean Air Act Section 110(a)(2) Air Quality Control Program Elements for Arizona - PM_{2.5}," to address several elements of CAA section 110(a)(2) for the 1997 PM_{2.5} NAAQS ("2008 Infrastructure Analysis").¹⁸ On October 14, 2009, ADEQ submitted the "Arizona State Implementation Plan Revision under Clean Air Act Section 110(a)(2) and (2); 2006 PM_{2.5} NAAQS, 1997 PM_{2.5} NAAQS and 1997 8-hour Ozone NAAQS," to address all of the CAA section 110(a)(2) requirements except for section 110(a)(2)(G)¹⁹

¹⁷ EPA has recently disapproved a SIP submission from Colorado on the grounds that it would have included a director's discretion provision inconsistent with CAA requirements, including section 110(a)(2)(A). See, e.g., 75 FR 42342 at 42344 (July 21, 2010) (proposed disapproval of director's discretion provisions); 76 FR 4540 (January 26, 2011) (final disapproval of such provisions).

¹⁸ See letter dated September 18, 2008, from Stephen A. Owens, Air Quality Director, ADEQ, to Wayne Nastri, Regional Administrator, EPA Region 9.

¹⁹ In a separate rulemaking, EPA proposed to fully approve Arizona's SIP to address the requirements regarding air pollution emergency episodes in CAA section 110(a)(2)(G) for the 1997 8-hour ozone NAAQS. 77 FR 21911 (April 12, 2012).

for these three NAAQS ("2009 Infrastructure Analysis").²⁰ The 2009 Infrastructure Analysis includes public process documentation (including public comments) and evidence of adoption.

On June 1, 2012, ADEQ submitted the "Proposed Supplement to the Arizona State Implementation Plan under Clean Air Act Section 110(a)(1) and (2): Implementation of [1997 PM2.5 and 8-hour ozone NAAQS and 2006 PM2.5 NAAQS], Parallel Processing Version" ("2012 Supplement"). The 2012 Supplement includes a number of statutes and regulations that are currently effective under State law but that have not been adopted specifically for submittal to EPA as a SIP revision under CAA section 110. By letter dated June 1, 2012, ADEQ submitted unofficial copies of these statutes and regulations to EPA with a request for "parallel processing"²¹ and stated its intention to submit these statutes and regulations as a formal SIP submittal, following

²⁰ See letter dated October 14, 2009, from Eric C. Massey, Air Quality Director, ADEQ, to Laura Yoshii, Acting Regional Administrator, EPA Region 9.

²¹ Under EPA's "parallel processing" procedure, EPA proposes rulemaking action concurrently with the State's proposed rulemaking. If the State's proposed plan is changed, EPA will evaluate that subsequent change and may publish another notice of proposed rulemaking. If no significant change is made, EPA will publish a final rulemaking on the plan after responding to any submitted comments. Final rulemaking action by EPA will occur only after the plan has been fully adopted by Arizona and submitted formally to EPA for approval into the SIP. See 40 CFR part 51, appendix V, section 2.3. We note that because ADEQ's rulemaking process here is solely for purposes of adopting the 2012 Supplement as a SIP revision under CAA section 110 and not for purposes of revising any of the statutes or regulations contained therein, we do not expect any significant changes between the proposed and final plans.

reasonable notice and public hearings, by late August 2012.²² ADEQ amended this request by letter dated June 14, 2012, to remove several statutes and regulations from the 2012 Supplement.²³ With respect to two Pima County regulations included in the 2012 Supplement (rules 17.12.040 and 17.24.040), ADEQ has informed us that it is awaiting confirmation that the Pima County Department of Environmental Quality (PCDEQ) will commence a local rulemaking process to adopt these regulations as SIP revisions under CAA section 110 and thereafter submit the rules to ADEQ for transmittal to EPA.²⁴ In a separate proposal published in today's Federal Register, we are proposing to approve these Pima County regulations, among others, into the Arizona SIP contingent upon ADEQ's submittal of them as fully adopted SIP revisions. See "Revisions to the Arizona State Implementation Plan, Arizona Department of Environmental Quality, Maricopa County Air Quality Department, and Pima County Department of Environmental Quality," proposed rule, signed June 15, 2012.

Because the 2009 Infrastructure Analysis includes comprehensive updates to and essentially supersedes the 2008

²² See letter dated June 1, 2012, from Eric C. Massey, Air Quality Director, ADEQ, to Jared Blumenfeld, Regional Administrator, EPA Region 9.

²³ See letter dated June 14, 2012, from Eric C. Massey, Air Quality Director, ADEQ, to Jared Blumenfeld, Regional Administrator, EPA Region 9.

²⁴ See e-mail dated June 14, 2012, from Danielle Dancho, ADEQ, to Jeanhee Hong, EPA Region 9.

Infrastructure Analysis, we are proposing to act on the 2009 Infrastructure Analysis, as supplemented and amended by the 2012 Supplement. We refer to the 2009 Infrastructure Analysis and 2012 Supplement collectively as the "2009 Infrastructure SIP." Although we are proposing to act only on the 2009 Infrastructure SIP, we have reviewed materials provided in the 2008 Infrastructure Analysis to the extent applicable to our evaluation.

III. EPA's Evaluation and Proposed Action

EPA has evaluated the 2009 Infrastructure SIP and the existing provisions of the Arizona SIP for compliance with the CAA section 110(a) requirements for the 1997 8-hour ozone and PM_{2.5} NAAQS and the 2006 PM_{2.5} NAAQS. Our Technical Support Document (TSD) contains more detailed evaluations and is available in the public docket for this rulemaking, which may be accessed online at <http://www.regulations.gov>, docket number EPA-R09-OAR-2012-0398.

Based upon this analysis, EPA proposes to approve the 2009 Infrastructure SIP with respect to the following infrastructure SIP requirements:

- Section 110(a)(2)(A): Emission limits and other control measures.

- Section 110(a)(2)(B): Ambient air quality monitoring/data system.
- Section 110(a)(2)(C) (in part): Program for enforcement of control measures and regulation of new and modified stationary sources.
- Section 110(a)(2)(D)(ii) (in part): Interstate pollution abatement and international air pollution.
- Section 110(a)(2)(E)(i): Adequate resources and legal authority.
- Section 110(a)(2)(E)(iii): State oversight of local or regional government agencies.
- Section 110(a)(2)(F): Stationary source monitoring and reporting.
- Section 110(a)(2)(G): Emergency episodes.
- Section 110(a)(2)(H): SIP revisions.
- Section 110(a)(2)(J) (in part): Consultation with government officials and public notification.
- Section 110(a)(2)(L): Permitting fees.
- Section 110(a)(2)(M): Consultation/participation by affected local entities.

In addition, we are proposing to approve into the SIP certain statutory and regulatory provisions included in the 2009

Infrastructure SIP, as discussed in the TSD.²⁵ With respect to the requirements for stationary source monitoring and reporting in CAA section 110(a)(2)(F), our proposed approval is contingent upon receipt of fully adopted versions of the two Pima County regulations discussed above, which must go through a local SIP rulemaking process before ADEQ submits them to EPA as SIP revisions.²⁶ We propose, in the alternative, to disapprove the 2009 Infrastructure SIP with respect to the requirements of CAA section 110(a)(2)(F) in Pima County, if ADEQ does not submit these regulations as SIP revisions following all required procedures before we take final action on the 2009 Infrastructure SIP.

Simultaneously, we are proposing to disapprove the 2009 Infrastructure SIP with respect to the following infrastructure SIP requirements:

- Section 110(a)(2)(C) (in part): Permit program for regulation of new and modified stationary sources under part C of title I of the Act (PSD).
- Section 110(a)(2)(D)(i)(II): Provisions to prohibit interference with other states' PSD measures.

²⁵ Copies of these Arizona statutes and regulations are included in the 2012 Supplement, which is available in the docket for this action and online at <http://www.regulations.gov>, docket number EPA-R09-OAR-2012-0398.

²⁶ See fn. 24, above.

- Section 110(a)(2)(D)(ii) (in part): Interstate pollution abatement and international air pollution.
- Section 110(a)(2)(J) (in part): PSD.
- Section 110(a)(2)(K): Air quality modeling and submission of modeling data.

As explained more fully in the TSD, we are proposing to disapprove the 2009 Infrastructure SIP with respect to these requirements of CAA section 110(a)(2) because the Arizona SIP does not fully satisfy the statutory and regulatory requirements for Prevention of Significant Deterioration (PSD) permit programs under part C, title I of the Act. Both the Maricopa County Air Quality Department (MCAQD) and the Pima County Department of Environmental Quality (PDEQ) currently implement the Federal PSD program in 40 CFR 52.21 for all regulated NSR pollutants, pursuant to delegation agreements with EPA. 40 CFR 52.144.²⁷ Accordingly, although the Arizona SIP remains deficient with respect to PSD requirements in both Maricopa and Pima counties, these deficiencies are adequately addressed in both areas by the Federal PSD program. ADEQ implements a SIP-approved PSD program for all regulated NSR pollutants except for

²⁷ See 59 FR 1730 (January 12, 1994) and "Agreement for Delegation of Authority of the Regulations for Prevention of Significant Deterioration of Air Quality (40 CFR 52.21) Between U.S. EPA and MC," executed November 22, 1993; "Agreement for Delegation of Authority of the Regulations for Prevention of Significant Deterioration of Air Quality (40 CFR 52.21) Between U.S. EPA and Pima County Air Quality Control District," executed April 14, 1994.

PM-10 and GHGs²⁸ (48 FR 19878, May 3, 1983), and the Pinal County Air Quality Control District (PCAQCD) implements a SIP-approved PSD program for all regulated NSR pollutants except for GHGs²⁹ (61 FR 15717, April 9, 1996, as amended by 65 FR 79742, December 20, 2000). EPA understands that both ADEQ and the PCAQCD intend to submit, in the near future, PSD SIP revisions addressing the deficiencies identified in our TSD.³⁰

We are not proposing to act today on those elements of the 2009 Infrastructure SIP that address the requirements of section 110(a)(2)(D)(i)(I) of the Act regarding significant contribution to nonattainment or interference with maintenance in any other State (referred to as "interstate transport" provisions). EPA previously approved Arizona's interstate transport SIP as satisfying the requirements of CAA section 110(a)(2)(D)(i)(I) for the 1997 8-hour ozone and 1997 PM_{2.5} NAAQS. 72 FR 41629 (July 31, 2007). For purposes of the 2006 PM_{2.5} NAAQS, EPA

²⁸ For PM-10 and GHGs, ADEQ implements the Federal PSD program in 40 CFR 52.21 pursuant to delegation agreements executed in 1999 and 2011, respectively. 40 CFR 52.37; "Agreement for Delegation of Authority of the PM-10 Regulations for Prevention of Significant Deterioration of Air Quality (40 CFR 52.21) Between EPA and Arizona DEQ," executed March 12, 1999"; "U.S. EPA - Arizona Department of Environmental Quality Agreement for Delegation of Authority to Issue and Modify Greenhouse Gas Prevention of Significant Deterioration Permits Subject to 40 CFR 52.21," executed March 30, 2011.

²⁹ For GHGs, Pinal County implements the Federal PSD program in 40 CFR 52.21 pursuant to a delegation agreement executed in 2011. 40 CFR 52.37; "U.S. EPA - Pinal County Air Quality Control District Agreement for Delegation of Authority to Issue and Modify Greenhouse Gas Prevention of Significant Deterioration Permits Subject to 40 CFR 52.21," executed August 10, 2011.

³⁰ On April 10, 2012, ADEQ submitted draft PSD program regulations to EPA with a request for "parallel processing" under 40 CFR part 51, appendix V. We intend to act on this PSD submittal expeditiously upon receipt of an official SIP revision containing ADEQ's fully adopted PSD regulations.

intends to propose action on the interstate transport element of the 2009 Infrastructure SIP in a subsequent rulemaking and to take final action on this element of the SIP by September 30, 2012, consistent with the terms of the consent decree entered October 20, 2011 in *WildEarth Guardians v. EPA*, Case No. 3:11-cv-00190.

Additionally, we are not proposing to act today on those elements of the 2009 Infrastructure SIP that address the requirements of section 110(a)(2)(D)(i)(II) of the Act regarding interference with measures to protect visibility in other states.³¹ EPA intends to act on these visibility-related elements of the 2009 Infrastructure SIP in a subsequent rulemaking that will address the requirements of the Regional Haze program, under the terms of a separate consent decree.

Finally, we are not proposing to act today on the portion of the 2009 Infrastructure SIP that addresses requirements respecting state boards under CAA section 110(a)(2)(E)(ii). We will propose action on this element in a subsequent rulemaking.

Section 110(1) of the Act prohibits EPA from approving any SIP revision that would interfere with any applicable

³¹ EPA's action on this element of the 2009 Infrastructure SIP is not subject to the same consent decree and settlement agreement deadlines that apply to our action on most other elements of the 2009 Infrastructure SIP. See Consent Decree entered October 20, 2011 in *WildEarth Guardians v. EPA*, Case No. 3:11-cv-00190 (paragraph 22) and Settlement Agreement executed November 30, 2011 in *Sierra Club v. EPA*, Case No. 3:10-cv-04060 (paragraph 8(a)).

requirement concerning attainment and reasonable further progress (RFP) or any other applicable requirement of the Act. All of the elements of the 2009 Infrastructure SIP that we are proposing to approve, as explained in the TSD, would improve the SIP by replacing obsolete statutes or regulations and by updating the state and local agencies' SIP implementation and enforcement authorities. We propose to determine that our approval of these elements of the 2009 Infrastructure SIP would comply with CAA section 110(l) because the proposed SIP revision would not interfere with the on-going process for ensuring that requirements for RFP and attainment of the NAAQS are met, and the submitted SIP revision clarifies and updates the SIP. Our TSD contains a more detailed discussion of our evaluation.

Under section 179(a) of the CAA, final disapproval of a submittal that addresses a requirement of part D, title I of the CAA (CAA sections 171-193) or is required in response to a finding of substantial inadequacy as described in CAA section 110(k)(5) (SIP Call) starts a sanctions clock. The 2009 Infrastructure SIP was not submitted to meet either of these requirements. Therefore, any action we take to finalize the described partial disapprovals will not trigger mandatory sanctions under CAA section 179.

In addition, CAA section 110(c)(1) provides that EPA must promulgate a Federal Implementation Plan (FIP) within two years after finding that a State has failed to make a required submission or disapproving a State implementation plan submission in whole or in part, unless EPA approves a SIP revision correcting the deficiencies within that two-year period.

IV. Statutory and Executive Order Reviews

A. Executive Order 12866, Regulatory Planning and Review

This action is not a "significant regulatory action" under the terms of Executive Order (EO) 12866 (58 FR 51735, October 4, 1993) and is therefore not subject to review under the EO.

B. Paperwork Reduction Act

This action does not impose an information collection burden under the provisions of the Paperwork Reduction Act, 44 U.S.C. 3501 et seq, because this proposed SIP disapproval under section 110 and subchapter I, part D of the Clean Air Act will not in-and-of itself create any new information collection burdens but simply disapproves certain State requirements for inclusion into the SIP. Burden is defined at 5 CFR 1320.3(b).

C. Regulatory Flexibility Act

The Regulatory Flexibility Act (RFA) generally requires an agency to conduct a regulatory flexibility analysis of any rule

subject to notice and comment rulemaking requirements unless the agency certifies that the rule will not have a significant economic impact on a substantial number of small entities. Small entities include small businesses, small not-for-profit enterprises, and small governmental jurisdictions. For purposes of assessing the impacts of today's rule on small entities, small entity is defined as: (1) a small business as defined by the Small Business Administration's (SBA) regulations at 13 CFR 121.201; (2) a small governmental jurisdiction that is a government of a city, county, town, school district or special district with a population of less than 50,000; and (3) a small organization that is any not-for-profit enterprise which is independently owned and operated and is not dominant in its field.

After considering the economic impacts of today's proposed rule on small entities, I certify that this action will not have a significant impact on a substantial number of small entities. This rule does not impose any requirements or create impacts on small entities. This proposed SIP disapproval under section 110 and subchapter I, part D of the Clean Air Act will not in-and-of itself create any new requirements but simply disapproves certain State requirements for inclusion into the SIP. Accordingly, it affords no opportunity for EPA to fashion for

small entities less burdensome compliance or reporting requirements or timetables or exemptions from all or part of the rule. The fact that the Clean Air Act prescribes that various consequences (e.g., higher offset requirements) may or will flow from this disapproval does not mean that EPA either can or must conduct a regulatory flexibility analysis for this action. Therefore, this action will not have a significant economic impact on a substantial number of small entities.

We continue to be interested in the potential impacts of this proposed rule on small entities and welcome comments on issues related to such impacts.

D. Unfunded Mandates Reform Act

This action contains no Federal mandates under the provisions of Title II of the Unfunded Mandates Reform Act of 1995 (UMRA), 2 U.S.C. 1531-1538 for State, local, or tribal governments or the private sector." EPA has determined that the proposed disapproval action does not include a Federal mandate that may result in estimated costs of \$100 million or more to either State, local, or tribal governments in the aggregate, or to the private sector. This action proposes to disapprove pre-existing requirements under State or local law, and imposes no new requirements. Accordingly, no additional costs to State,

local, or tribal governments, or to the private sector, result from this action.

E. Executive Order 13132, Federalism

Executive Order 13132, entitled "Federalism" (64 FR 43255, August 10, 1999), requires EPA to develop an accountable process to ensure "meaningful and timely input by State and local officials in the development of regulatory policies that have federalism implications." "Policies that have federalism implications" is defined in the Executive Order to include regulations that have "substantial direct effects on the States, on the relationship between the national government and the States, or on the distribution of power and responsibilities among the various levels of government."

This action does not have federalism implications. It will not have substantial direct effects on the States, on the relationship between the national government and the States, or on the distribution of power and responsibilities among the various levels of government, as specified in Executive Order 13132, because it merely disapproves certain State requirements for inclusion into the SIP and does not alter the relationship or the distribution of power and responsibilities established in the Clean Air Act. Thus, Executive Order 13132 does not apply to this action.

F. Executive Order 13175, Coordination with Indian Tribal Governments

This action does not have tribal implications, as specified in Executive Order 13175 (65 FR 67249, November 9, 2000), because the SIP EPA is proposing to disapprove would not apply in Indian country located in the state, and EPA notes that it will not impose substantial direct costs on tribal governments or preempt tribal law. Thus, Executive Order 13175 does not apply to this action.

G. Executive Order 13045, Protection of Children from Environmental Health Risks and Safety Risks

EPA interprets EO 13045 (62 FR 19885, April 23, 1997) as applying only to those regulatory actions that concern health or safety risks, such that the analysis required under section 5-501 of the EO has the potential to influence the regulation. This action is not subject to EO 13045 because it is not an economically significant regulatory action based on health or safety risks subject to Executive Order 13045 (62 FR 19885, April 23, 1997). This proposed SIP disapproval under section 110 and subchapter I, part D of the Clean Air Act will not in-and-of itself create any new regulations but simply disapproves certain State requirements for inclusion into the SIP.

H. Executive Order 13211, Actions that Significantly Affect Energy Supply, Distribution, or Use

This proposed rule is not subject to Executive Order 13211 (66 FR 28355, May 22, 2001) because it is not a significant regulatory action under Executive Order 12866.

I. National Technology Transfer and Advancement Act

Section 12(d) of the National Technology Transfer and Advancement Act of 1995 ("NTTAA"), Public Law No. 104-113, 12(d) (15 U.S.C. 272 note) directs EPA to use voluntary consensus standards in its regulatory activities unless to do so would be inconsistent with applicable law or otherwise impractical. Voluntary consensus standards are technical standards (e.g., materials specifications, test methods, sampling procedures, and business practices) that are developed or adopted by voluntary consensus standards bodies. NTTAA directs EPA to provide Congress, through OMB, explanations when the Agency decides not to use available and applicable voluntary consensus standards.

The EPA believes that this action is not subject to requirements of Section 12(d) of NTTAA because application of those requirements would be inconsistent with the Clean Air Act.

J. Executive Order 12898: Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Population

Executive Order (EO) 12898 (59 FR 7629 (Feb. 16, 1994)) establishes federal executive policy on environmental justice. Its main provision directs federal agencies, to the greatest extent practicable and permitted by law, to make environmental justice part of their mission by identifying and addressing, as appropriate, disproportionately high and adverse human health or environmental effects of their programs, policies, and activities on minority populations and low-income populations in the United States.

EPA lacks the discretionary authority to address environmental justice in this rulemaking.

List of Subjects in 40 CFR Part 52

Air pollution control, Environmental protection, Intergovernmental relations, Nitrogen dioxide, Ozone, Reporting and recordkeeping requirements, Volatile organic compounds.

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

Dated: June 15, 2012.

Jared Blumenfeld,
Regional Administrator,
Region IX.

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