

Page 1 1 2 3 4 5 6 7 8 9 AIR QUALITY PUBLIC HEARING 10 REGARDING THE PSD OFFSET RULE 11 BEGINNING AT 9:30 AM ON SEPTEMBER 24, 2026 12 AT ODEQ IN OKLAHOMA CITY, OKLAHOMA 13 14 15 16 17 18 19 20 21 22 23 24 25 REPORTED BY: Jenny Longley, CSR	Page 3 1 stream of the meeting online. The link to view this 2 meeting on Zoom was posted to DEQ's website on 3 September 23, 2026, and although virtual observers 4 will not be able to make oral comments on the record 5 during the meeting today, virtual observers are 6 still able to submit written comments by emailing 7 our email inbox AQDRuleComments@deq.ok.gov through 8 4:30 p.m. on that October 8, 2026 date. 9 For the in-person participants, if 10 you wish to make a statement during the meeting 11 today, it is very important for you to complete a 12 form at the registration table. You will be called 13 upon at the appropriate time to come to the lectern 14 to make your comment. Please also state, and spell 15 if necessary, your name and affiliation for the 16 record before beginning your comment. If we have 17 enough comments, we may have to limit everyone to 18 five minutes; if we don't have very many, we may be 19 able to forgo a time limit. Your comments will be 20 made part of the meeting record and will enable DEQ 21 to modify its proposal as appropriate prior to the 22 Air Quality Advisory Council on December 9, 2026. 23 Commenters are also encouraged to supply a written 24 version of their oral comments to DEQ staff in hard 25 copy or via email, if possible.
Page 2 1 PROCEEDINGS 2 MS. FOSTER: Good morning, everyone. I am 3 Melanie Foster, Data & Planning Branch Manager for 4 the Air Quality Division. As such, I will serve as 5 the protocol officer for today's meeting. Notice of 6 this meeting was sent to the Air Quality Division's 7 Air Quality Advisory Council and Public Hearing 8 email distribution lists via GovDelivery on 9 September 8, 2026, as well as posted on DEQ's 10 website. Additional notifications were mailed or 11 emailed to Oklahoma's Tribal Nations. This public 12 meeting is being held to provide Oklahoma 13 stakeholders with an additional opportunity to 14 review and provide feedback on a proposed voluntary 15 ozone precursor offsets program under the Prevention 16 of Significant Deterioration, or PSD, permitting 17 program prior to its presentation at the December 9, 18 2026, Air Quality Advisory Council meeting. As 19 such, this meeting is not a formal rulemaking 20 hearing. The draft rule language has been available 21 for public review since September 8th of 2026, and 22 DEQ will accept comments through October 8th of 23 2026. 24 The meeting notice stated that 25 interested parties could view a non-participatory	Page 4 1 And please note that DEQ staff will 2 generally not be providing responses to any comments 3 during this meeting. However, all comments and any 4 agency responses will be included in our proposed 5 rule documentation. All media inquiries will be 6 referred to the DEQ Communication Director at the 7 conclusion of the meeting. 8 At this time, we will proceed with a 9 presentation by Xander Teets, Environmental Programs 10 Specialist, and Tom Richardson, Rules & Planning 11 Section Manager, on the draft rule language. 12 MR. TEETS: Thank you, Melanie. 13 Good morning, everyone. My name is 14 Xander Teets and I am an Environmental Programs 15 Specialist with the Air Quality Division. 16 MR. RICHARDSON: And I'm Tom Richardson, 17 the Manager of the Rules & Planning Section. 18 MR. TEETS: Thank you all so much for 19 joining us today. In this meeting, we'll be 20 reviewing a proposed Voluntary Ozone Precursor PSD 21 Offsets Program. Today's discussion is not a formal 22 rule presentation, but is instead simply a way to 23 share this proposal with industry and with the 24 public and hear what comments or concerns you have. 25 DEQ's intention is to bring this proposal before the

Page 5 1 Air Quality Advisory Council in December, so the 2 feedback we receive today will be very useful in 3 helping us refine the program before the formal rule 4 presentation later this year. I'll kick things off 5 by giving some context on the proposal, starting 6 with our rationale. 7 Currently, the Oklahoma City, Tulsa, 8 and Lawton metro areas are monitoring ozone values 9 above the ozone standard. DEQ has been approached 10 by industry members who are concerned that 11 development within these metros will only get more 12 difficult as time goes on because it will be harder 13 to demonstrate that new facilities won't violate the 14 ozone NAAQS. Today's proposal is intended to 15 address this concern, by creating an offset 16 mechanism that will enable industry to continue 17 growing in the state. Simultaneously, the offset 18 mechanism will have built-in provisions for reducing 19 net emissions in the airshed, which means the 20 offsets program will have a positive impact on 21 Oklahoma air quality. The structure of this 22 proposal is twofold: first we would create a new 23 Subchapter 10, which would outline the mechanisms 24 and guidelines for a PSD offsets program. Second, 25 we would amend Subchapters 7 and 8 to fold the PSD	Page 7 1 language, let's discuss the highlights of the 2 program we're proposing. To reiterate, this will be 3 a voluntary ozone precursor PSD offsets program. 4 What this means is that under the framework of the 5 PSD permitting program, facilities within Oklahoma 6 that realize actual, surplus reductions in VOC or 7 NOx emissions may elect to convert those reductions 8 to transferable offsets known as "Emission Reduction 9 Credits," or "ERCs." We'll discuss more about how 10 that works shortly. 11 This program has a federal precedent 12 in 40 CFR 51.165(b)(3), where states are given the 13 option to allow facilities to acquire emission 14 reductions if a new major source or major 15 modification would cause or contribute to a 16 violation of any NAAQS. Previously, Oklahoma had 17 not made use of this provision, but we will be 18 seeking to incorporate it through this offsets 19 program at the December AQAC meeting. 20 Here are a few more key points of the 21 program. Participation will be completely voluntary 22 and is intended to offer flexibility by giving 23 facilities an alternative path through the PSD 24 permitting process. 25 The generation and use of ERCs will
Page 6 1 offsets program into the existing NSR language. 2 Our timeline for this proposal began 3 two weeks ago, when DEQ opened the public comment 4 period. Today's public meeting will provide an 5 additional opportunity to receive feedback. And 6 after the public comment period closes on 7 October 8th, DEQ will make any appropriate 8 modifications to the rule proposal. DEQ will then 9 open a second public comment period on the modified 10 rule proposal on November 2nd of this year and will 11 present that modified rulemaking at the December 9th 12 AQAC meeting. Because the PSD offsets program is 13 designed to help industry, your feedback is very 14 important for making the program as useful as 15 possible, so we'd like to encourage everyone that 16 even if you don't have a comment today, please do 17 share any concerns or feedback you might have before 18 the public comment period closes in October. 19 For today's presentation, we'll dive 20 into the structure of the proposal. Tom will lead 21 our discussion of the Subchapter 10 language, after 22 which I'll talk about what revisions we're making to 23 Subchapters 7 and 8 to tie in that Subchapter 10 24 language. 25 But before we get into any of that	Page 8 1 occur through the issuance of NSR construction 2 permits. 3 Finally, the use of offsets will 4 include the extinguishment of an extra 10 percent of 5 project emission increases, which will provide a 6 real benefit to the airshed. DEQ believes the PSD 7 offsets program will fulfill our mission of 8 sustaining industry growth even as the metro areas 9 monitor nonattainment. 10 On this slide you can see the outline 11 of the new Subchapter 10. The subchapter begins 12 with a purpose statement in 10-1, followed by new 13 definitions in 10-2. In 10-3, we enumerate the key 14 provisions of the offsets program. After that, 10-4 15 discusses ERC calculation methods. Next will be the 16 requirements for ERC generators in 10-5 and then the 17 process for ERC certification in 10-6. Lastly, in 18 10-7, we give the requirements for ERC users. Tom 19 will be walking us through each of these sections, 20 so I'll turn it over to him here. 21 MR. RICHARDSON: Thank you, Xander. Next 22 slide, please. 23 It may seem odd that I am starting 24 with the new Subchapter 10. But we are going out of 25 order to help provide context for the changes that

Page 9 1 we will be making to Subchapters 7 and 8. As shown 2 on this slide, the purpose of this new subchapter is 3 to establish a mechanism for the generation and use 4 of PSD offsets for ozone precursors. 5 Next slide. 6 Let's discuss a few new definitions. 7 "Emission Reduction Credit" or "ERC." It's a new 8 term that represents a permanent, verifiable, 9 federally enforceable reduction in emissions that is 10 determined to be surplus both on generation and, 11 later, on use. Consistent with legal language 12 associated with tradeable allowances, for example 13 ozone-season NOx allowances under the Cross State 14 Air Pollution Rule, an ERC is not a property right. 15 "Emission Reduction Credit generator" 16 is the owner or operator of the facility that 17 accepts a limit, or closure of a unit or an entire 18 facility, to generate an ERC. The mechanism for 19 this action is a New Source Review or NSR permit. 20 "Emission reduction credit user" is 21 the owner or operator of the facility that will 22 obtain and extinguish ERCs as part of a PSD permit. 23 The ERCs will be used to offset project emission 24 increases. 25 Next slide.	Page 11 1 provisions, I would like to highlight some important 2 program elements. As shown on this slide, the only 3 pollutants eligible for ERCs are ozone precursors: 4 nitrogen oxides, or NOx, and volatile organic 5 compounds, or VOCs. We would also note that very 6 little ozone is emitted directly from the facilities 7 we regulate. The vast majority of the ozone in the 8 breathing zone is formed through a photochemical 9 reaction involving both NOx and VOCs. 10 Next slide. 11 We would like to emphasize that this 12 program is not inter-pollutant. That is, NOx ERCs 13 may only be used to offset NOx project emission 14 increases and VOC ERCs may only be used to offset 15 VOC increases. NOx ERCs may not be used to offset 16 VOC increases and vice versa. 17 Next slide. 18 In this slide, we would like to 19 highlight key requirements for ERCs. They must be 20 permanent, verifiable, federally enforceable, and 21 surplus, again, both on generation and on use. 22 In addition, ERCs must represent 23 actual emission decreases rather than a reduction in 24 potential emissions. Further, all eligible 25 facilities, both generators and users, must operate
Page 10 1 "Baseline actual emissions for ERC 2 generation" is a new term grounded in the existing 3 term "Baseline Actual Emissions," or BAE, used in 4 the PSD program. While we used many components of 5 traditional BAE, there are subtle differences that 6 warranted creating a new term. 7 "Permit limited emissions for ERC 8 generation" is another concept that is grounded in 9 existing New Source Review/NSR permitting but, for 10 our purposes, it was easier to clarify the meaning 11 of this term in this context for this new, for us, 12 PSD offsets program. 13 "Surplus." "Surplus" is a key term 14 that establishes the validity of the emissions 15 reductions required to offset project emission 16 increases. Emission reductions must be surplus both 17 on generation and on use. To be surplus, these 18 reductions must not be required by any state or 19 federal air quality program requirement. Some 20 emissions may be surplus on generations but may 21 later, either in whole or in part, be considered not 22 to be surplus on use. We will discuss that issue in 23 more detail later. 24 Next slide. 25 Under the section providing general	Page 12 1 within the State of Oklahoma. 2 The last item highlighted on this 3 slide is particularly important. Oklahoma currently 4 has no areas that have been officially designated 5 nonattainment. If, at some future date, areas 6 within the state receive a nonattainment 7 designation, ERCs generated under this PSD offsets 8 program may not, I will emphasize not, be used to 9 offset project emission increases under a 10 Nonattainment New Source Review program. 11 Next slide. 12 Further, under "General Provisions", 13 these are permit and public notice requirements. 14 The actual generation of ERCs will occur through the 15 issuance of construction permits, which we also 16 refer to as NSR permits. And for all of these 17 permits, they will undergo Tier II or Tier III 18 public review. 19 Next slide. 20 We would also like to identify this 21 element because it's important to our program, and 22 that is "severability." "Severability" is used to 23 protect the integrity of permits issued so if, at a 24 later date, a court invalidates some aspect of the 25 offsets program, we want to ensure that the

Page 13 1 remainder of the permit remains in effect, and this 2 severability clause is an attempt to ensure that 3 that will be the case. 4 Next slide. 5 "ERC Calculations and Confirmation." 6 So -- and this text is very small, so I would 7 encourage you to go to the web and read the rules in 8 detail. But here, we are highlighting baseline 9 actual emissions for ERC generation. 10 And here's just a summary of the 11 calculation. So when you're determining the total 12 number of ERCs that you'll generate, you take the 13 permit-limited emissions for ERC generation, those 14 are the limits you accept in your permit, you 15 subtract that from the baseline actual emissions for 16 ERC generation, and that yields the number of ERCs 17 that you generate. 18 Next slide. 19 "ERC Calculations and Confirmation." 20 We'd like to again point out, offsets will be 21 extinguished on a 1.1:1 ratio. So for project 22 emission increases, you will extinguish an equal 23 number of ERCs plus an additional 10 percent. 24 So for example, let's say you have a 25 particular permit that requires 100 tons of new VOCs	Page 15 1 "Ineligible". Ineligible actions 2 include shifting of operations or any required 3 reductions to the federal or state programmatic 4 requirements. 5 Next slide. 6 Requirements for ERC Generators, 7 continued. We'd like to identify -- and again this 8 is a bit redundant, but we'd like to highlight all 9 of these permits will undergo Tier II or Tier III 10 public review, which is a higher degree of scrutiny. 11 Next slide. 12 "ERC Registration." Subchapter 7 and 13 Subchapter 8 application requirements are shown 14 here. In addition, there are ERC-specific 15 requirements, and these are detailed, we would 16 encourage you to look on the web and review these 17 and provide us feedback. 18 Next slide. 19 In addition, the ERC Registration, we 20 are developing an ERC registry, it will be a public 21 clearinghouse for ERCs. Under this language, we 22 would like to identify the five-year expiration date 23 for ERCs. 24 So when an ERC is generated, there's 25 a five-year window for the extinguishment of the
Page 14 1 under the PSD program. You would need to offset 2 those 100 tons plus an additional 10 tons, or a 3 total of 110 tons, under this program. 4 Next slide. 5 Further "ERC Calculations and 6 Confirmation," the determination that there's 7 surplus on generation use. I think I probably used 8 this multiple times because it's really important to 9 the integrity of our program. The ERC will be 10 evaluated on generation and, later, it will be 11 evaluated on use to determine that they remain 12 surplus, and this is critical. 13 Next slide. 14 "Requirements for ERC Generators." 15 To be eligible to generate an ERC, a facility must 16 have a Title V permit or an individual minor source 17 FESOP, or Federally Enforceable State Operating 18 Permit. They must have been for at least two years. 19 Facilities covered by permits by rule, or PBRs, or 20 by general permits, GPs, are not eligible for this 21 program. 22 To generate ERCs, there are two 23 mechanisms: shutdowns, either individual units or 24 entire facilities, or limits taken by a facility 25 that's currently operating.	Page 16 1 ERCs, but I'd like to highlight to be within this 2 five-year period, if you wish to extinguish ERCs, 3 you must submit a technically complete application 4 for a PSD permit that would extinguish those PSDs. 5 Now, that permit processing may take 6 additional time, but if you get that permit 7 application in to us within that five-year window, 8 you've locked in those ERCs and those would be 9 available for use. 10 Further, "Transfer of ERCs." Parties 11 may transfer ERCs amongst each other, and we would 12 require that we be notified within 30 days of that 13 transfer so that we can update the registry. 14 Next slide. 15 "Requirements for ERC Users." Key: 16 ERC generator and the ERC user must be located 17 within 100 miles of each other. 18 Next slide. 19 "Additional Requirements for ERC 20 Users." Total ERCs must offset 100 percent of 21 project emission increases plus an extra 10 percent. 22 Again this is a bit redundant, but this is important 23 to us so that we get a benefit to the airshed. 24 In addition, prior to the issuance of 25 the PSD permit that will extinguish the ERCs, we

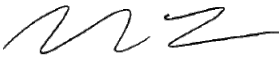
1 will need evidence of acquisition. 2 Next slide. 3 "Additional Requirements for ERC 4 Users." There will be an assessment of whether the 5 ERCs are still surplus. That assessment will be 6 made prior to issuance of the PSD permit that 7 extinguishes those ERCs. 8 Next slide. 9 Again, "Public Review." The PSD 10 permit will undergo Tier II or Tier III public 11 review. 12 Next slide. 13 Here we would like to identify, in 14 some cases a PSD permit may authorize a number of 15 different new units or other emission increases, but 16 in some cases the applicant may only construct some 17 of the new units that are authorized in the permit. 18 If they don't construct all of those 19 units and they decide to complete the process, there 20 may be some ERCs not needed. Under those 21 circumstances, the unused ERCs do not need to be 22 extinguished if they still remain valid under that 23 five-year period, so we would like to highlight that 24 for this aspect of the program. 25 Next slide.	Page 17	1 unrelated rule cleanup. We struck, quote, "BACT 2 when required," end quote, as there's no situation 3 where a minor source would be required to apply 4 BACT. We've also added, quote, "national", end 5 quote, to (d)(2) to conform to our standard way of 6 referencing the NAAQS. These two cleanup items in 7 7-15 are not the focus of the current public comment 8 period, but they will likely be part of the final 9 rule proposal at the December AQAC. We just wanted 10 to give them a shout-out since they're appearing in 11 our proposal document. 12 Now we'll look at the proposed 13 changes to Subchapter 8. Here, we're also adding 14 some new definitions and modifying permit 15 requirements. We'll also be adding language that 16 incorporates LAER requirements as well as language 17 that makes the PSD offsets program possible as an 18 alternative PSD approach. 19 First, in 8-1.1, we've added 20 definitions of ERC, ERC generator, and ERC user, 21 since Title V facilities will be allowed to both 22 generate and use ERCs. 23 Under 8-5(d)(4), we've included the 24 requirements of Subchapter 10 for any NSR 25 construction permit that would generate ERCs.
1 "Extinguishment of ERCs." The ERCs 2 will be extinguished once the ERC user meets the 3 permitting requirements. In some cases the permit 4 language might specify a startup of a particular 5 unit, the ERCs will be extinguished, and that's 6 going to be triggered by permit language. 7 Next slide. 8 I am now going to turn it back over 9 to Xander, who will go over the following. 10 MR. TEETS: Thank you, Tom. 11 Now that we've gone over Subchapter 12 10, let's talk about the changes we're proposing to 13 Subchapters 7 and 8 to incorporate the offsets 14 requirements. Starting with Subchapter 7, we'll 15 cover some new definitions, new permit requirements 16 for ERCs, and a bit of unrelated rule cleanup. 17 In 7-1.1, we've added definitions for 18 ERC and ERC generator, since facilities operating 19 under individual minor source FESOPs will be 20 eligible to generate ERCs. 21 In 7-15, we've added a provision at 22 (c)(1)(F) that requires that any NSR construction 23 permit intended to generate ERCs must contain 24 information that meets Subchapter 10 requirements. 25 Also in 7-15, we've included some	Page 18	1 One of the conditions for an ERC user 2 is that the facility must apply control technology 3 meeting Lowest Achievable Emission Rate, or LAER, 4 for each air pollutant that is offset. We've 5 included the language for this requirement in 6 Subchapter 8-34. 7 In 8-35, we have the real foundation 8 of the PSD offsets program. The block of added text 9 under (a)(2) provides that if a proposed major 10 source or major modification would cause or 11 contribute to an exceedance of the ozone NAAQS, then 12 that permit applicant may elect to acquire ERCs 13 sufficient to offset the project emissions increases 14 consistent with the requirements of Subchapter 10. 15 This proposed program is then, effectively, just an 16 alternative path through PSD permitting, in the 17 spirit of the federal precedent that we mentioned 18 earlier. 19 In Subchapter 8-35.1, we have one 20 final revision, and that is the addition of, quote, 21 "or LAER," end quote, to (b)(2), since the system of 22 continuous emission reduction for projects going 23 through PSD permitting would be LAER instead of 24 BACT, if that project is using offsets. 25 Now I'll go ahead and turn things

Page 21 1 back over to Tom to wrap up today's presentation. 2 MR. RICHARDSON: Thank you, Xander. 3 I would like to close by reviewing 4 the program elements we have shared with you this 5 morning. We are proposing to create a new 6 Subchapter 10 which provides a voluntary ozone 7 precursor offsets program under the PSD framework. 8 As Xander noted, our program is based on the EPA 9 language at 40 CFR 51.165(b)(3), but we have added 10 additional components to more completely flesh out 11 our approach. 12 Xander shared updates to Subchapter 7 13 which will provide a mechanism to create ERCs for 14 facilities operating under individual minor source 15 FESOPs, or Federally Enforceable State Operating 16 Permits. We also performed some brief cleanup of 17 language in those sections that we are opening. 18 Xander also shared changes to 19 Subchapter 8 which develop a mechanism for creating 20 ERCs applicable to facilities operating under Title 21 V operating permits. Xander also shared the new 22 language in Subchapter 8 which will allow the 23 facilities to offset project emission increases, 24 under PSD, by extinguishing ERCs. 25 For both Subchapter 7 and Subchapter	Page 23 1 address your concerns and recommendations. The 2 links are shown at the bottom of this page and are 3 available on the Air Quality Division's web page. 4 Please note, we intend to bring these 5 rule changes to the Air Quality Advisory Council on 6 December 9th and we intend to ask that Council 7 recommend these rules for adoption to the 8 Environmental Quality Board during their January 20, 9 2027 meeting. 10 At this point, I would like to turn 11 things back over to Melanie Foster, who will provide 12 instructions for the members of the public who would 13 like to provide comments. 14 Thank you, Melanie. 15 MS. FOSTER: Thank you, Gentlemen, for 16 your presentation. So DEQ will now begin taking 17 public comments on our draft rule language. If you 18 have not already done so, please fill out a comment 19 card at the registration table. 20 I have one so far. Bud Ground, if 21 you want to come up. And again, please state your 22 name and affiliation for the record when you reach 23 the lectern. 24 MR. GROUND: Good morning, my name is Bud 25 Ground. Currently, I'm President of the
Page 22 1 8, we provide links to the new language in 2 Subchapter 10 where the offsets program is fleshed 3 out in more detail. 4 Next slide. 5 As noted, we are requesting comments 6 on the proposed rule language and program elements 7 we shared with you on the web and which we are 8 discussing today. The last day of the comment 9 period is October 8th. 10 We will review the comments submitted 11 and we will amend our proposal as warranted. On 12 November 2nd, we will post an updated draft of our 13 rules and we will open up another comment period 14 that will be part of the official rulemaking action 15 which will conclude with the Air Quality Advisory 16 Council meeting on December 9th. During the 17 December 9th Air Quality Council meeting, we will 18 take additional oral comments from the public as 19 well as feedback from the Council. 20 Next slide. 21 Thank you for joining us today. We 22 are happy to receive oral comments on the proposed 23 PSD offsets program during today's public meeting. 24 We would also ask you to consider submitting written 25 comments, preferably by email, to help us better	Page 24 1 Environmental Federation of Oklahoma and I wanted to 2 give some general comments, nothing specific at this 3 time. 4 We, as EFO and member companies, are 5 generally very supportive of this concept. We think 6 it's, like, very much needed in the State of 7 Oklahoma to -- for any type of economic development 8 and growth within the state of industry, and EFO 9 supports that very much. 10 We also hope that this is a starting 11 place and is so successful that we can expand it to 12 other NAAQS in the very near future. So that really 13 is all the comments I have for right now. 14 MS. FOSTER: Thank you, Bud. 15 I have a comment card. Brian? 16 MR. McQUOWN: Good morning. Brian McQuown 17 with Oklahoma Gas & Electric, and I do have some 18 comments, but I'd also echo what Bud said, we're 19 certainly -- OG&E is certainly favorable of economic 20 growth in the state, and this should help. 21 I would hope it would help, you know, 22 the market get formed and people will see Oklahoma 23 as a place where they can actually permit something 24 in the metro area, so we're supportive of this, it 25 looks like a good program.

Page 25 1 I do have -- I'll send some email -- 2 an email with some detail, I have some editorial 3 ideas that are kind of niche to go -- that would be 4 hard to go through here. 5 But one that I would like to -- if 6 you could roll back to the purpose statement, like, 7 the first part of Tom's presentation, I think, I had 8 an idea for just a little editorial change that 9 might clarify and simplify that, and it's in the -- 10 near the bottom of the statement there. 11 The intent, "intended to reduce," I 12 would suggest striking out the phrase, "the impact 13 of project emissions to ambient air quality," and 14 inserting -- this is hard to visualize without 15 seeing it, but inserting from your meeting 16 announcement, "to reduce net emissions in the 17 airshed". 18 I think it makes it a little less 19 complex and easier to understand, but I'll give you 20 those in writing so it's easier to see. So that's 21 one. 22 I was curious about -- let me find it 23 here, it's the prohibition on using ERCs for 24 nonattainment permitting. It sort of implies that 25 these wouldn't be satisfactory in some way, and I	Page 27 1 it'll be a new thing for us, but for the counties 2 that end up being in that nonattainment area, they 3 will be subject to their own specific requirements 4 under the EPA rules, and so the ERCs could work 5 outside of that area, but you could not offset 6 within that zone under nonattainment NSR, you would 7 need to create new offsets to offset project 8 emission increases not under PSD, but under 9 nonattainment NSR. 10 MR. McQUOWN: Okay. Gotcha, thank you. 11 That's good. 12 Setting a baseline so there's a 13 prohibition on new units. I understand there's no 14 baseline with a new unit, but what struck me when I 15 read that was it's far more cost-effective, or tends 16 to be more cost-effective, to install controls on a 17 new unit at design rather than retrofitting later 18 on. 19 So I just wonder if there isn't a way 20 to kind of track emissions from a new unit and 21 retroactively create ERCs. For example, so I think 22 SCR, or generating units, you can monitor emissions 23 at the inlet to the SCR and at the outlet to the SCR 24 and you know a percentage reduction, well, you can 25 track that for 24 months and apply that to emissions
Page 26 1 just wonder is that the case or why would those not 2 be useful for nonattainment NSR? 3 MS. FOSTER: Go ahead, Tom. 4 MR. RICHARDSON: So I think that there are 5 certain elements of the program, again -- you know, 6 Rob Singletary, our Executive Director, is a strong 7 advocate for the idea that this will result in a 8 benefit to the airshed, and Rob is laser focused on 9 getting us back where we're monitoring design values 10 that are in attainment. 11 So the concern is -- you know, we 12 could get a good year next year where we come into 13 attainment and that reduces our concerns, but we 14 would still want to go forward with this program. 15 The concern is if we get designated nonattainment, 16 basically the ERCs that have been locked in, those 17 would have been inadequate to bring us back into 18 design values demonstrating attainment. 19 So if we get an official designation 20 of nonattainment, that creates an entire new 21 mechanism of nonattainment NSR. So in essence, 22 again it would just be in the nonattainment zone. 23 So the ERC program would operate 24 outside, so the counties that are not part -- again, 25 we have never had to go through this process before,	Page 28 1 for 24 months and then credit those reductions. 2 Something like that, just maybe some 3 thoughts about how to -- it saves money if you can 4 put controls on at the beginning. So that was one. 5 And then I think you addressed this 6 in one of your comments, sort of a different topic, 7 different concept, but we tend to use netting a lot 8 to permit sources for our existing plants, maybe 9 retire a unit. 10 And so, simple example, if we retire 11 a unit with 1,000 tons of NOx, permit something new 12 that needs 500, under netting could we then use the 13 leftover 500 and create ERCs with that? It didn't 14 seem like there would be a prohibition. 15 MS. FOSTER: Tom, did you want to address 16 that? 17 MR. RICHARDSON: I think, again, so the 18 netting is currently under PSD, but it's limited 19 within the fence line of the existing facility. So 20 whatever operation you do within that fence line, if 21 you follow this procedure and you've got a baseline 22 actual for the purposes of ERC generation and new 23 project limited, whether it's by closing down an 24 existing unit, starting a -- say, hypothetically, 25 you've got an old natural gas boiler that's been in

Page 29 1 place since the 1950's and you've got actual 2 emissions - the key thing is they have to be actual 3 emissions - and we're going to use that 24-month 4 period to average with a five-year look back. 5 You do that and you replace it with, 6 say, a new turbine with SCR that reduces the 7 emissions, the actual emissions by a substantial 8 amount, that would allow you to generate ERCs. Now, 9 you're offsetting PSD, so that project would not 10 undergo PSD because you're netting out, but you 11 would undergo these additional mechanisms to 12 generate the ERCs. 13 So even though it wouldn't be a PSD 14 permit because you're netting out a PSD, you would 15 still need to go through Tier II public review 16 because of these new mechanisms required to enhance 17 the scrutiny from the public. 18 But that's the way I envisioned it, 19 and maybe that's the way, Brian, that you were 20 considering it? 21 MR. McQUOWN: Yeah. So that's good, we 22 sort of assumed that would be the case. 23 And then another kind of -- if one 24 had a permit in process now and the timing were such 25 that the rule's finalized and effective end of next	Page 31 1 One, can we go to the slide that 2 shows 10-5(d)? I forget which slide that would be, 3 but... 4 MR. RICHARDSON: And Jeremy, just be 5 advised, I'm letting Melanie make the decision about 6 whether we're answering questions, so -- 7 MR. JEWELL: I understand. 8 So in here, it says -- or it may be 9 implied that you can -- you have to get a 10 construction permit even if you actually don't do 11 construction of any kind, which -- do you agree that 12 that's true? Like, that just seems odd. 13 MS. FOSTER: Go ahead and answer that, 14 Tom. 15 MR. JEWELL: Like, I understand the 16 administrative need, but I just wonder, like -- 17 MR. RICHARDSON: You want the foundation 18 for why. 19 MR. JEWELL: Yeah. 20 MR. RICHARDSON: I think I can sum that up 21 for you. So again, as -- I've been here 18 years. 22 For eight years, I was a permit writer and I thought 23 I really understood our program and then realized 24 there were things I thought I understood that I 25 didn't.
Page 30 1 year or something like that, could we -- I think -- 2 let's see here, it's a recent baseline. Could that 3 application be amended to include an offset request? 4 It's kind of a timing issue. With an 5 application in process, we might want to amend the 6 application and insert a PSD request for ERCs inside 7 that application. Maybe something -- you know, you 8 may not be able to answer that now, but something to 9 think about just from a procedural point of view. 10 That's all I have. I'll send you an 11 email with the details. 12 MS. FOSTER: Thank you, Brian, appreciate 13 your comments. 14 MR. McQUOWN: Thank you. 15 MS. FOSTER: I don't have any other 16 comment cards right now. Does anyone else that's 17 here in the room have a desire to speak at this 18 time? 19 Jeremy? 20 MR. JEWELL: Jeremy Jewell, also 21 Environmental Federation of Oklahoma. Tom, since 22 you're answering questions, I have a couple. Just 23 -- so EFO will be submitting written comments, but 24 just to inform those comments I guess I have a 25 couple questions.	Page 32 1 One of them is you can't create a new 2 applicable requirement in a Title V operating 3 permit, and that's been drilled into me. The only 4 mechanism really for locking in those requirements 5 is NSR. Now, you could do it through a SIP action, 6 but that ties our hands way more than we want. 7 There are other mechanisms, but even 8 a consent agreement typically -- and again, I would 9 nod toward Travis, so I may be out over my skis, but 10 a consent agreement, typically they want that to -- 11 I don't know what the term is, expire or whatever 12 by, but you have to create the mechanism, typically 13 at NSR, to lock in whatever the consent agreement 14 has -- you know, whatever the parties have agreed 15 to. 16 So we've used that mechanism under 17 many different circumstances, even if there's 18 nothing happening, to create a new limit. And so 19 this is a mechanism that I think is federally 20 enforceable, it's grounded in, you know, legal 21 language, and I feel like we're most comfortable. 22 So even if you're doing nothing, 23 you're just taking a limit which might reduce hours 24 of operation or something like that, we think the 25 best, most defensible mechanism is the NSR process.

1 MR. JEWELL: Okay. I agree. 2 Have you given thought to -- so when 3 you get a construction permit, it triggers a 4 timeline for when construction is complete and then 5 you have to file an operating permit application. 6 Well, there is no construction to be completed, so 7 does it just start at -- the 180-day clock starts 8 immediately? And does that need to be addressed 9 here or -- 10 MS. FOSTER: Go ahead. 11 MR. RICHARDSON: So here's how I would 12 consider that. Again, we're talking about an 13 existing facility and let's say a Title V operating 14 permit. So I think the best mechanism to address 15 that would be to use the enhanced NSR process, which 16 means basically you bring in all the Title V review 17 into the review of the NSR permit, and that brings 18 in the 45-day EPA review, all of that happens. 19 And we think, really practically 20 speaking, the additional review when you incorporate 21 those requirements in the Title V operating permit 22 it's kind of, like, after the fact. 23 So enhanced NSR, I think, works 24 really well. So I would say under the mechanism 25 you're describing, come in with an enhanced NSR	Page 33	1 use the wrong term and Lee corrects me all the time, 2 but I consider them to be individual FESOP as 3 opposed to GP and PBR. So again, GPs and PBRs, they 4 create these limitations but they give you a lot of 5 latitude to put in new equipment and that sort of 6 thing. 7 So PBRs and GPs are off the table, so 8 whether it's a true minor or a synthetic minor, if 9 you're covered by an individual minor facility 10 operating permit, whether it's true minor or a 11 synthetic minor, you have the opportunity to 12 generate ERCs. If that answers your question. 13 MR. JEWELL: Just taking a note, thank 14 you. See if there was anything else. 15 I would add, so there in 10-6(d) it 16 requires that the parties report essentially the 17 transaction amount to DEQ. That might create a 18 difficulty as that would be considered CBI in 19 probably most cases. 20 So unless -- I mean, if DEQ feels 21 strongly about that then it is what it is, but it's 22 going to be a disincentive. 23 MR. RICHARDSON: Do you want me to talk 24 about why we did that? 25 MS. FOSTER: Yes.	Page 35
1 permit, everything gets incorporated during the 2 review of the construction permit, then you amend 3 your Title V operating permit with an administrative 4 amendment at your convenience. 5 MR. JEWELL: Yeah, very good. Thank you, 6 I hadn't thought about that. 7 A couple other questions. Can a user 8 buy ERCs for multiple generators in the airshed? 9 MS. FOSTER: Tom? 10 MR. RICHARDSON: Yes. 11 MR. JEWELL: That being the case, a 12 consideration for allowing, like, true minor 13 sources, not FESOPs, to generate ERCs would be 14 interesting to consider. And there are certain 15 places where there are lots of minor sources with -- 16 and you add them all together, you get significant 17 amounts of emissions. 18 So that's not necessarily a question, 19 just -- 20 MR. RICHARDSON: Could we answer that? I 21 feel like I've got an answer. 22 MS. FOSTER: Okay. 23 MR. RICHARDSON: The answer is this, 24 Jeremy. All of our Subchapter 7 permits are FESOPs; 25 what is the difference is the individual -- and I	Page 34	1 MR. RICHARDSON: So again, this is our 2 first foray into these kind of ERCs. The people we 3 talked to in other states underscored this is 4 critical. 5 So if you're going to make a market 6 that works, everything has to be, I guess, 7 transparent and available to all the parties. So 8 even though they might consider it CBI, the 9 ownership of the ERCs, all the details with regard 10 to quantifying the ERCs, that needs to be part of 11 our registry. 12 And that's the feedback we've gotten 13 from every state that we've talked to that runs a 14 similar type of -- we've talked to people that did 15 PSD offsets, but primarily nonattainment NSR offsets 16 because of the analogy between the nonattainment NSR 17 program and what we're trying to -- and that's just 18 what we've received from every party we've 19 discussed. 20 MR. JEWELL: So to make sure I'm on the 21 same page, I'm talking about the dollar amount, not 22 the tons. 23 MR. RICHARDSON: So again, for everyone 24 we've talked to have said if you're going to make a 25 market, an aspect of transparency in economics is	Page 36

Page 37 1 the idea of kind of openness about the prices that 2 are being set, and that's the feedback we've gotten 3 from these parties. 4 MR. JEWELL: Okay. Very good, thank you 5 for entertaining my questions. 6 MR. RICHARDSON: Thank you, Jeremy. 7 MS. FOSTER: Thank you, Jeremy. 8 I do not have any other comments, but 9 again, I'll open it up to the room and see if -- 10 does anyone else in the public have a desire to 11 speak at this time? 12 MR. McQUOWN: I would like to add 13 something I forgot earlier. 14 MS. FOSTER: Please come back up, Brian. 15 And then go ahead and, for the court reporter, 16 please restate your information. 17 MR. McQUOWN: Brian McQuown at OG&E, and 18 kind of a similar -- Jeremy was talking about costs; 19 this is different. Why require the LAER? That 20 seems to add an additional cost element that 21 somewhat -- that might be an ERC -- not an ERC 22 generator, but can send an ERC generator to generate 23 offsets. 24 MS. FOSTER: Please answer. 25 MR. RICHARDSON: So the LAER is only	Page 39 1 Again, I'll go back to the room. 2 Does anyone else have a desire to speak at this 3 time? So since we have no additional requests to 4 provide comment, we are going to conclude this 5 meeting. 6 I will mention again that we do have 7 the public comment period open through October 8th. 8 Please use that AQDRuleComments@deq.ok.gov to let us 9 know if you have any further written comments after 10 you have considered what was presented today. Our 11 presentation is also on the web. Our PowerPoint is 12 on the web and can be accessed later if you need 13 that. 14 This concludes our meeting. Thank 15 you. 16 MR. RICHARDSON: Thank you. 17 (HEARING CONCLUDED AT 10:12 AM) 18 19 20 21 22 23 24 25
Page 38 1 required for the PSD permit that's extinguishing 2 ERCs. So if you're generating ERCs, you have any 3 mechanism available to you. 4 For the generator, though, again, 5 we're taking pieces, threads from different programs 6 that exist, and one of those threads is 7 nonattainment NSR. 8 So if we go nonattainment, which 9 could happen, if we're designated nonattainment, 10 we're in nonattainment NSR, we're putting LAER in 11 any project that rises to the level of major NSR 12 under nonattainment. 13 So to ensure that we are getting the 14 -- we want to ensure we're not -- I'm trying to 15 think of -- we're preserving these ERCs as a scarce 16 resource. So if a facility comes in, we want them 17 to install LAER as if they were doing nonattainment 18 NSR to ensure that they extinguish the fewest ERCs 19 they can to get their project done because we don't 20 want them extinguishing excess ERCs and then other 21 development projects then are not available because 22 of the lack of ERCs. 23 MR. McQUOWN: Okay. Good, thanks. 24 MR. RICHARDSON: Thank you, Brian. 25 MS. FOSTER: Thank you, Brian.	Page 40 1 C E R T I F I C A T E 2 STATE OF OKLAHOMA) 3) SS: 4 COUNTY OF OKLAHOMA) 5 6 I, Jenny Longley, Certified Shorthand 7 Reporter within and for the State of Oklahoma, do 8 hereby certify that the above and foregoing hearing 9 was by me taken in shorthand and thereafter 10 transcribed; and that I am not an attorney for nor 11 relative of any of said parties or otherwise 12 interested in the event of said action. 13 IN WITNESS WHEREOF, I have hereunto 14 set my hand and official seal this 12th day of 15 October, 2026. 16  17 _____ 18 Jenny Longley, CSR 19 20 21 22 23 24 25