

**AIR POLLUTION CONTROL DISTRICT
SAN DIEGO COUNTY**

**PROPOSED NEW RULE 20.3.1 – PREVENTION OF SIGNIFICANT DETERIORATION
– FEDERAL REQUIREMENTS, AND PROPOSED AMENDMENTS TO
REGULATION XIV – TITLE V OPERATING PERMITS, RULE 60.1 – LIMITING
POTENTIAL TO EMIT AT SMALL SOURCES, AND RULE 60.2 – LIMITING
POTENTIAL TO EMIT – SYNTHETIC MINOR SOURCES**

WORKSHOP REPORT

A workshop notice was sent to businesses, industry associations, and government agencies in San Diego County that may be affected by the proposed rulemaking. Notices were also provided to the California Air Resources Board (ARB) and the U.S. Environmental Protection Agency (EPA).

The workshop was held on November 17, 2011, and was attended by 20 people. The comments and San Diego County Air Pollution Control District (District) responses are as follows:

1. WORKSHOP COMMENT

Will ARB have a role in administration of the federal Prevention of Significant Deterioration (PSD) permitting program for local stationary sources of greenhouse gases (GHGs)?

DISTRICT RESPONSE

ARB will not have a formal role in the administration of the PSD permitting program in San Diego County. However, ARB participated with California air districts and EPA in developing a "model rule" for local district administration of PSD requirements, on which the District's proposed Rule 20.3.1 is based. Additionally, pursuant to state law (SB 288, Stats. 2003), ARB is responsible for ensuring that air districts do not relax their PSD and new source review rules, as they existed on December 30, 2002. The District's longstanding local PSD requirements in existing Rule 20.3(d)(3) remain in effect for this reason. In addition, proposed PSD permits will be sent to ARB for their review and comment.

2. WORKSHOP COMMENT

Will the District provide GHG emission calculation procedures?

DISTRICT RESPONSE

Yes, GHG emission calculation procedures, or a link to appropriate federal or state procedures, will be made available on the District's website.

3. WORKSHOP COMMENT

The proposed PSD Rule 20.3.1 incorporates corresponding sections of the federal PSD regulation by reference. Has the proposed rule been tailored to meet local conditions?

DISTRICT RESPONSE

Yes, some sections of the federal regulation are specifically excluded from the proposed District rule because they do not apply to San Diego County. Additionally, the public review process was modified for consistency with other District rules.

4. WORKSHOP COMMENT

There is no mention of PM₁₀ in the Title V rules. It would be helpful if the rule specified clearly what pollutants are considered in the definition of a major source.

DISTRICT RESPONSE

The District agrees. Proposed Rule 1401 has been amended to indicate where to find the federal standards for all regulated pollutants included under the "major source" definition.

5. WORKSHOP COMMENT

If a source has a pending Title V application, do the new GHG provisions in Regulation XIV apply retroactively, and if so, what is the procedure for amending a submitted application?

DISTRICT RESPONSE

A Title V application must contain enough emission information to determine major source status and determine the applicability of existing and potential future applicable requirements. This is the only generally applicable requirement for GHGs. The only other existing potential requirement is Prevention of Significant Deterioration (PSD) requirements, which only apply to new or modified sources. To facilitate determining applicability of potential future requirements, the District will likely request all facilities with renewal or significant permit modification applications under review after the District adopts the revised Title V rule, to provide

information necessary to determine major source status with respect to GHGs. In rare cases, the District may request GHG emission information for permits finalized before rule adoption, if a new or modified facility is potentially subject to PSD requirements for GHGs. For other facilities, GHGs will be addressed in the initial Title V application or at time of renewal.

6. WORKSHOP COMMENT

If a source is found to be a major source of GHG emissions, would federal control requirements be imposed?

DISTRICT RESPONSE

Federal control requirements, namely GHG Best Available Control Technology (BACT), will be required only for proposed new or modified sources exceeding the respective GHG thresholds in proposed new PSD Rule 20.3.1. Currently, there are no other federal requirements to control GHG emissions.

7. WORKSHOP COMMENT

Our facility currently has a Synthetic Minor permit for oxides of nitrogen (NO_x) emissions and therefore, is not a major source under the current definition. However, pursuant to proposed amended Rule 1401, the facility will be a major source of GHG emissions. Will we have a Title V application shield if we apply for a Title V permit?

DISTRICT RESPONSE

An application shield is provided for timely and complete Title V permit applications, and protects the source from enforcement action due to not having a Title V permit during the time the permit application is being processed. An existing Synthetic Minor permit may be cancelled once the application shield is in place.

8. WORKSHOP COMMENT

Once we have obtained the application shield and dropped our Synthetic Minor permit for NO_x emissions, may we increase our NO_x emissions above the limit specified in the former Synthetic Minor permit?

DISTRICT RESPONSE

It is possible that the facility's NO_x emissions may increase, consistent with all New Source Review requirements and after modification of the Permit to Operate, if necessary. Prior to increasing NO_x emissions, facility representatives are encouraged to discuss the specific circumstances with District staff.

9. WORKSHOP COMMENT

Are there any National Ambient Air Quality Standards (NAAQS) for GHGs?

DISTRICT RESPONSE

No, EPA has not established NAAQS for GHGs.

10. WORKSHOP COMMENT

PSD applications have to address impacts on NAAQS for the criteria pollutants. Since EPA has not developed NAAQS for GHGs, does that mean there is no similar analysis required for GHGs?

DISTRICT RESPONSE

That is correct.

11. WORKSHOP COMMENT

When will EPA classify the San Diego Air Basin as a Serious nonattainment area for the 1997 ozone standard, and what are the implications for the Title V permitting program?

DISTRICT RESPONSE

EPA is currently intending to issue the Serious classification rulemaking in early 2012. Upon classification as a Serious nonattainment area, the Title V permit applicability threshold will be reduced from a potential to emit 100 tons per year of VOC or NO_x to 50 tons per year. The District must submit to EPA, within 180 days after the classification is effective, a Rule 1401 amendment lowering the applicability threshold. Then, EPA has to review and approve the rule amendment. Facilities that have a potential to emit between 50 and 100 tons per year of VOC or NO_x would then be required to submit Title V permit applications, within one year after the effective date of EPA's approval of the District's rule amendment.

Meanwhile, however, other upcoming EPA rulemaking actions could limit the impact of the Serious classification on Title V permitting requirements. San Diego County has now attained the 1997 ozone standard, based on 2009-2011 air quality data. Therefore, the District intends to submit to EPA, in the summer of 2012, a request for EPA to redesignate San Diego County as an attainment area. Upon the effective date of EPA's redesignation of the County to attainment, the Title V permit applicability threshold will revert back to 100 tons per year. Thus, Title V permits would be required for facilities that have a potential to emit between 50 and 100 tons per year of VOC or NO_x, only if EPA approves the aforementioned rule amendment lowering the Title V applicability threshold prior to redesignating San Diego County to attainment. Further, Title V permits would be required for that group of sources only until EPA completes the redesignation to attainment.

In light of the above, the District has revised the proposed rule that was workshopped by eliminating the proposed amendments that would have affected the applicability threshold based on ozone classifications.

12. WORKSHOP COMMENT

Is there a conflict between designations under the 1-hour and 8-hour ozone standards (i.e., does reaching attainment for the 1-hour standard affect the District's nonattainment designation under the 8-hour standard)?

DISTRICT RESPONSE

The region's designation as an attainment area for the former 1-hour ozone standard does not impact the region's attainment status for the 8-hour ozone standard.

13. WORKSHOP COMMENT

Would an affected source be assessed the entire Title V permit application fee if the ozone designation or classification changes while the application is being reviewed by the District, such that a Title V permit application is no longer required?

DISTRICT RESPONSE

If a source would no longer be subject to Title V requirements due to an improvement in the region's ozone nonattainment designation or classification, then District review of a Title V permit application for that source would be discontinued immediately and any unspent funds would be refunded. Moreover, the District would minimize the time spent reviewing a Title V permit application if we anticipated that an imminent change in ozone designation or classification would nullify the requirement for the permit.

14. WORKSHOP COMMENT

Will the amount of the Title V permit application fee change as a result of the proposed amendments to Regulation XIV?

DISTRICT RESPONSE

No changes to the Title V permit fee structure are anticipated at this time. The Clean Air Act requires the District to fully recover its costs to administer the Title V permitting program. Accordingly, the District's standard application fee requires a deposit of \$20,000, with an adjustment upward or downward to the final fee amount, depending on the depth of review required for a particular application.

15. WORKSHOP COMMENT

Will the District's timeline for reviewing and approving an application for a Title V permit change as a result of the proposed amendments to Regulation XIV?

DISTRICT RESPONSE

No change in the processing time for Title V permits is anticipated at this time.

16. WORKSHOP COMMENT

Who will make the determination that a source meets the definition of a major source of GHGs?

DISTRICT RESPONSE

Each facility is responsible for knowing whether they are required to apply for a Title V permit as a result of GHG emissions and knowing what requirements apply based on the facility's potential to emit GHGs. Nevertheless, the District is currently updating its emissions inventory information and preparing a list of facilities that are likely major with respect to GHGs, and may be required to apply for Title V permits based solely on GHG emissions (i.e., they are not subject to Title V for other reasons). This emission information will be made available to facilities. The District will also issue a general advisory on the implications of the revised Title V rule and the need for affected facilities to submit an application for a Title V permit. For facilities that already have a Title V permit, GHGs will be addressed during the renewal process or during a significant permit modification, whichever occurs first. For facilities that have applied for, or will apply for, an initial Title V permit before the revised Title V rule becomes effective (i.e., those facilities subject to Title V for other reasons), GHGs will be addressed during the application evaluation as warranted. [Please also see response to Comment No. 5]

Workshop Report
Rule 20.3.1, Reg. XIV, Rules 60.1 & 60.2

There were no ARB comments on the proposed rulemaking.

There were no EPA comments on the proposed rulemaking.

AH:jl
02/01/12