

INTER-OFFICE COMMUNICATION

PS Memo #: PS96-8 **REVISION 1**

TO: Stationary Sources Program and Local Agency Staff
FROM: Dennis M. Myers
DATE: January 13, 1997
RE: PSD issues resulting from T5 review

When determining if PSD requirements have been triggered, please use the following procedure. Please look at the issue based on the most current information (most recent emission factors, etc.). If based on the most current information, PSD would have been triggered at the time the project was proposed, then the permit should be processed as PSD. If however, based on the most current information, the change would not have triggered PSD, then it should be processed as a minor modification.

As an example, assume that an existing major source installed additional engines in 1986, 1989, and 1994. NOx emissions based on the emission factors used at each of those times was 15 TPY per engine. Each of these modifications was therefore considered a minor modification and did not trigger PSD. The source recently did testing on all three engines that showed that the emissions from each engine is actually double, and therefore applied to the Division for a 45 TPY NOx increase in emissions. The increase requested is above the significance level, but PSD should not be triggered because if we use the most current information available and apply it to each of the above changes in 1986, 1989, and 1994, none of those changes would have been significant, since the NOx emissions from each engine is actually 30 TPY, which is below the significance level.

As the operating permit unit continues its review of T5 submittals, several PSD related issues have surfaced. So far approximately 30 sources have been identified as having potential PSD related issues. The main reasons for the PSD issues include the following:

1. Installation of new/modified equipment not previously reported to the Division.
2. Emission factor changes (including previous dehydrator exemptions).

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- 3 Previous permit errors. PSD may not have been properly determined by the Division either due to an error on the Division's part, or incorrect information submitted by the source.
4. Other reasons not yet determined. Once these reasons are determined, most of these sources should fall into one of the above categories.

EPA has informed the Division that sources which have previously avoided PSD for any of the above reasons, need to meet all applicable requirements, including but not limited to, modeling, and BACT review. EPA has also stated that the BACT analysis needs to be conducted on a current technology review, and not on the basis of a technology review for the time period when the equipment was originally installed. Retrofit costs for control equipment may be included in the economic cost analysis for determining BACT in certain cases.

In regard to PSD issues resulting from installation of previously unreported equipment, or previously unreported modifications to existing equipment, the PSD BACT analysis should follow the steps outlined in EPA's PSD Workbook, Chapter B, and the air quality analysis should follow the procedure outlined in Chapter C. Retrofit costs will not be considered (shall not be included in the economic analysis) in the BACT analysis. Enforcement should be notified that the source has been operating a PSD source without the necessary permits, so that appropriate action can be taken.

For PSD issues resulting from a change in emission factors the following procedure should be followed. If, based on the new emission factor the source would have been subject to PSD review as either a major source, or a major modification, then the source must comply with BACT and modeling requirements as described above. Retrofit costs can be considered (shall be included) in the BACT analysis however. Enforcement should be notified of the situation, but generally no enforcement action will be taken as long as the source makes a good faith effort to comply with the applicable requirements of PSD in a reasonable period of time.

In regard to PSD issues from previous permit errors, again the procedures described above for determining BACT and modeling should be followed. Retrofit costs should be considered in the BACT analysis.

For PSD issues resulting from any other reason, the Construction Permit Unit Leader should be contacted so that a case-by-case determination can be made.

If EPA had previously issued a PSD permit for a source, the Division will not reissue

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that permit. Instead the Division will issue a separate construction permit to deal with the PSD issue. At the time the operating permit is drafted the original EPA issued permit will be combined with the state issued permit.

Finally, it should be noted that prior to August 7, 1980, PSD only applied to those pollutants emitted in major quantities (i.e. 250 TPY or 100 TPY if a listed source). Some of the 30 potential PSD sources described above may fall into this category.