

ENVIRONMENTAL PROTECTION AGENCY

MAR 16 1979

Cleve Schneeberger
Vice President for Public Affairs
Portland Cement Association
Suite 700
1730 Rhode Island Ave., N.W.
Washington, D.C. 20036

Dear Mr. Schneeberger:

In response to your letter of December 29, 1978, I would like to reiterate our position regarding concurrent review under PSD and the offset policy.

Section 52.21(i)(5) of the PSD regulations states that the requirements of paragraphs (j), (l), (n), and (p) regarding technology and air quality analysis reviews shall not apply with respect to a particular pollutant if the owner or operator demonstrates that:

- 1) the source is subject to the offset policy, and
- 2) the source would impact no clean air area.

When we speak of air quality impact here we mean "adverse" impact. Clearly, if a source would adversely impact some clean area, paragraphs j, l, n, & p would apply. The review associated with these paragraphs may be abbreviated as follows:

1) A BACT review is not necessary if LAER has been applied. BACT will be specified in the PSD permit as the LAER requirement.

2) A modification will be exempt from the air quality analysis requirements if no net increase in emissions results.

You suggest in your letter that EPA Regional Offices are improperly requiring PSD review for sources which are also undergoing non-attainment review. I would like to point out that while BACT review and the air quality analysis requirements do not apply to sources which meet the conditions of §52.21(i)(5), the requirement to undergo public review

does apply. Sources which come under Section 52.21(i)(5) of the PSD regulations must demonstrate to the public that the conditions of the offset policy will be met and that no adverse air quality impact to clean areas will occur. If such a demonstration has already been made during the State new source review process, and if such review met the requirements of §52.21(r), no further review is necessary. EPA may simply make a determination, based on the State's findings, that no PSD review is required. EPA would then notify the source of this determination in writing. However, if the State new source review procedures do not satisfy the requirements of §52.21(r), a separate public review (in accordance with §52.21(r)) must be initiated. If the source then demonstrates that the conditions of the offset policy will be met and no clean air area will be impacted, the EPA may notify the source that PSD does not apply.

In summary, concurrent review under the offset policy and the PSD regulations is appropriate in cases where a source impacts (adversely) both clean and dirty areas. Furthermore, in cases where a source impacts only dirty areas and is subject to the offset policy, a demonstration to this effect must be made. Such demonstration must include a showing that the conditions of the offset policy will be met and no clean areas will be impacted. The demonstration must be subject to public review in accordance with §52.21(r) of the PSD regulations.

I hope that this clarification has proved satisfactory. If you wish to discuss this issue further, please feel free to contact Libby Scopino ((202) 755-2564) of my staff.

Sincerely yours,

/s/

Edward E. Reich, Director
Division of Stationary Source
Enforcement

cc: Darryl Tyler, CPDD
Mike James, OGC