A. **General Information**

*B. Purpose of the Proposed Rule*

The purpose of the proposed DEMLR rule is to include, in the NC Administrative Code, some criteria of the Federal Coal Combustion Residual (CCR) rule requirements that are not presently
specified in the current NC Dam Safety statutes or rules. This will ensure that state rules are equal to or more stringent than the federal CCR rules. This action could enable North Carolina to receive EPA approval to implement, some or all of the elements of the federal CCR program.

C. History of State and Federal Regulatory Controls

The North Carolina General Assembly adopted the “Dam Safety Law of 1967” (Law) to prevent property damage, personal injury and loss of life from the failure of dams. The Law also provided for protection of the downstream water quality through control of releases. The Law has been modified several times since its adoption. The Dam Safety program adopted rules in Chapter 15A, Subchapter 2K that provide more specificity for implementing the Law.

The N.C. General Assembly amended the North Carolina Dam Safety Law in 2009 to include jurisdiction over impoundments at coal-fired power plants, including coal ash ponds. It included requirements that existing coal ash impoundments that are at least 15 feet high and capable of impounding at least 10 acre-feet must be inspected by the N.C. Division of Energy, Mineral and Land Resources’ dam safety inspectors and maintained in good repair. Also, before starting new construction, modification, repair or removal of these impoundments, the individual or company seeking approval is required to receive state approval of engineering plans and specifications under the North Carolina Dam Safety Law.

In August of 2014, the NC General Assembly adopted legislation that provided a broad program to address existing and future Coal Combustion Residual (CCR) management. The Law, which is referred to as the Coal Ash Management Act, or CAMA, gave mandates to:

- Require the Department (DEQ) to establish a schedule and process for closure and remediation of all coal combustion residuals (CCR) surface impoundments.
- Require closure and remediation of certain CCR surface impoundments no later than August 1, 2019;
- Require an assessment of the risks to public health, safety, and welfare, the environment, and natural resources of CCR impoundments located beneath CCR landfills to determine the advisability of continued operation;
- Require the assessment of groundwater;
- Require a survey of drinking water supply wells and replacement of contaminated water supplies;
- Require all electric generating facilities to convert to generation of dry fly ash;
- Prohibit disposal of Stormwater to CCR surface impoundments; and,
- Require the Department of Transportation to develop technical specifications for use of coal combustion products.

In December of 2014, the USEPA Administrator signed the “Final Rule: Disposal of Coal Combustion Residuals (CCR) for Electric Utilities.” Relative to the dam safety elements of the EPA rule, the North Carolina CCR requirements are very similar to the federal program. In a few aspects, North Carolina has some requirements that are more stringent than the federal CCR rules and in a few places, North Carolina CCR requirements may be less stringent. However, since impacted units and facilities are required to comply with both programs, the impact of adopting the proposed rule is expected to be minor.

On July 26, 2016, the EPA Administrator signed a direct final rule and a companion proposal to extend for certain inactive CCR surface impoundments the compliance deadlines established by
the regulations for the disposal of CCR under subtitle D of the Resource Conservation and Recovery Act (RCRA). The comment period for the direct final rule ended on August 22, 2016. Because no adverse comments were received, the rule became effective on October 4, 2016.

On December 16, 2016, President Obama signed the “Water Infrastructure Improvements for the Nations Act” (WIIN). Section 2301 of that Act, “Approval of State Programs for Control of Coal Combustion Residuals” sets forth procedures to enable states to assume parts or the entirety of the federal CCR program. The Act stipulates that “Each State may submit to the Administrator, in such form as the Administrator may establish, evidence of a permit program or other system of prior approval and conditions under State law for regulation by the State of coal combustion residuals units that are located in the State that, after approval by the Administrator, will operate in lieu of regulation of coal combustion residuals units in the State.” The program does not have to be identical to the current CCR rule but must be “at least as protective as” the CCR rule.

Significance of Presenting this “History.” The importance of chronicling the history is to illustrate how North Carolina’s dam safety and coal combustion residual programs in DEMLR and the US EPA’s related CCR program have been progressing on very similar paths for several years and have resulted in CCR-related dam safety requirements that are very similar in requirements and effect.

D. General Summary of Proposed Rule Changes

- The size specifications to be regulated by the State’s CCR requirements have been reduced which may bring a few impoundments under the jurisdiction of the State’s rules.
- Spillway design requirements have generally been made more restrictive to provide greater safety.
- Conduit inspection requirements have always been in the Dam Safety program but they are more-clearly outlined in these rule changes to provide emphasis.
- Inspections for Structural Stability and Slope Protection have been required by the State dam safety program for years but these requirements are more-specifically dictated in the federal CCR regulations. To make North Carolina’s program more closely match the federal program, the criteria taken from the federal requirements will be included in the State rules.
- The self-inspection requirements are included in the federal rules which are in effect. Adoption of those requirements in State rules will not alter the impacts to the operators of regulated CCR facilities. A portion of the federal rule is adopted by reference.

E. Proposed Rule Changes and Impacts

The purpose of adopting this rule is to assure that the State’s CCR Dam Safety program is “as protective as” the federal CCR regulations. For most coal combustion dam safety program areas, the State’s laws and rules are requiring the same regulatory elements as existing federal programs. However, the proposed rule contains some elements that are either not presently required or elements that do not contain the specificity of the federal rules.

The proposed rule:
1. Includes a list of defined terms used in the rule (see paragraph (a)). These do not add additional requirements but only define terms used in the rule.
2. Includes more-specific requirements for inspections and structural stability assessments of CCR units (see paragraph (c)). The proposed rule specifies that the owner of the CCR unit will:
    - inspect the “discharge of all outlets of hydraulic structures that pass underneath the base” of a CCR unit at least once per seven days, and
    - “conduct monitoring of all instrumentation supporting the operation of the CCR unit no less than once per month . . .”, and
    - “conduct a visual inspection of hydraulic structures underlying the base of the CCR unit” during an annual inspection, and
    - Once every five years, conduct structural stability assessments consistent with the federal requirements.

Specific conduit requirement language has been added to emphasize the importance of maintaining structural integrity of conduits underlying the base of impoundments. The additional rule language specifies that when conduits run under impoundments, they must be maintained and inspected on an annual basis by a qualified engineer. This proposed portion of the rule does not change any requirements for CCR facilities regulated under current federal rules. However, it serves a benefit by placing emphasis in the State rules on the need for careful oversight over conduits, including those associated with the entire facility, not just those going through the dike.

3. Includes spillway design flood requirements that in some cases are more stringent than the existing State spillway design requirements (see paragraph (d)). However, all CCR dams in the state must meet these specifications by a certain date because of the federal rules. Therefore, having the state rules reflect the same requirements should not have any effect on the state or on the regulated operations.

4. Includes structural stability assessment specifications that will ensure consistency with federal rule requirements (see paragraph (e)(1) - (e)(3)). The structural stability assessment specifications that are proposed for state rule inclusion are being followed now by all regulated utilities and the State has access to, and reviews, the information. Therefore, having the State rules reflect the same requirements should not have any effect on the State Dam Safety agency or on the regulated operations.

5. Includes stability assessments for CCR units with downstream slopes that may be inundated by the pool of an adjacent water body (see paragraph (e)(4)). Although the State rules may not have specifically noted this requirement, it has always been a practice in approving CCR facilities and has been a requirement of the federal rules. Therefore, having the State rules reflect the same requirements should not have any effect on the State Dam Safety agency or on the regulated operations.

6. Requires that safety factor assessments are supported by specific engineering calculations (see paragraph (e)(5)). Although the utilization of specific engineering calculations has been a State requirement of CCR facilities, some of the factors included in the federal rules are more stringent than those of State rules and statutes. However, the requirement to use the federally-imposed criteria is in effect and is followed in North Carolina. Therefore, having the State rules reflect the same requirements should not have any effect on the State Dam Safety agency or on the regulated operations.

7. Contains language to combine the state lower limits to require compliance with the CCR with the lower limits of the federal CCR rules (see paragraph (b)). The state statutes have a lower
limit where the dam safety law applies of 25’ height (and 50 ac. ft. volume), except where the
dams have been classified as “high hazard” and then there is no lower limit whereas the
federal rules specify a lower limit of five feet (and 20 ac. ft. volume). Paragraph (b) is
written to assure that the rule applies to dams covered by both the state and federal
requirements. However, since the state and the federal CCR requirements have both been in
effect for years, there should be no impact by modifying the State rules to now include the
federal requirements.

8. Contains a requirement that all CCR dams that contain earthen material “shall be designed,
constructed, operated, and maintained so that the vegetation meets the conditions outlined in
on Earthen Dams” (see paragraph (f)). The State has been mandating nearly-equivalent
vegetation requirements to the federal guidance for years and since the adoption of the federal
CCR rules, CCR facilities have been required to follow these guidelines. Therefore, adopting
these specifics into the State rules should not have any impact on the State Dam Safety
agency nor the regulated facilities.

F. Why are we Seeking these Rule Changes?

What is the problem?
The Division of Energy, Mineral, and Land Resources sees no significant problem with the dam-
safety, coal combustion residuals programs being implemented as they are. The state legislature
has adopted several legislative initiatives that have provided a comprehensive program of dealing
with coal combustion residuals. The State Dam Safety program could continue operating as it
has, with the federal government having a program and the state having a very similar program.
However, it has been suggested that having the State rules be supplemented with any, more-
specific or more-stringent federal requirements, would serve a benefit to the State and the
regulated public. It has also been suggested that the State consider delegation of some, or all, of
the federal CCR program as is now allowed by the WIIN Act (Public Law 114-322, December
16, 2016). In order to be considered for delegation of the federal program, the State must first
adopt rules that provide equal or better protection as the federal rules.

Where might improvements be seen?
Having the State CCR rules be consistent with those of the EPA would significantly simplify the
understanding of what criteria must be met to comply with both State and federal programs.
Having State rules that will contain the requirements for compliance with the federal program
will be a benefit to all stakeholders, and could serve as a basis for delegation of the federal CCR
program to the State.

G. Comparison of the Baseline versus State Program Supplemented with Additional Criteria

Although there are some differences in criteria, the federal Dam Safety CCR program is almost
identical in the requirements that are applied to CCR facilities by the North Carolina program.
For the federal program, there are no changes proposed from the baseline. For North Carolina’s
program, there will be some additional criteria added to match criteria of the federal program.
However, since there are only a few criteria that differ in the two programs and since the existing,
dam-related portions of CCR facilities have been under the requirements of both the State and the
federal regulations, there should not be an increase from the baseline requirements applied to a
facility. If the only criteria that had been applied were the State criteria, and additional criteria
were added, we could recognize an increase from the baseline. However, the criteria applied to a facility will not change although the State rules will change.

H. How will the Changes Affect Environmental Protection?
The proposed changes in the Dam Safety rules would make them more stringent than the existing state rules. However, since the regulated entities are already required to implement these more-stringent standards, having these standards in the State rules should not be expected to affect environmental protection.

I. What Will Be the Costs Resulting from the Change?

- To State government, any additional cost will be minimal. Some staff have projected that there will be additional information received because of the additional State requirements. However, for most of the facilities, the additional federal information is already being received by the State agency and reviewed. There will be a few inspections where additional data will be collected. However, dealing with the additional data could only add a few minutes to some inspections. Although there may be some minimal cost involved with the proposed rule changes, the existing coal ash-funded positions will easily be able to assume the minor additional work.

- To local governments, there will be no additional costs.

- To federal government, there should be no change in resource needs for overseeing facilities located in North Carolina.

- To regulated entities, if they are meeting the existing state and federal requirements, there should be no impact. Since the regulated entities must comply with both the federal regulations and NC laws and rules related to CCR facilities, the proposed rule changes should not have any adverse fiscal impact. However, if the State agency has authority to enforce the additional, federally-derived requirements, then a failure of the regulated entity to comply could result in additional resources applied to enforcement.

J. Uncertainties Analysis
It appears to the Division that there are very few uncertainties associated with this Regulatory Impact Analysis if the proposal for the Environmental Management Commission to adopt the new rule is accomplished. Because the rule’s proposals are straightforward, and are intended to incorporate exiting State and federal requirements, implementing them should not result in any notable differences in impacts to the federal, state or local CCR dam safety-related programs. Similarly, adopting the changes proposed in the rule should not have a notable effect on the regulated utilities nor the environment or health and safety of the public. The federal and the State programs have been in full operation for several years and the small changes in the State criteria to make them “as protective as” those of the federal rules are not expected to change the operation of either program. The outcome of the rule change is straightforward and the “Impact Analysis” is predictable.

In spite of the predictability of the “Analysis” of the rule adoption, there is a possibility that the Department of Environmental Quality could seek, and eventually achieve, delegation of the
federal program’s implementation. This outcome could have an impact on the costs and benefits to the State and federal governments as well as the regulated public and the affected environments. The expected outcomes, benefits and costs of a federal program delegation are described below:

1. **To State government** – If the State were to seek and achieve federal program delegation, there would be additional uncertainty added to this Analysis because of potential changes in the State’s role. The State presently takes an active role in the overall implementation of the dam safety-related coal combustion residuals program and the State’s oversight role would not change if the State were to seek and achieve federal program delegation. However, with program delegation there could be some fiscal impacts if the State were to receive reporting information that they do not presently receive. Most of the reporting that is done for the federal program is also now provided to the State. However, it has been suggested that some additional data may be received if delegation were to occur, resulting in additional expenses.

2. **To Federal Government** – If the State were to seek and achieve federal program delegation, there may be some reduction in the resources that are required from the federal government. Although from the federal government’s perspective, the coal combustion residual program is “self-implementing,” meaning that enforcement of these requirements will be by citizen suits (filed either by private citizens or by States), it appears that considerable resources are applied by the EPA to maintain the program. However, because EPA does rely on the program “implementing” itself, delegation to a state may not provide the federal agency savings that would normally be associated with traditional, EPA program delegations.

3. **To Regulated Entities** – Program delegation to the State would have an impact on the regulated utilities and would modify the outcome of this Analysis. Having to deal with the program requirements of only one regulatory agency would seem to provide a reduction in duplication of some requirements and a related cost reduction to the affected utility. Similarly, communications with an agency that is closer geographically is usually a benefit for a regulated entity. In the absence of delegation, the regulated entities would be subject to both state and federal rules on dam safety-related issues and enforcement actions through both citizen suit processes and state regulatory oversight.

4. **To the Environment and Public Safety** - At the present time, there is a self-implementing federal program and separate state rules and laws addressing the dam safety issues relating to coal combustion residuals. Incorporating the federal requirements into state rules may provide additional opportunities to ensure compliance through citizen suit and state agency oversight. If the State agency were to be delegated federal responsibilities, State enforcement of the rules would supersede federal enforcement that relies on citizen suits in federal court; regulatory oversight would proceed through the State agency. However, having one principal coal combustion residuals program implementation agency may result in a more efficient program delivery, a reduction in taxpayer resources applied to the coal combustion residual program, and more thorough and consistent enforcement.