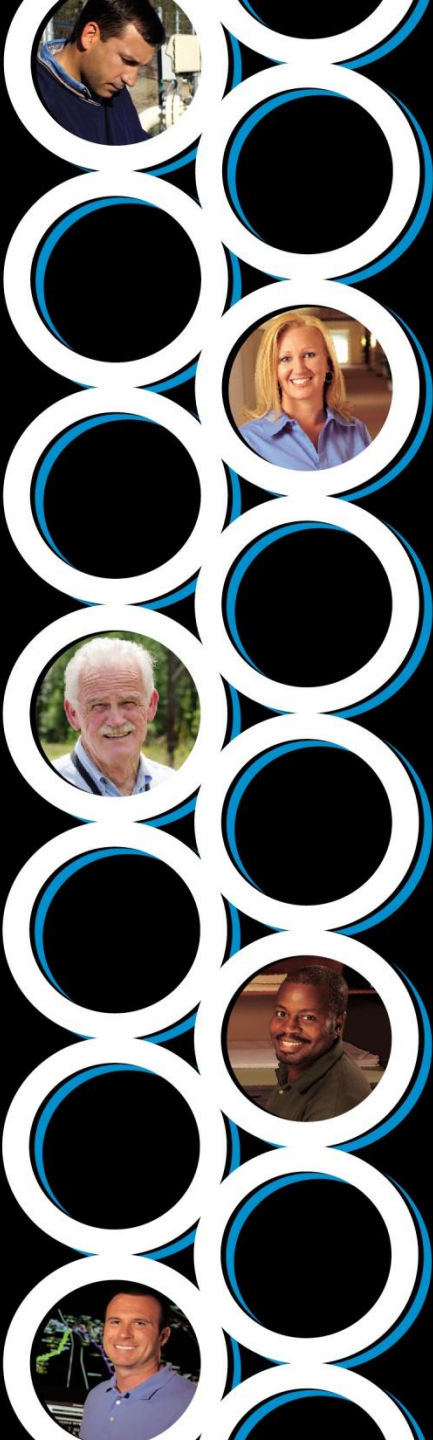
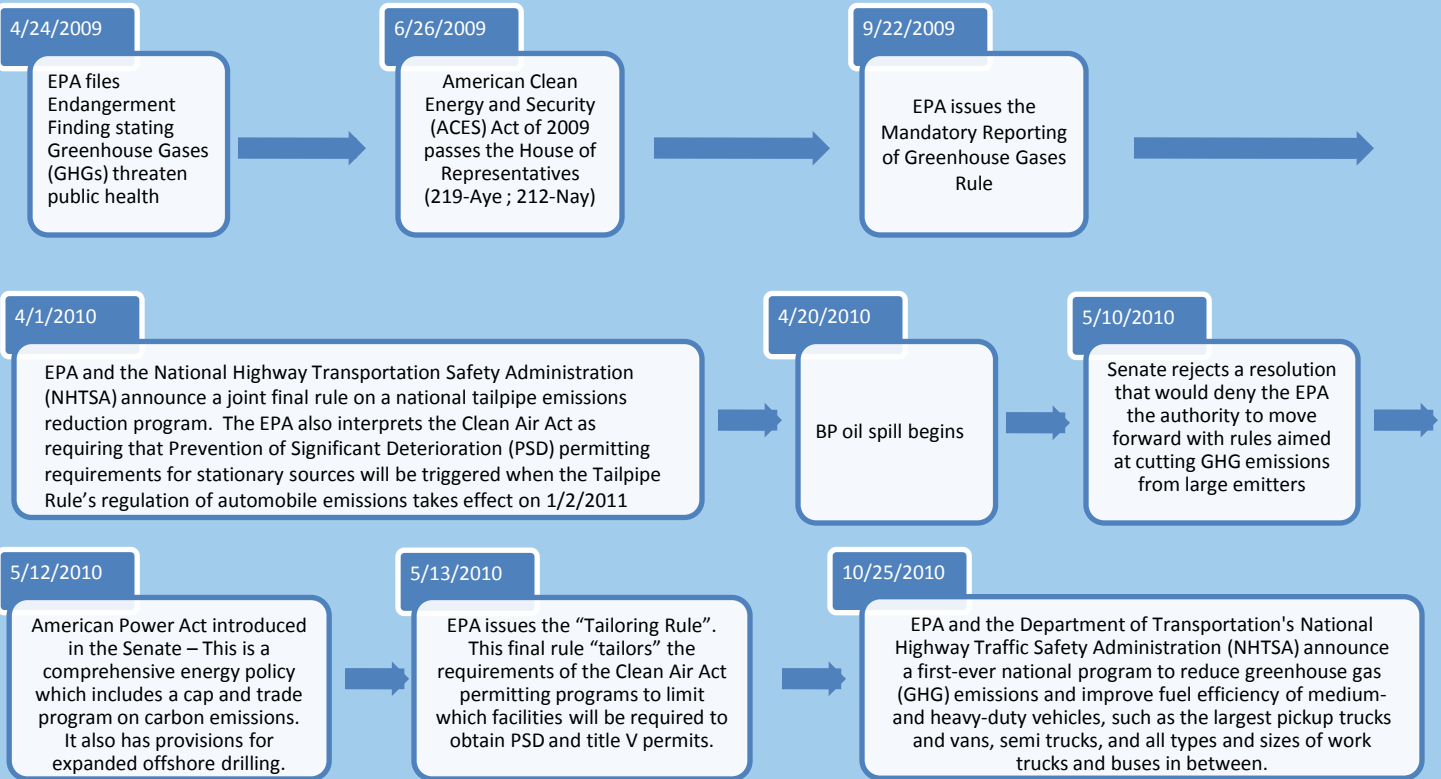


Carbon Legislation Update

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Timeline



Final GHG Tailoring Rule

- Facilities responsible for nearly 70% of the natural GHG emissions from stationary sources will be subject to permitting
 - Power plants
 - Refineries
 - Cement production facilities
 - Etc.

Step 1 (Jan 2, 2011 – Jun 30, 2011)



- Sources currently subject to PSD permitting (for non-GHG pollutants) subject to permitting requirements for their GHG emissions under PSD
- During this time, no sources would be subject to Clean Air Act permitting requirements due solely to GHG emissions





Step 2 (Jul 1, 2011 – Jun 30, 2013)

- PSD permitting requirements will cover for the first time new construction projects that emit GHG emissions of at least 100,000 tons per year (tpy) even if they do not exceed the permitting thresholds for any other pollutant
 - Modifications of existing facilities that increase GHG emissions by at least 75,000 tpy subject to permitting requirements
- Operating permit requirements will, for the first time, apply to sources based on their GHG emissions
 - Facilities that emit at least 100,000 tpy CO₂e will be subject to Title V permitting requirements
 - Estimated 550 sources will need to obtain Title V permits for the first time due to their GHG emissions
 - Estimated 900 additional PSD permitting actions each year triggered by increases in GHG emissions from new and modified emissions sources

Step 3

- EPA commits to undertake another rulemaking, to begin in 2011 and conclude no later than July 1st, 2012
 - Discussion as to whether smaller sources can be permanently excluded from permitting
 - Explore opportunities for streamlining future GHG permitting
 - **EPA will not require permits for smaller sources until at least April 30, 2016**



Fuel Efficiency and Emissions Standards

- April 1st, 2010: EPA and NHTSA issue standards on passenger cars, light-duty trucks, and medium-duty passenger vehicles covering model years 2012-2016

Projected Fleet-Wide Emissions Compliance Levels under the Footprint-Based CO₂ Standards (g/mi) and Corresponding Fuel Economy (mpg)

| | 2012 | 2013 | 2014 | 2015 | 2016 |
|-------------------------------|------|------|------|------|------|
| Passenger Cars (g/mi) | 263 | 256 | 247 | 236 | 225 |
| Light Trucks (g/mi) | 346 | 337 | 326 | 312 | 298 |
| Combined Cars & Trucks (g/mi) | 295 | 286 | 276 | 263 | 250 |
| Passenger Cars (g/mi) | 33.8 | 34.7 | 36.0 | 37.7 | 39.5 |
| Light Trucks (g/mi) | 25.7 | 26.4 | 27.3 | 28.5 | 29.8 |
| Combined Cars & Trucks (g/mi) | 30.1 | 31.1 | 32.2 | 33.8 | 35.5 |

Fuel Efficiency and Emissions Standards

- Oct 25, 2010: EPA and NHTSA issue standards on combination tractors (the semi trucks that typically pull trailers), heavy-duty pickup trucks and vans, and vocational vehicles (including buses and refuse or utility trucks) covering model years 2014-2018

Proposed Model Year 2017 Combination Tractor Standards

| | EPA Emissions Standards (g CO ₂ /ton-mile) | | | NHTSA Fuel Consumption Standards (gal/1,000 ton-mile) | | |
|------------------------|--|----------|-----------|--|----------|-----------|
| | Low Roof | Mid Roof | High Roof | Low Roof | Mid Roof | High Roof |
| Day Cab Class 7 | 103 | 103 | 116 | 10.1 | 10.1 | 11.4 |
| Day Cab Class 8 | 78 | 78 | 86 | 7.7 | 7.7 | 8.5 |
| Sleeper Cab Class 8 | 64 | 69 | 71 | 6.3 | 6.8 | 7.0 |

Key Points

- Climate legislation from congress is uncertain
- EPA continues to implement regulations aimed at reducing GHG emissions
 - Increased reporting requirements
- The “Tailoring Rule” may create additional permitting requirements for future expansions





QUESTIONS?

