



**Presentation of the Control of VOC Emissions
from Conventional Oil and Natural Gas Sources Final-Omitted Rulemaking
before the Independent Regulatory Review Commission**

November 17, 2022

Good afternoon, Commissioners and staff. My name is Krishnan Ramamurthy, and I am the Department of Environmental Protection's (DEP) Deputy Secretary for Waste, Air, Radiation, and Remediation. I'm pleased to be here today to discuss the Environmental Quality Board's final-omitted rulemaking for the control of volatile organic compound (VOC) emissions from conventional oil and natural gas sources. Joining me is Jennie Demjanick, counsel to the Air Quality Program.

This final-omitted rulemaking is required to address Pennsylvania's obligations under the Federal Clean Air Act and must be submitted to the EPA by December 16, 2022, along with the unconventional source rulemaking approved in July, to lift existing offset sanctions and prevent mandatory Federal highway sanctions.

On June 16, 2022, the EPA imposed "2:1 offsets" sanctions for new or modified major stationary sources in Pennsylvania, which require these sources to spend money to further offset their emissions. On December 16, 2022, Federal highway sanctions will go into effect, amounting to the loss of hundreds of millions of dollars in Federal highway funds, at least \$450 million in the first year alone.

Due to conflicting interpretations of Act 52 of 2016, the Pennsylvania Grade Crude Development Act, the Board separated the original combined rulemaking for all oil and gas sources into 2 separate rulemakings— one that applies to unconventional sources and one that applies to conventional sources.

As required by the Federal Clean Air Act, this final-omitted rulemaking establishes the reasonably available control technology (or RACT) requirements for the source categories identified by the EPA in the "Control Techniques Guidelines for the Oil and Natural Gas Industry," (or CTG) issued in October 2016. The EPA did not distinguish between unconventional and conventional sources of emissions in the 2016 CTG, and the Board does not have the authority to exempt sources from

Federal requirements. As a state within the Ozone Transport Region, Pennsylvania is required to implement RACT requirements Statewide for all sources of VOC emissions identified by the EPA in a CTG and include those requirements in its State Implementation Plan.

This final-omitted rulemaking adopts RACT requirements for *conventional* oil and natural gas sources of VOC emissions installed at conventional well sites, gathering and boosting stations, or natural gas processing plants. The EPA provided information and guidance in the 2016 CTG to assist states, but it is each state's responsibility to determine what is RACT for each source category. In addition to the 2016 CTG, the Department used State-specific information to determine the RACT requirements established in this final-omitted rulemaking.

The Department estimates that this final-omitted rulemaking will result in a significant net economic benefit to the conventional industry. Based on a very conservative natural gas price (under \$2/Mcf), the conventional oil and natural gas industry is estimated to receive approximately \$15.7 million per year in natural gas savings, for a net benefit of \$5.9 million per year. As the price of gas increases, so do the benefits to the industry.

The Board found that there was good cause to use the final-omitted rulemaking process under the Commonwealth Documents Law as this regulation is in the public interest and an additional public notice and comment period would be impracticable, unnecessary, and contrary to the public interest. This final-omitted rulemaking is in the public interest because it will reduce harmful VOC and methane emissions in Pennsylvania. VOC emissions are precursors to the formation of ground-level ozone, which increases health symptoms such as asthma. The Department estimates that this final-omitted rulemaking could reduce VOC emissions by as much as 9,204 tons per year and co-benefit methane emissions by as much as 175,788 tons per year.

The notice and comment procedures are impracticable and unnecessary because the requirements for the conventional sources covered by this final-omitted rulemaking are identical to the conventional source requirements contained in the combined rulemaking. The Board provided a comment period and three public hearings for the combined oil and gas rulemaking and numerous members of the public provided testimony and submitted comments. Those comments

were then used in the development of this final-omitted rulemaking. Therefore, this final-omitted rulemaking was already subject to a notice and comment process when the combined rulemaking was published in the *Pennsylvania Bulletin* on May 23, 2020.

Further delay of this final-omitted rulemaking would harm the public interest because Pennsylvania would be unable to satisfy the December 16, 2022, sanction deadline, resulting in the loss of millions of dollars in Federal highway funding and much needed VOC and methane emission reductions. Also, current offset sanctions on new or modified major stationary sources would continue.

We are happy to answer any questions you may have.

