

# New Source Review: Reforms and How to Utilize Them

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

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# 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

# 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

# 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

## □ Examples

- 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 SO<sub>2</sub> NAAQS evaluations
- Placement of modeled receptors
  - Ambient air definition at 40 CFR Part 50.1(e)
  - General public access interpretations



# Ambient Air





# Affected Units, RMRR, and PCPs

- ❑ Affected emissions unit options
- ❑ RMRR clarity
- ❑ Pollution control projects

# Questions & Open Discussion

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