



Highlights of [GAO-04-274](#), a report to congressional requesters

Why GAO Did This Study

Environmental Protection Agency (EPA) revisions to the New Source Review (NSR) program to control industrial emissions have drawn attention from state and local agencies that implement the program, as well as industry and environmental and health groups. Under the revisions, companies may not have to install pollution controls when making some facility changes. GAO was asked to obtain the opinions of state air quality officials and other stakeholders on the impact of both the final and proposed revisions EPA issued in December 2002. GAO obtained survey responses from NSR program managers in 44 states and certain localities and contacted six environmental and health groups, and eight industry groups active in the NSR debate.

What GAO Recommends

GAO recommends that EPA (1) help state air quality agencies implement the revisions, (2) monitor the effects of the rule that excludes routine equipment replacements from NSR, and (3) consider stakeholders' concerns before excluding other activities from NSR. In commenting on the report, EPA's Assistant Administrator for Air and Radiation said that the agency has concerns about our methodology and certain of our findings. GAO believes its approach and presentation are appropriate. Moreover, EPA said that our recommendations make sense, and that the agency already plans to take these actions.

www.gao.gov/cgi-bin/getrpt?GAO-04-274.

To view the full product, including the scope and methodology, click on the link above. For more information, contact John Stephenson at (202) 512-3841 or stephensonj@gao.gov.

CLEAN AIR ACT

Key Stakeholders' Views on Revisions to the New Source Review Program

What GAO Found

A majority (29 of 44) of the state officials responding to GAO's survey expected the rule EPA finalized in December 2002 to provide industry with greater flexibility to make some facility changes without having to obtain NSR permits or, in some cases, install pollution controls. However, in their opinion, 27 officials expected the rule to increase emissions of harmful air pollutants, thereby hindering areas' efforts to meet air quality standards and potentially creating or exacerbating public health risks. This concern contrasts with EPA's assessment that the rule will decrease emissions and maintain the current level of environmental protection. Furthermore, 30 of the officials expected their agency's workload would increase as they adopt and implement the rule into their own programs. Almost all of the 44 officials would like EPA assistance with implementation.

Similarly, 28 of the 42 officials responding expected the two NSR revisions as proposed in December 2002—intended to provide more certainty about when facility changes are considered routine maintenance, repair, and replacement activities and can be excluded from NSR requirements—to decrease the number of permits companies would have to obtain, thereby giving them the flexibility to make some changes without installing controls. However, 21 and 26 officials, respectively, thought that the two exclusions would increase emissions; only relatively few thought the exclusions would decrease emissions as EPA's analysis had predicted. About a third of the officials thought the exclusions would exacerbate air quality problems in areas that do not meet standards, but fewer officials thought the exclusions would cause problems in areas that currently meet standards. Finally, 27 thought that implementing the two exclusions would increase states' administrative burden.

The other stakeholder groups GAO contacted agreed that the final rule and two exclusions would decrease the regulatory burden on companies that modify their facilities, but disagreed about the impact on emissions and air quality agencies' workload. The six environmental and public health officials expected that because companies would not have to obtain as many NSR permits or install as many controls when modifying facilities, emissions would rise and state and local agencies' workloads increase as agencies sought alternative ways to meet standards. In contrast, the eight industry officials expected the revisions to encourage companies to invest in energy-efficient projects they had avoided under the prior program, which the officials believed would lower fuel use and emissions. The officials also expected that fewer permits would lead to decreases in agencies' workloads.

Determining the revisions' likely impacts is difficult because, as discussed in GAO's August 2003 report on EPA's analytical basis for the final rule (GAO-03-947), little data exist to confirm stakeholders' opinions. In that report, GAO recommended that EPA work with state and local agencies to obtain data to assess the rule's emissions impact and correct any adverse effects.