

June 7, 1981

4AW-AM

Mr. Richard E. Grusnick
Director, Air Program
Alabama Department of Environmental Management
State Capitol
Montgomery, Alabama 36130

Dear Mr. Grusnick:

This is to inform you of Region IV policy concerning applicability of coal conversions to EPA PSD regulations.

Fuel conversions, in general, are considered major modifications for purposes of PSD review providing emission increases are significant. However, Section 52.21 (b) (2) (iii) (e) provides an exemption for certain fuel conversions from the major modification definition. Specifically, this section exempts a fuel conversion from PSD review if the source was capable of accommodating the alternate fuel before January 6, 1975 and such a change is not prohibited by any enforceable permit conditions.

The question then, is whether the source, i.e., the entire plant, was capable of accommodating coal before January 6, 1975. For purposes of converting one or more, but not all of the boilers, we interpret this provision as requiring that the plant be capable of receiving, transferring, and preparing coal, was then transferring coal and combusting coal in the units being converted, and disposing of the ash. It is not necessary for the plant to be capable of carrying out all those operations for every unit at the source, but only for those being converted. On the other hand, if the plant is capable of receiving coal and transferring and combusting it only in some other unit at the plant, but not the one being converted, the plant would not be deemed capable of accommodating coal for purposes of that project.

In order for a plant to be capable of accommodating coal, the company must show not only that the design (i.e., constructive specifications) for the source contemplated the equipment, but also that the equipment actually was installed and still remains in existence. Otherwise, it cannot reasonably be concluded that the use of coal was "designed into the source." Thus, a source that had used coal at a particular unit at an earlier time, but later switched to another fuel, would be capable of accommodating coal as long as the coal handling equipment still existed. If coal handling equipment had been removed or was never installed, the source would not be coal accommodative. If a proposed conversion is not eligible for the execution under 52.21 (b) (2) (iii) (e), it is considered a major modification for the purposes of PSD review if the resulting net emission increases are significant. PSD applicability would be based on all emission increases from the conversion, including emission increases from the coal and ash handling and storage facilities as well as from the boilers, since all the increases are caused by the conversion to coal.

Once PSD applicability has been established, it is then necessary to undertake a BACT analysis as required under 52.21 (j). That section, under paragraph 3, requires that a major modification apply "best available control technology for each pollutant subject to regulation under the Act for which it would result in a significant net emissions increase at the source. This requirement applies to each proposed emissions unit at which a net emissions increase in the pollutant would occur as a result of a physical change or change in the method of operation in the unit." This section clearly intends that technology review be assessed on an emissions unit rather than on a plant-wide basis.

In the situation where the individual boiler being converted is capable of firing coal with minimal physical changes (for example, change of burners only), BACT analysis would apply to the coal handling and storage equipment as well as any other necessary new equipment. BACT analysis would not apply to the boilers since individually they were designed to accommodate coal and therefore will not be undergoing a physical change or change in the method of operation.

In addition to the BACT analysis, requirements for a source impact analysis (52.21 (k)), air quality analysis (52.21 (m)), additional impact analyses (52.21 (o)), and Class I analysis (52.21 (p)) must be satisfied.

Once the source has satisfied these requirements and the notice and public comment provisions, permit approval may proceed.

Region IV is aware that guidance on this question has been somewhat vague, and possibly conflicting in the past. Therefore, we do not intend for this policy to be applied retroactively where it was not adhered to. However, we do expect each Region IV state to immediately implement this policy for all future applicability determinations.

Sincerely yours,

James T. Wilburn, Chief
Air Management Branch
Air & Waste Management Division

cc: Ed Reich
Darryl Tyler