New Source Review: Reforms and How to Utilize Them

Presented to the 4C Health, Safety, and Environmental Conference by ALL4

Colin McCall | cmccall@all4inc.com | (908) 328-9429
April 3, 2018
Agenda

- New Source Review (NSR) basics pertinent to this discussion
- Foundational challenges of NSR
- Areas of ongoing and possible NSR reform
- NSR reform concepts and implications
Your environmental compliance is clearly our business.

**NSR Basics**

- Permitting scope: New, Modified, and Affected (debottlenecked) Emissions Units
- NSR Applicability Evaluation:
  - Baseline Actual Emissions
  - Potential to emit
  - Projected Actual Emissions
NSR Challenges

- NSR math doesn’t equal real world math
  - Real emissions changes from projects
  - Netting math
- Projected actual emissions calculations
  - Five or 10 year projection can be challenging
  - Overlap with other projects
- Project aggregation complexity
- Stringent NAAQS + Conservative Models
Your environmental compliance is clearly our business.

Areas for NSR Reform

- Projected Actual Emissions
- Project Netting / Project Emissions Accounting
- Project Aggregation
- Ambient Air
- Affected Emissions Units
- Routine Maintenance, Repair, and Replacement (RMRR)
- Pollution control projects (PCPs)
Projected Actual Emissions

- Important concepts
  - Business and accounting projections
  - Source obligation and “related to the project”
  - “All relevant information”
  - Projected actual emissions versus potential to emit
  - Demand growth and excludable emissions
Projected Actual Emissions

- U.S. EPA “DTE Memo” issued on 12/7/17
  - U.S. EPA won’t “second guess” emissions projections
  - NSR avoidance strategy can be part of “all relevant information”
  - Puts the focus on future emissions tracking

- Takeaway: make solid projections like always and work closely with the state agency
Project Emissions Accounting

- Important concepts
  - Step 1 of NSR applicability: project emissions “increases”
  - If Step 1 exceeds significant levels: move on Step 2 (netting)
  - Step 2 analysis can be complex
  - Increases likelihood of triggering NSR
Project Emissions Accounting

- March 13, 2018 U.S. EPA project emissions accounting guidance:
  - Allows for emissions decreases that are part of a project to be included in Step 1
  - States that Step 1 emissions decreases don’t need to be federally enforceable
  - Single exclusion - extreme ozone nonattainment areas
Project Emissions Accounting

- Boiler replacement
- Facility wide project with affected emissions units
**Project Emissions Accounting**

- **Typical production increase project**
  - A couple of modified emissions units
  - A lot of affected emissions units
  - Old guidance: decreases are set to zero
  - New guidance: decreases are accounted for in Step 1 PSD math

- **Emissions decreases in Step 1 do not need to be federally enforceable, they are projections**

- **Strategy difference – enforceable limits versus projections**

- **Affected units and their role in PSD avoidance**
Project Emissions Accounting

Takeaways:

- Review the guidance with your state agency
- Take the lead on the new process for evaluating applicability
Project Aggregation

- Challenges
  - Operational and economic relationships between projects at a complicated facility
  - Presumption of connections between projects over a five year capital plan
Project Aggregation

- Past rulemaking (September 2006) is an indication of future action
  - Clarity: timing can’t be the only factor
  - Boundaries: three year separation means that projects aren’t related
  - Establishing criteria for aggregation

- Examples
  - Product modifications based on market demand
  - Phased permitting construction
Ambient Air

- AERMOD performance in recent SO2 NAAQS evaluations
- Placement of modeled receptors
  - Ambient air definition at 40 CFR Part 50.1(e)
  - General public access interpretations
Your environmental compliance is clearly our business.
Affected Units, RMRR, and PCPs

- Affected emissions unit options
- RMRR clarity
- Pollution control projects
Questions & Open Discussion

Colin McCall | cmccall@all4inc.com | (908) 328-9429

www.all4inc.com