



REVISED BOILER RULE TAKES SMALLER BITE FROM RESIDENTIAL FURNITURE INDUSTRY

Responding to a court-ordered deadline, the U.S. Environmental Protection Agency (EPA) issued revised air pollution rules for industrial boilers on Wednesday, February 23. Compared to earlier EPA proposals, the new boiler rules will make it easier and less expensive for domestic furniture manufacturers to meet federal air quality standards.

The new regulations announced this week contain many provisions that were revised from the rules that were proposed last spring. The home furnishings industry was among groups that battled the original proposed standards, which were estimated to carry a \$20 billion compliance price tag for the affected businesses and industries.

Key changes in the rule that impact home furnishings manufacturers include:

- 1.) **Area source boilers** (those that emit less than 10 tons per year of any single air toxic or less than 25 tons per year of any combination of air toxics) fired by “biomass” – including the dry wood fuel used by most domestic furniture manufacturers – will not be required to meet numeric emission limits as originally proposed. In the revised rule, companies with these area source boilers are required to perform a boiler tune-up every two years to improve combustion efficiency and thereby reduce any toxic air emissions.
- 2.) In the rule for **major source boilers** (those that emit 10 or more tons per year of any single air toxic or 25 tons or more per year of any combination of air toxics), the revision includes a single solid fuel category instead of separate biomass and coal subcategories. The revised emission limits for major source boilers, including those that burn biomass, appear achievable using baghouse technology rather than an electrostatic precipitator coupled with costly carbon monoxide emission controls – potentially reducing compliance costs from as much as \$3 million per stack to around \$200,000 per stack.

In a rule issued in tandem with the boiler rules, EPA stated that engineered wood residuals (or “resinated wood”) are not considered a “solid waste.” Therefore, combustion of resinated wood will be subject to the boiler emission standards, rather than EPA’s more stringent emission standards for solid waste incinerators.

AHFA Vice President of Regulatory Affairs Bill Perdue credits the commitment of AHFA’s technical team with producing the environmental, health and financial details that were needed to prove the excessive industry burden and economic impact of the original boiler rule. Team members included Barbara Nuckles, Ashley Furniture; Barry Branscome, Vaughan-Bassett; David Davis, Hooker Furniture; David Stout, Broyhill/Furniture Brands; Donna Musick, Hickory Chair; Mike Zimmerman, Sauder Woodworking; Rick Partlow, Harden Furniture; Justin Dusseault, Stickley; and Jesse Childers, Baker.

Perdue also acknowledged the efforts of AHFA’s chief environmental counsel, Alan McConnell, from the Raleigh office of Kilpatrick Townsend, and environmental consultant, Dean Kaiser, Stratus Environmental Solutions, for their expertise in formulating AHFA’s legal and technical strategy on the boiler rule.

AHFA’s advocacy efforts on the boiler rule began in 2002, when EPA first initiated rulemaking on air quality standards for industrial boilers. The original rule proposed that companies retrofit even small industrial boilers with expensive add-on pollution control technologies. The controversial proposal was withdrawn following testimony from AHFA and other impacted industries.

EPA published a revised rule in September 2004 that, by definition, excluded 90 percent of the solid fuel, fire tube boilers used in the wood furniture industry. But EPA’s efforts to develop a cost-effective standard provoked an outcry from environmental groups. In June 2007, the federal Court of Appeals in Washington sided with environmentalists, vacated the boiler rule and instructed the EPA to start over.

Despite one of the worst economic downturns in the nation’s history, EPA came back in April 2010 with a proposed rule that would have saddled American business and industry with compliance costs of approximately \$20 billion. As the January 2011 deadline for finalizing the rule neared, AHFA capped off three years of intensive lobbying efforts with a last-minute Washington visit in December to put industry executives face-to-face with key U.S. Senators. Executives who responded to AHFA’s call included John and Wyatt Bassett, Vaughan-Bassett Furniture; Micah Goldstein, Stanley Furniture; Barbara Nuckles, Ashley Furniture; Reggie Propst, Kincaid Furniture; John Botsford, Furniture Brands International; and Gat Caperton, Gat Creek Furniture.

After hearing firsthand accounts from industry executives describing the devastating implications of the proposed rule, the senators responded. They persuaded EPA to file a motion with the federal District Court in Washington seeking a 15-month extension of the deadline for finalizing the rule. Although the court rejected that motion, EPA's boiler rule strategy was impacted by the high level of interest in both houses of Congress.

The battle is likely far from over. Because the new rule is so different from the previous version, EPA has already said "further public review is required." During its upcoming reconsideration of the rules, the agency has said it will take a closer look at the emission standards it set for large and small boilers. The alliance intends to actively participate in the reconsideration process to seek further improvements in the rules and to ensure future modifications do not adversely impact member companies.

Following a detailed examination of the new rules, which fill more than 1,700 pages, AHFA will schedule a members-only webinar to discuss the provisions that impact our industry.