

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

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OFFICE OF  
AIR AND RADIATION

MEMORANDUM

SUBJECT: Improving New Source Review (NSR) Implementation

FROM: J. Craig Potter  
Assistant Administrator for Air and Radiation (ANR-443)

TO: Regional Administrator,  
Regions I-X

On June 27, 1986, I established a special task force to address growing concerns about the consistency and certainty of permits issued under the Clean Air Act's prevention of significant deterioration and nonattainment area NSR programs. Based on the findings and recommendations of the task force, I am today establishing certain program initiatives designed to improve the timeliness, certainty, and effectiveness of these programs.

A great deal of effort will be required to overcome the problems which have developed, but it is my belief that these problems, with your full cooperation and assistance, can be resolved so that these essential air management programs can fulfill their intended roles. Therefore, I urge each of you to provide the maximum priority and resource commitments available to the task.

The outstanding concern we now face in these programs is inadequate implementation. The Office of Air and Radiation intends to apply its resource commitments so as to enhance its ability to provide technical support and guidance, training, workshops, auditing, and enforcement support to the Regions and delegated programs. The Regional Offices must make a corresponding resource commitment for these efforts to succeed. Accordingly, I am requesting that you initiate a self-evaluation of current NSR activities and, to the extent necessary, refocus Regional attention on these programs in an effort to improve and enhance NSR program implementation.

To ensure that we maintain the flexibility to make this effort a dynamic one, capable of sensing and adjusting to the needs of the program, I intend to establish an informal group of our colleagues to report to me on progress in implementing the initiatives discussed below. The mission of the group is to provide the feedback necessary to maximize the effectiveness of NSR implementation and to make NSR reflective of air program needs.

The following is a list of the specific program initiatives I am hereby instituting to bring about improvements in NSR implementation:

Tracking Permit Actions--Initially and until such time as permit quality can be assured, I am requiring that each Regional Office establish (if not already in place) a program to ensure a timely and comprehensive review of all State and local agency-issued major source permits and certain minor source permits. Implementation of the program will be made part of the Regional Office Management System and will require the "real time" exchange and review of information between the Regional Office and the State and local agencies when a key milestone is reached during the permitting process.

Effective communication between the permitting agency and the Regional Office is essential to improving program implementation. Therefore, the Regional Offices will need to ensure that State and local permitting agencies follow certain notification procedures such as:

- Notify the Regional Office and other affected parties (e.g., the Federal land manager if Class I areas are impacted), within a reasonable time, of the receipt of a new major source permit application. This can take the form of a complete copy of the application itself or a brief description of the proposed project. Notification can be made as each application is received or the information may be submitted to the Regional Office in a periodic report.

- Submit to the Regional Office a complete public notification package at the beginning of the public notice period. The package must contain the public notice language, the proposed permit, and a technical analysis demonstrating how the proposed project complies with the technical review requirements of the regulations [e.g., best available control technology (BACT) or lowest achievable emission rate (LAER), air quality impacts or offsets].

- Submit to the Regional Office a copy of the final preconstruction permit when issued, including a response to any appropriate comments submitted during the public comment period.

- Submit to the Regional Office a copy of the operating permit when issued.

Likewise, when informed of a permit action, the Regional Office is responsible for the timely review of the information, specifically:

- Screen incoming information on permit applications for potential issues or concerns and, if warranted, communicate them to the permitting agency.

- Perform a timely and comprehensive review of the public notice package and, if warranted, provide comment during the public comment period. To aid in this task, I have directed the Office of Air Quality Planning and Standards (OAQPS) to start

work on the development of a permit review checklist for use by the Regional Office during the public comment period. The checklist will also be useful to State and local agencies as a tool for self-audit and to understand what the Environmental Protection Agency (EPA) emphasizes when reviewing a proposed permit.

- Review any response to comments and the final permit to ensure that any outstanding concerns have been resolved satisfactorily.

- Review the permit to operate to ensure that it is consistent with the preconstruction permit.

- Take prompt and appropriate action to deter the issuance or use of permits which fail to meet minimal Federal requirements. I have directed OAQPS to work with the Office of General Counsel and the Office of Enforcement and Compliance Monitoring to develop guidance for the Regional Offices on the appropriate legal mechanisms and procedures for handling deficient permit actions.

- To the extent practicable, prior to permit issuance, review potential minor permit actions which exempt an otherwise major source or modification from a major review (e.g., "synthetic" minor sources, major sources netting out of review, and 99.9 or 249.9 tons per year sources).

The most critical element of these initiatives is the Regional Office review of proposed permit actions during the public comment period. The FY 1985 national air audit showed widespread serious permit deficiencies, many of which could have been corrected without interfering with State and local agency processing if dealt with by EPA during the public comment period. By uniformly reviewing all major source permit actions during the comment period, EPA is able to address deficient reviews or permits before the final permit is issued. This not only permits more consistency in the permitting process among the States, but also provides the highest degree of certainty to the applicant that the permit will not be challenged by EPA at a later date. Moreover, if the permit is not reviewed and commented on prior to issuance, the possibility of successfully challenging the action is greatly diminished, as is the opportunity to improve the enforceability of the permit.

BACT Determinations--Of all the NSR processes, BACT (and LAER) determinations are perhaps the most misunderstood and the least correctly applied. The BACT alternative, if presented by the applicant at all, are often poorly documented or biased to achieve the decision the applicant desires.

To bring consistency to the BACT process, I have authorized OAQPS to proceed with developing specific guidance on the use of the "top-down" approach to BACT. The first step in this approach is to determine, for the emission source in question, the most stringent control available for a similar or identical source or source category. If it can be shown that this level of control is technically or economically infeasible for the source

in question, then the next most stringent level of control is determined and similarly evaluated. This process continues until the BACT level under consideration cannot be eliminated by any substantial or unique technical, environmental, or economic objections. Thus, the "top-down" approach shifts the burden of proof to the applicant to justify why the proposed source is unable to apply the best technology available. It also differs from other processes in that it requires the applicant to analyze a control technology only if the applicant opposes that level of control; the other processes required a full analysis of all possible types and levels of control above the baseline case.

The "top-down" approach is essentially already required for municipal waste combustors pursuant to the June 22, 1987, Administrator's remand to Region IX of the H-Power BACT decision and the OAQPS June 26, 1987, "Operational Guidance on Control Technology for New and Modified Municipal Waste Combustors (MWC's)." It is also currently being successfully implemented by many permitting agencies and some of the Regional Offices for all sources. I have therefore determined that it should be adopted across the board.

In the interim, while OAQPS develops specific guidance on the "top-down" process, I am requesting the Regional Office to apply it to their BACT determinations and to strongly encourage State and local agencies to do likewise. Moreover, when a State agency proposes as BACT a level of control that appears to be inconsistent with the "top-down" concept, such as failure to adequately consider the more stringent control options, the Regional Office is to provide comment to that agency. A final BACT determination which still fails to reflect adequate consideration of the factors that would have been relevant using a "top-down" type of analysis shall be considered deficient by EPA.

Training--No formal training workshops specific to NSR have been held since 1980. Many State and local agencies, as well as the Regional Offices, have experienced a high rate of NSR personnel turnover since then. Many of the basic problems that are occurring in NSR implementation can be traced to the lack of comprehensive, continuing training for new Regional Office and State agency personnel.

To rectify this situation, in FY 1988, OAQPS will work on developing materials for a comprehensive training program in the form of Regional workshops to be conducted in FY 1989.

Commencing in FY 1989, biannual Headquarters-sponsored NSR workshops will be conducted at each Regional Office with State and local agencies attendance encouraged. Workshop topics will cover the NSR rules and policy, BACT and LAER determinations, effective permit writing, how to review a proposed permit and audit a permit file, and other program areas as needed. Appropriately trained Regional staff are to then hold these workshops at their respective State agencies. The NSR experts from Headquarters or NSR experts from other Regions will be available to assist.

In addition, Regional Offices should reserve the funds necessary to send at least one EPA staff representative to the NSR workshops (for EPA only) held semiannually at Denver, Colorado (February), and Southern Pines, North Carolina (July). Attendance at these workshops plays a vital role in keeping the Regions up to date on program implementation and new and emerging policy.

Policy and Guidance--Continuous litigation and regulatory changes have combined with the complexity of NSR rules to create a log jam of the policy and guidance needed to help interpret and effectively apply these rules. Therefore, I am directing that in FY 1989 OAQPS dedicate at least one staff person to ensuring a timely response to policy and guidance requests. In the interim, I intend to continue OAQPS's efforts to compile and organize NSR reference and guidance materials, such as the NSR electronic bulletin board.

I realize that the initiatives discussed above constitute only the first steps of a continuing process to address concerns and needs relating to NSR program implementation. In recognition of the possible need to maintain flexibility in managing and improving the NSR process I will, as indicated earlier, establish a group to monitor our progress under this new policy. The group will be comprised of representatives from EPA Headquarters and Regional Offices and we will consult with State and local agency officials as part of our effort to obtain timely feedback as we implement these initiatives.

Additional specific guidance on improvements in the program areas discussed above will be issued in the near future. In the meantime, each Regional Office is directed to work closely with its State and local agencies to ensure that all aspects of the NSR permit programs comply with all applicable State and Federal program requirements.

Your comments and suggestions are welcome. Please direct them to Gary McCutchen, Chief, New Source Review Section, MD-15, Research Triangle Park, North Carolina 27711 (FTS 629-5592).

cc: Air Division Directors, Regions I-X