

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D. C. 20460

March 14, 1977

OFFICE OF ENFORCEMENT

TO: Daniel J. Snyder, Regional Administrator Region III

SUBJECT: New Source Offset Against I/M

This memo is written in response to requests by members of your staff for a statement of the Office of Enforcement's position on the question of whether I/M is to be available as an emission reduction credit to offset hydrocarbon emissions from a new source in a nonattainment area.

During the formulation of the new source trade-off policy, there was considerable discussion of whether credits available for trade-off should be achieved through technology beyond RACT or merely through measures beyond those presently incorporated in SIP's. It was concluded that the reference point should be RACT. The suggestion that trade-off should be allowed against I/M, where the strategy is already required under a SIP, is an even less stringent requirement than the one that has already been rejected - unless, of course, the Agency declares I/M not to be RACT.

At the same time the Agency was abandoning such strategies as gasoline rationing which had been promulgated in various SIP's, it was affirming its position that I/M is a reasonably available control measure. This position has been maintained during legislative deliberations on the Clean Air Act over the past two years. John Quarles' memo of November 29, 1976, to the Regional Administrators asserts that I/M is a cost-effective strategy. That I/M is RACT was reaffirmed in Roger Strelow's memo of December 9, 1976, to the Regional Administrators on the subject "Guidance for Determining Acceptability of SIP Regulations in Nonattainment Areas." That position was reiterated by the Administrator at his press conference on the trade-off policy. I/M has been in effect state-wide in New Jersey for several years and is in various degrees of implementation in Arizona, California, Oregon, Ohio, and New York. We have gone to court to force I/M in Ohio and New York. Clearly we cannot now say that I/M is not

RACT. The suggestion that I/M in a private garage system is not RACT simply because no inspection program has yet been established in such a system (as opposed to a State operated inspection system) is, in our view, too thin a reed to grasp. Many private garages in New Jersey

employ emission inspection technology in assuring the maintenance they perform is adequate.

Accordingly, since I/M is RACT, no credit can be given for adoption or implementation of an I/M program to offset hydrocarbon emissions from a new source in a nonattainment area. We do not minimize either the great importance of I/M programs or the difficulty of getting I/M programs in place. However, regardless of the outcome of the pending Supreme Court decision, we believe there is much the Agency can do which it has not done in the past to achieve I/M. Even in the absence of any concerted effort or consistent position by the Agency over the last couple of years, the prospects for I/M in various parts of the country look much more promising today than they did just six months ago. While I/M cannot serve as a credit under the offset policy, we urge you to continue to make a maximum effort to obtain implementation of I/M programs.

Stanley W. Legro