

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

OCT 4 1978

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

Dear Mr. Schneeberger:

Thank you for your letter of August 23, 1978, requesting an interpretation of Section 52.21(i)(5) of the PSD regulations.

Section 52.21(i)(5) provides an exemption from PSD review to sources which 1) are subject to the emissions offset ruling (41 FR 55524), and 2) would impact no area attaining the national ambient air quality standards (either internal or external to areas designated as non-attainment under Section 107 of the Act). As stated in the preamble to the regulations (pg. 26394) a PSD review of such sources would be pointless. The nonattainment requirements would impose emission limitations reflecting the lowest achievable emission rate (LAER) which is more stringent than BACT and would ensure that the source would not contribute to a violation of the applicable NAAQS. Since the source would not impact any clean air area, an ambient review would not be necessary to ensure protection of the PSD increments. Sources which would impact clean air areas are not provided an exemption from the PSD review requirements.

Any major modification which would impact a clean area, regardless of any accompanying emission reductions at the source, will require PSD review. For example, if a kiln is replaced at a cement plant and the new kiln potentially emits 100 tons of a regulated pollutant per year and impacts a clean area, the new kiln will be subject to PSD review. Any decrease in emissions which results from the shutdown of the old kiln will not be considered in determining whether a PSD review is required. This interpretation is necessary to maintain consistency with the spirit and intent of the PSD regulations as well as the definition of "major modification". Major modification is defined as "any physical change in, change in the method of operation of, or addition to a stationary source which increases the

potential emission rate of any air pollutant regulated under the Act... regardless of any emission reductions achieved elsewhere at the source." (Emphasis added.)

I would like to point out that §52.21(k)(1)(iv) affords an exemption from the ambient air quality review to modifications that would not result in net emission increases. A cement plant undergoing modifications to convert from the wet process to the dry process would be exempt from the PSD air quality review if a net emissions increase did not result. Section 52.21(k)(4) provides instructions for determining, whether and to what extent a net emission increase has occurred.

In addition, a source which is subject to both PSD and the emission offset policy need not undergo BACT review once LAER has been determined. LAER is at least as stringent a control requirement as BACT.

In summary, a source subject to the offset policy as well as PSD, which does not result in a net emissions increase and which applies LAER, need satisfy only the public participation requirements to obtain a PSD permit. EPA plans to expedite such a review to the greatest extent possible: in many cases the review period may be as short as 30 days.

Please feel free to contact Libby Scopino of my staff at (202) 755-2564 if you have any further questions on the PSD requirements.

Sincerely yours,

/s/

Edward E. Reich, Director
Division of Stationary Source
Enforcement