



Portland General Electric Company
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General

BY EMAIL (Inahara.Jill@deq.state.or.us)
AND
FACSIMILE (503-229-5675)

Ms. Jill Inahara
Oregon DEQ, Air Quality Division
811 SW Sixth Avenue
Portland, OR 97204

Subject: Comments on Proposed PM_{2.5} and Greenhouse Gas Regulations

Dear Ms. Inahara:

Portland General Electric Company (“PGE”) appreciates the opportunity to comment on the proposed changes to the New Source Review/Prevention of Significant Deterioration rules to add PM_{2.5} and GHG to the regulations. Below are our comments to specific elements of the proposal.

Adoption of Federal PSD Rules for Greenhouse Gases (GHG)

The Department has asked for comment on whether or not it should adopt the federal PSD rules for regulating GHG instead of maintaining consistency with existing regulated pollutants. PGE believes that adopting the federal PSD program for GHG would lead to confusion for industrial sources. The differences between the methodology used in the federal and the state PSD programs would lead to unnecessary additional complexity in an already complex set of regulations. Regulating GHG emissions under the Oregon methodology would result in consistency within the program as well as a more stringent program.

PM_{2.5} Baseline Emission Rate

PGE supports the Department’s proposal to establish PM_{2.5} baseline emission rates utilizing a proportion of the sources exiting PM₁₀ netting basis if they have one, or a proportion of their actual PM₁₀ baseline period emissions. However, PGE requests that the Department not require

sources utilize a proportion of its PM₁₀ netting basis to establish a PM_{2.5} baseline emission rate if the source has actual PM_{2.5} emissions data from the baseline period.

PM2.5 Precursor Baseline

In order to prevent post 1978 sources with zero NO_x or SO₂ baseline emissions from triggering PSD for PM_{2.5} for NO_x or SO₂ without triggering PSD for PM_{2.5} itself, PGE recommends that the Department establish PM_{2.5} precursor baseline emission rates. The baseline emission rates for the PM_{2.5} precursors should be set separate from the NO_x and SO₂ baseline emission rates and should be consistent with the methodology used to establish the PM_{2.5} baseline emission rate.

GHG Baseline

PGE supports the Department's proposed methodology for calculating GHG baseline emission rates based on production rates used to calculate the netting basis of other combustion related pollutants or in the absence of combustion related pollutant netting basis, using actual GHG emissions during the baseline period. However, PGE requests that the Department also allow for the option to utilize actual GHG emissions during the baseline period for setting the baseline emission rate for sources that have combustion related pollutant netting basis. Additionally, sources that choose to calculate GHG baseline emission rate based on the same production rates used to calculate the netting basis of other combustion related pollutants that have previously gone through PSD for a combustion pollutant, should be allowed to set its GHG netting basis based on the production rates used in that PSD analysis.

To prevent a backlog in permit renewals, PGE suggests that the rule be revised so that the GHG baseline is established as part of the first permitting action for which an application is submitted after March 1, 2011. It makes more sense to require that new applications coming in after March 1, 2011 address GHG baseline than it is to require that existing and complete applications be revised and resubmitted.

Vacated Federal GHG Rules

PGE recommends the Department include a provision in the rule that allows for the revocation of the Oregon rules in the event the federal GHG PSD rules are vacated or stayed by either the courts or Congress. This would prevent a similar situation that Oregon faced when EPA withdrew its 112(g) rule package and Oregon was left with rules that depended on federal guidance that would not be developed because EPA pursued a different approach to regulating HAP sources. In order to avoid this outcome, DEQ should adopt regulations that specify that if EPA's GHG PSD program is delayed, vacated or withdrawn, the Oregon program will be similarly delayed. This would avoid Oregon businesses being left in the nonviable position of having to comply with GHG PSD while their out of state competitors did not.

Definition of “Greenhouse Gas”

PGE requests the Department revise the definition of “greenhouse gas” to include a provision that excludes biomass GHG emissions from the rule definition in the event the EPA removes biomass GHG emissions from regulation under federal PSD. After that time biomass CO₂ shall not be considered a regulated air pollutant to the maximum extent allowed by federal law.

Definition of “Major Source”

DEQ is proposing to revise the definition of “major source” to specify that PTE must include emission increases due to a new or modified source. PGE suggests the Department include emission decreases in the proposed revisions to the definition. Given Oregon’s unique means of applying the term “major source” including future increases and excluding future decreases in emissions would force sources that were making net reductions to be considered major sources and be subject to requirements such as nonattainment new source review (which is triggered in Oregon based on whether a source is a major source or not). This is a substantial increase in stringency and should not be adopted without extensive discussion.

PM_{2.5} Significant Impact Level (SIL)

PGE strongly encourage DEQ to adopt the federal PM_{2.5} SILs. No basis has been provided for why Oregon should exceed the federal requirements in relation to the SILs. By exceeding the federal requirements the Department places Oregon businesses in a noncompetitive position as compared to businesses in other states. This impacts small businesses as well as larger businesses as the rules would require even a small source seeking authority to emit only 10 tons/yr of PM_{2.5} to perform complex modeling and to evaluate the results against the SILs. In order to avoid damage to the State’s economy, we urge the Department to remain consistent with the federal SIL.

PM_{2.5} Offsetting

The Department should clarify what will be required under the rules in regards to PM_{2.5} precursor offsetting. The rules, as proposed, make it difficult to understand what is required in terms of precursor offsetting and what is allowed/required in the event of inter-pollutant trading. We request that the Department clarify these regulations so that they are more understandable.

Addition of Reporting Requirement

The Department is proposing to add a requirement (OAR 340-216-0040(4)) that sources promptly provide any new information regarding their sources or be subject to enforcement action. This addition to the rule seems out of place when the scope of this proposed rule making

is considered. PGE requests the Department withdraw this proposed regulation from this rulemaking until such time as it can be fully discussed publically.

Net Air Quality Benefit Requirement

When a source is locating in or near a nonattainment area in Oregon, they must demonstrate a net air quality benefit within that nonattainment area. PGE requests that DEQ remove the requirement that a source utilize complex modeling analysis to demonstrate the net air quality benefit and instead rely on emission reduction offsets that have occurred within the same airshed. This change would be consistent with other jurisdictions as well as with the way Oregon currently deals with ozone offsets. This change would allow for real improvements in nonattainment areas under circumstances that may not otherwise occur if computer modeling is required.

Please contact me if you have any questions about these comments.

Respectfully,



Ray Hendricks
Portland General Electric