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Laurie Gharis, MC-105
Office of the Chief Clerk
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, TX 78711-3087
<https://www14.tceq.texas.gov/epic/eComment/>

Re: Chapter 101 – General Air Quality Rules
Section 185 Fee for the 2008 Eight-Hour Ozone Standard
Rule Project No. 2023-131-101-AI

Dear Commission Staff:

I submit the following comments on behalf of Texas Lime Company (“Texas Lime”) and Gerdau Ameristeel US Inc.(“Gerdau”). Texas Lime operates a lime plant in Cleburne, Texas, a major source of NOx. Gerdau operates a steel mill in Midlothian, Texas, a major source of NOx and VOCs. Both Texas Lime and Gerdau will be affected by the proposed rule.

1. The companies support TCEQ’s proposal to use Texas Emission Reduction Plan (TERP) revenue from the nonattainment area collected after the 2008 eight-hour ozone nonattainment baseline year to offset the area’s Section 185 fee obligation.

Approximately 65% of ozone precursor emissions in the DFW nonattainment area come from mobile sources, while stationary sources account for about 35%. A significant portion of TERP revenue comes from surcharges on the sale of heavy-duty diesel equipment used by industries subject to the Section 185 fees. Thus, using TERP revenue from mobile sources is appropriate to offset a portion of the Section 185 fee obligation, which will remain in effect until attainment. Even under the proposal, however, major stationary sources like Texas Lime and Gerdau will likely pay a larger share of the Section 185 fee than their respective share of ozone precursor emissions.

We recognize that TERP revenues are subject to legislative direction and outside the scope of this rulemaking. Because mobile sources will continue to be a significant portion of ozone precursor emissions, we encourage the agency to

work with the legislature to ensure that TERP revenues are sufficient to serve as a viable offset for the DFW nonattainment area's Section 185 fee obligation.

2. The companies support TCEQ's proposal to allow sources with irregular, cyclical, and variable emissions to use the PSD approach to calculate baseline emissions.

Both the lime and steel industries are cyclical, with significant annual variation in production and, correspondingly, emissions. The PSD program's approach of using 24 consecutive months of emissions within a ten-year lookback period to calculate baseline emissions was designed to address this issue. The inclusion of the PSD approach by TCEQ for determining baseline emissions is vital for sources with variable emissions like Texas Lime and Gerdau. This approach should be retained in the final rule.

Conclusion

We appreciate the staff's work developing this rule and communicating its contents to stakeholders. I remain available to address any questions the agency may have regarding these comments.

Sincerely,



Chris Smith

cc: Wendell Smith, Texas Lime Company Environmental Manager
Dale Harman, Gerdau Midlothian Environmental Manager