

**COMMONWEALTH OF VIRGINIA
DEPARTMENT OF ENVIRONMENTAL QUALITY
AIR DIVISION**

INTRA AGENCY MEMORANDUM

TO: File

FROM: Gary Graham
Regulatory Analyst

SUBJECT: Meeting Minutes - Regulatory Ad Hoc Advisory Group Concerning Permits
for New and Modified Sources (Rev. H05)

DATE: April 4, 2006

INTRODUCTION

At 10:00 a.m., March 22, 2006, the fourth meeting of the ad hoc advisory group concerning permits for new and modified sources (minor new source review) was held in the Third Floor Conference Room, Department of Environmental Quality, 629 East Main Street, Richmond, Virginia. A record of meeting attendees is included as Attachment A.

SUMMARY OF DISCUSSION

1. Discussion focused on changes that were proposed to the second draft of the H05 revision of Chapter 80, Article 6 (minor new source review) and contained in the handouts "Article 6 of 9 VAC 5 Chapter 80 Applicability" and "Defining the Emissions Unit" listed below:
 - a) Concerning permit applicability determinations, new definitions had been proposed for "new stationary source" and "existing stationary source" to describe the status of the source at the time of the application; a new concept, "the project" had been proposed to describe applications for changes to a modified source; the concept of "undeveloped site" was proposed to clarify what a "new stationary source" was; and a definition of "debottlenecked emissions unit" was proposed for the purpose of clarifying which emissions units would or would not be considered for BACT or permit applicability.
 - 1) There was consensus that the new definitions for "new stationary source" and "existing stationary source" would be useful.
 - 2) There was consensus that the new term "undeveloped site" would be useful if additional language was added to clarify the status of brownfield sites and emissions units or sources that were previously shut down in accordance with 9 VAC 5-20-220.

3) There was no consensus on the definition of “project” because of concerns about the appropriateness of including the calculation of emissions from the project in the definition and use of the undefined term “the particular change”. Tom Knauer will provide some example language and suggestions to resolve these concerns.

4) No consensus was reached concerning the usefulness of the proposed term “debottlenecked emissions unit” because of concerns that the term was insufficient to include the universe of possible collateral emissions increases from units other than those physically or operationally changed. It may be that the more general description of those collateral changes will be more useful than a definition.

b) New language had been proposed for 9 VAC 5-80-1140 (Applications) to incorporate the new terms “new stationary source” and “project”. Assuming that the aforementioned concerns can be resolved pertaining to the concept of “project”, consensus was achieved that the proposed changes were satisfactory.

c) Possible changes to the 9 VAC 5-80-1320 C and D exemptions for “new stationary sources” and modified stationary sources to accommodate the new definitions were discussed:

1) There was consensus on the proposed new wording for 9 VAC 5-80-1320 C the exemptions by emission rate for new stationary sources, however if there is time later the group would like to discuss further whether or not any subsection B emissions units should be individually subtracted from the uncontrolled emission rate before comparison with the exemption emission rates for new stationary sources.

2) With one member reserving comment, there was tentative consensus on the proposed new wording for 9 VAC 5-80-1320 D 1 and D 2 (i) (the exemptions by emission rate for a “project” aka modification of an existing stationary source) . Again, the group expressed a range of preferences concerning how to handle subsection B emissions units, so if there is time later the group would like to discuss further whether or not subsection B emissions units should be individually subtracted from the changes in the uncontrolled emission rate before comparison with the exemption emission rates for a modified stationary source.

3) There was no consensus on the proposed language for 9 VAC 5-80-1320 D 2 (ii) which would include changes in the uncontrolled emissions rate from debottlenecked emissions units in the permit applicability determination. The group was evenly divided on both of two issues; (i) whether or not the term “debottlenecked emissions units” should be used at all or described as collateral changes (or some other term) and (ii) whether or not those emissions changes should be included in the applicability determination at all. Views on the second issue reflected no change from earlier discussions on this issue.

d) As a possible resolution to the impasse on how to treat debottlenecked emissions

units, the department also proposed changes to the concept of “emissions unit” and “uncontrolled emissions rate”. These changes, combined with clarifying language in 9 VAC 5-80-1320 C and D, would prevent consideration of emissions changes from debottlenecked emissions units altogether for permit applicability purposes except where a debottlenecked emissions unit is part of an entire process line the Department determines to be a single emissions unit. When applicable, the Department would make such a determination (as to what constitutes a single emissions unit) on the basis of some unifying characteristic of the process line. The uncontrolled emissions rate of emissions units outside such a process line would be determined independently of physical or operational limits on production rate or capacity on other emissions units. An example used during that discussion is included with these minutes as attachment B.

1) Discussion of this concept indicated that additional wording changes to both the proposed definitions of “emissions unit”, “process line” and “uncontrolled emissions rate” would be necessary before the concept was ripe for consensus. Concerns were raised as to whether terms such as “physically connected” and “manufacturing operation” were necessary and should be deleted from the proposal. Concerns were also raised about whether the additional proposed characterizations (of what is an individual emissions unit and when an individual process unit was an emissions unit, i.e. normally, smallest functional unit, etc.) were necessary or appropriate.

2) Assuming that all of those concerns were resolved and the department was willing to forgo consideration of other debottlenecked emissions for purposes of permit applicability, all of the members except one felt that the overall concept was acceptable enough for consensus. The outstanding member stated that the concept would be entirely unacceptable to the interests that he represented, and cited concerns over the latitude that the department might exercise in determining that a process line is a single emissions unit.

2. The group will meet next at 10:00 a.m. on Tuesday, April 4, 2006 in the Seventh Floor Conference Room at DEQ, 629 East Main Street, Richmond, Virginia. The group also proposed Wednesday, April 12th as an additional meeting date, if the meeting on April 4th is insufficient to complete the group’s work.

DOCUMENT DISTRIBUTION

The following documents were distributed to the group prior to or at the meeting:

1. Final minutes of the March 15, 2006 meeting.
2. A second draft of the proposed H05 regulation revision.
3. Handout prepared by Bob Mann, titled “Defining the Emissions Unit” representing additional options for changes to the second draft of the H05 regulation revision.

4. Handout prepared by Bob Mann, titled "Article 6 of 9 VAC 5 Chapter 80 Applicability" representing additional options for changes to the second draft of the H05 regulation revision.

5. Handout prepared by Bob Mann titled "Parameters in Regulatory Definitions".

TEMPLATES\PROPOSED\AH08
REG\DEV\H05-AH08-4

Attachments

**COMMONWEALTH OF VIRGINIA
STATE AIR POLLUTION CONTROL BOARD**

**AD HOC GROUP MEETING
ATTENDANCE RECORD**

March 22, 2006

SUBJECT: Permits for New and Modified Sources (Revision H05)

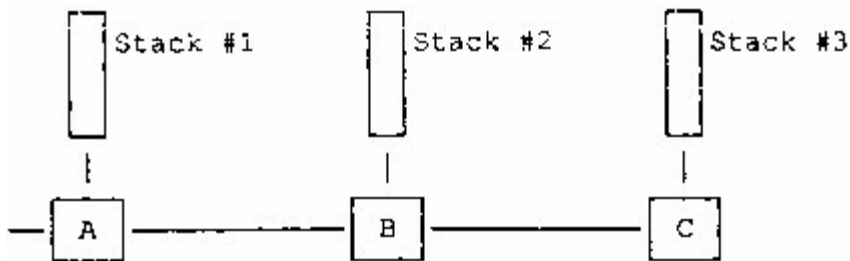
LOCATION: Third Floor Conference Room, Department of Environmental Quality, 629 East Main Street, Richmond, Virginia

PRINTED NAME	SIGNATURE (absent if no signature)
Gary Graham	<i>Gary Graham</i>
Dan Holmes	(absent)
Andy Gates	<i>Andy Gates</i>
Bob Asplund (alternate)	(absent)
Tom Knauer	<i>Tom Knauer</i>
Cale Jaffe	<i>Cale Jaffe</i>
John Cline	<i>John R. Cline</i>
Bob Mann	<i>B. Mann</i>
Richard Rasmussen	(absent)
Terry Darton	<i>Terry Darton</i>
Chuck Turner	<i>Chuck Turner</i>
Janardan Pandey	<i>Janardan Pandey</i>
Non-members Printed Name:	
Jaime Bauer (DEQ APS)	<i>Jaime Bauer</i>

MINOR NEW SOURCE REVIEW PROGRAM**Defining the Emissions Unit****EXAMPLE**

The blocks A, B and C represent process units, none of which can complete a finished process operation by itself.

All of the process units work simultaneously to complete the process operation and produce a finished product (widget).

**Current situation**

Process unit A has a production capacity of 15 widgets per year (wpy).

Process unit B has a production capacity of 10 wpy.

Process unit C has a production capacity of 15 wpy.

The process line consists of process units A, B and C.

The process line has a production capacity of 10 wpy (limited by the production capacity of process unit B). Process units A and C cannot produce more than 10 wpy because they are bottlenecked by the production capacity of process unit B.

The uncontrolled emissions rate for each of the process units is 10 tons per widget.

Proposed change

The company proposes to make a physical change to process unit B and increase the capacity to 15 wpy. This will increase the production capacity of the process line to 15 wpy. Thus, the increase in annual uncontrolled emissions will be 50 tpy for each of the process units A, B and C and 150 tpy for the process line.

Issue

If each process unit is considered an emissions unit,

- The baseline (before the change) uncontrolled emissions rate for the emissions unit is 100 tpy (from process unit B)
- The emissions rate increase due to the change will be 50 tpy (from process unit B).

If the process line is considered the emissions unit,

- The baseline uncontrolled emissions rate for the emissions unit is 300 tpy (100 tpy from each of the individual process units, A, B, and C)
- The emissions rate increase due to the change will be 150 tpy (50 tpy from each of the individual process units, A, B, and C).

The issue is whether the emissions units should always be the process unit or whether the emissions unit should be the process line in cases where the process unit is part of a process line. The interpretation of emissions unit determines the uncontrolled emission rate increase and, thus, what facilities would be subject to permit applicability and BACT applicability.

H05-emissions unit example2