

Operations

Air quality permitting, Heat Smart and gasoline dispensing facility updates

**EQC Proposed Rule Adoption
April 2015**

Outline of Today's Presentation

- Summary of Rulemaking
- Public Notice Process
- Controversial/Numerous Comments
- Summary
- Questions

Reasons for Rulemaking

- Started out as rule reorganization
- Received input about:
 - Unclear rules from permit writers/inspectors
 - Permitting problems in areas of marginal air quality



Reasons for Rulemaking

continued

Addressing air quality problems changed reorganization to major overhaul of New Source Review rules



Before



After

Presentations to EQC

JUNE 2014

| S | M | T | W | T | F | S |
|----|----|----|----|----|----|----|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| 22 | 23 | 24 | 25 | 26 | 27 | 28 |
| 29 | 30 | | | | | |

Director's Report

NOVEMBER 2014

| Monday | Tuesday | Wednesday | Thursday | Friday | Saturday | Sunday |
|--------|---------|-----------|----------|--------|----------|--------|
| | | | | | | |
| 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 10 | 11 | 12 | 13 | 14 | 15 | 16 |
| 17 | 18 | 19 | 20 | 21 | 22 | 23 |
| 24 | 25 | 26 | 27 | 28 | 29 | 30 |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |

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Temporary Rule Adoption

January 2015

| S | M | T | W | T | F | S |
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| | | | | 1 | 2 | 3 |
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| 25 | 26 | 27 | 28 | 29 | 30 | 31 |

Informational Item

April 2015

| SUN | MON | TUE | WED | THU | FRI | SAT |
|-----|-----|-----|-----|-----|-----|-----|
| | | | 1 | 2 | 3 | 4 |
| 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| 12 | 13 | 14 | 15 | 16 | 17 | 18 |
| 19 | 20 | 21 | 22 | 23 | 24 | 25 |
| 26 | 27 | 28 | 29 | 30 | | |

Proposed Rule Adoption

9 Categories of Rulemaking

1. Clarify and update air quality rules
2. Update particulate matter emission standards
3. Change permitting requirements for emergency generators and small natural gas or oil-fired equipment

9 Categories of Rulemaking

continued

4. Revise parts of the New Source Review preconstruction permitting program
5. Establish two new state air quality area designations, “sustainment” and “re attainment”
6. Designate Lakeview as a state sustainment area

9 Categories of Rulemaking

continued

7. Modernize methods allowed for holding public hearings and meetings
8. Re-establish the Heat Smart woodstove replacement program exemption for small commercial solid fuel boilers regulated under the permitting program
9. Remove annual reporting requirements for small gasoline dispensing facilities

Public Involvement



4 Stakeholder meetings

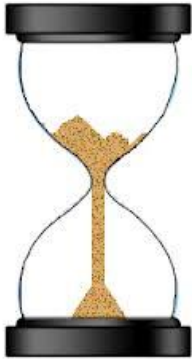


1 fiscal/economic impact advisory committee



9,274 Notifications – email/postcard

Public Notice (comment period) *continued*



3 Public notice extensions



3 Months for
public comment



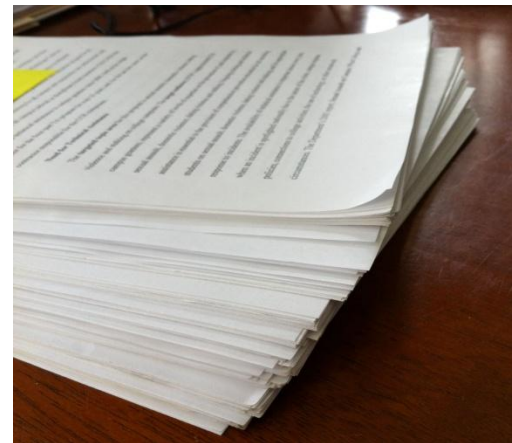
5 Public Hearings

Public Comment

continued



59 Commenters



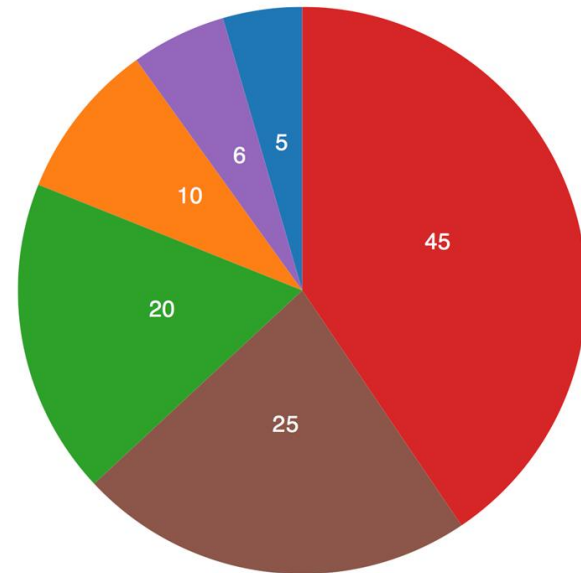
85 Comments + **6** unrelated

Today's FOCUS

Comments that were:



Most controversial



Highest in number

6 New Source Review

What is NSR?

- NSR = Preconstruction permitting program
 - Facility must get permit before building new or modifying
 - Specifies requirements facility must meet
- Required by federal regulations

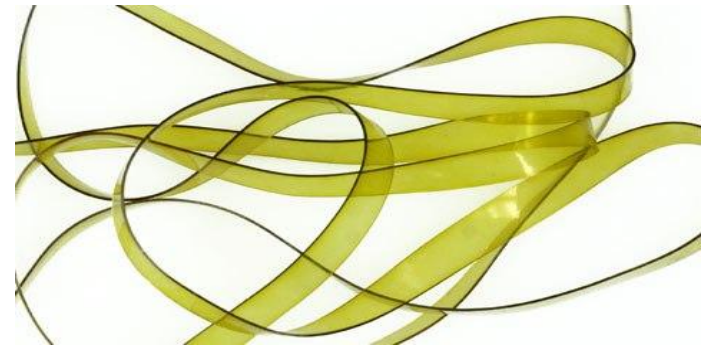
6 New Source Review

continued

Major NSR: at least as stringent as the federal major NSR program = little flexibility



Minor NSR: no minimum requirements = more flexibility

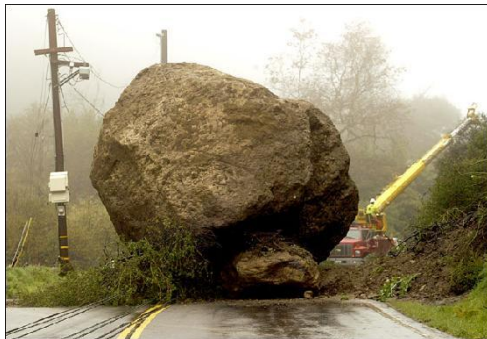


6 New Source Review

continued

Purpose of changes to New Source Review

Reorganize the rules

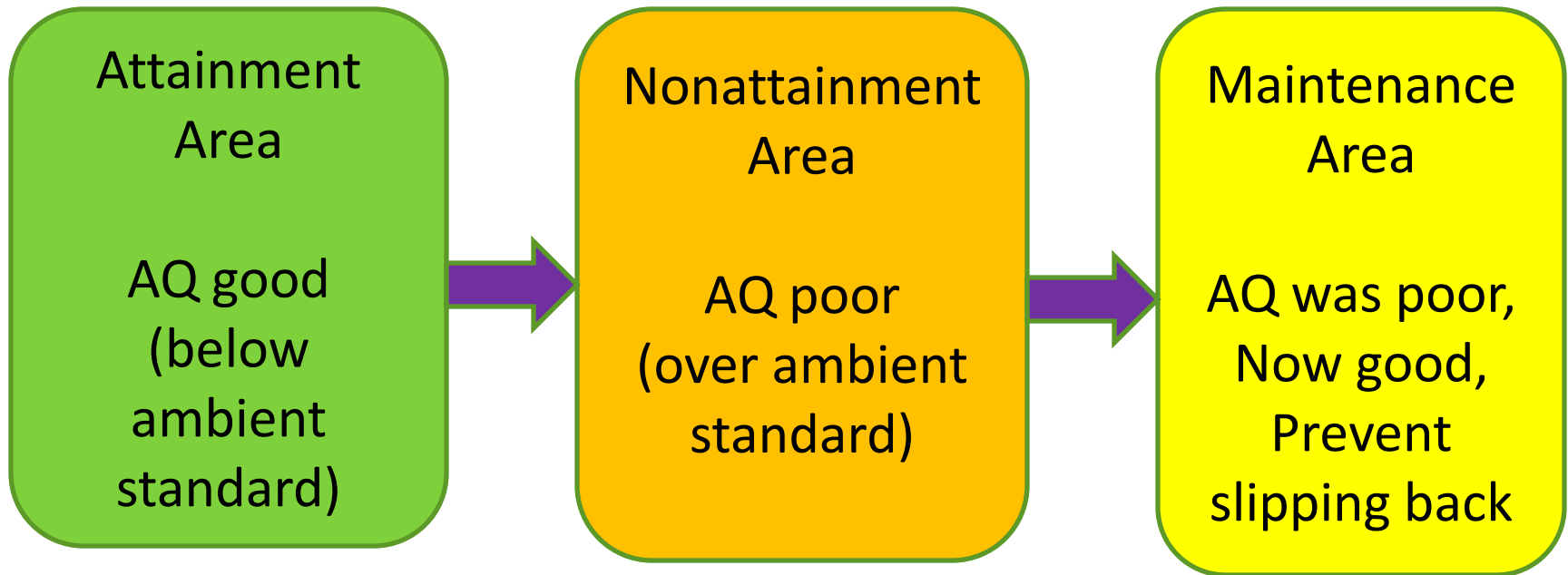


Remove roadblocks in current rules

Address air quality problem sources

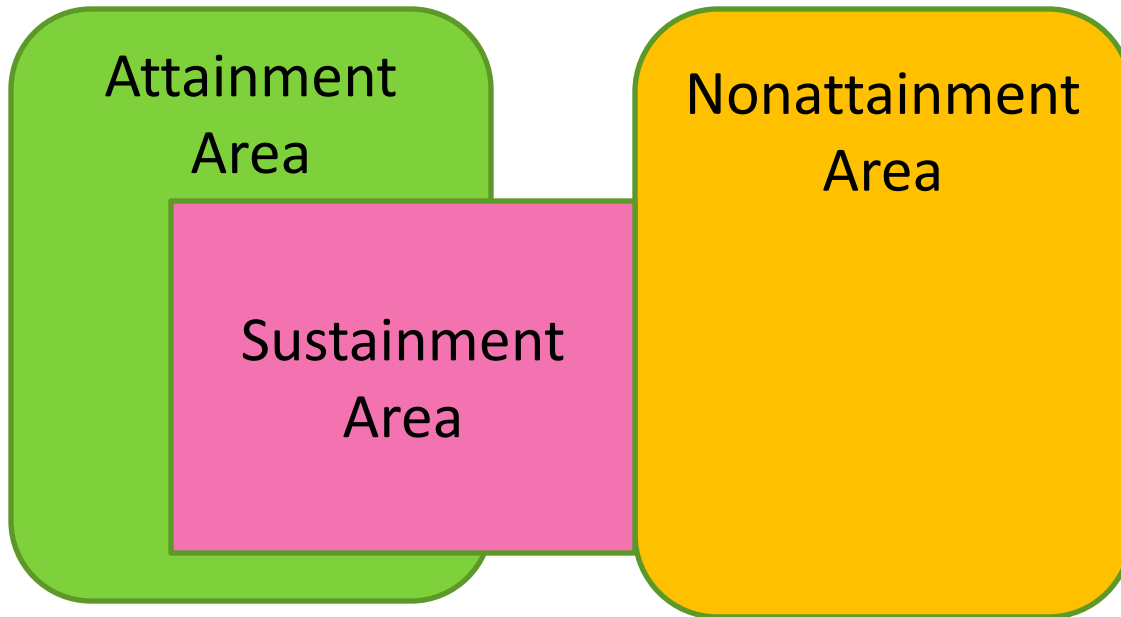


5 New Source Review - current



- Rules in each area based on air quality needs
- When air quality changes, takes years to redesignate area
- Meanwhile rules don't match air quality needs

5 Establish two new state air quality area designations, “sustainment” and “re attainment”



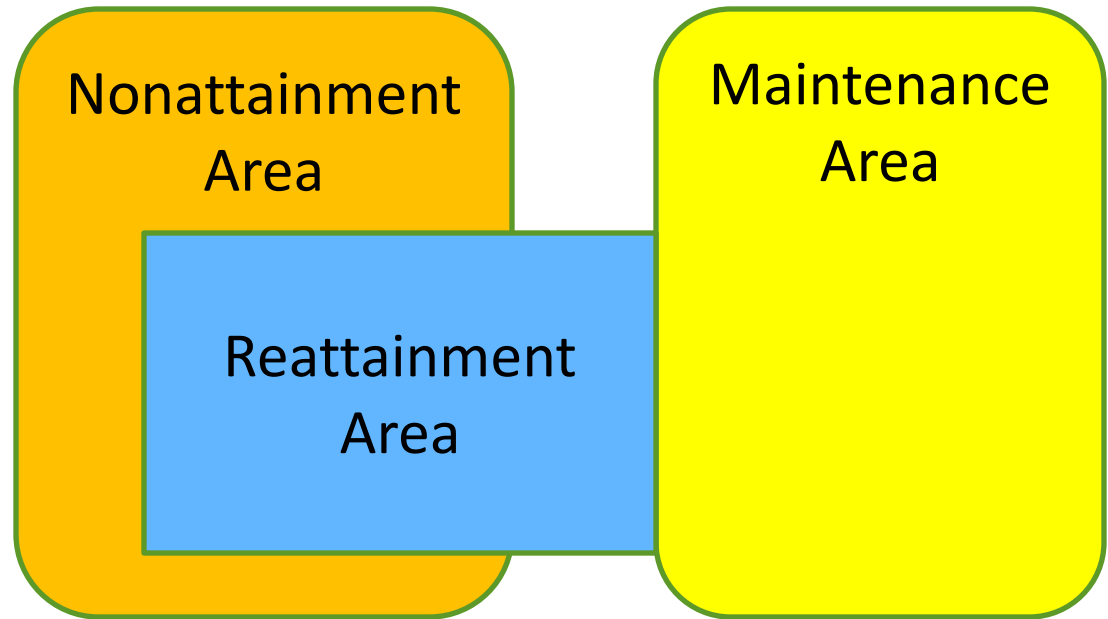
- Sustainment overlays attainment
- Bridges the time gap

Sustainment area Minor NSR rules:

- Are similar to nonattainment area rules
- Remove permitting roadblock for medium sized facilities

5 Establish two new state air quality area designations, “sustainment” and “re attainment”

- Reattainment overlays nonattainment
- Bridges the time gap

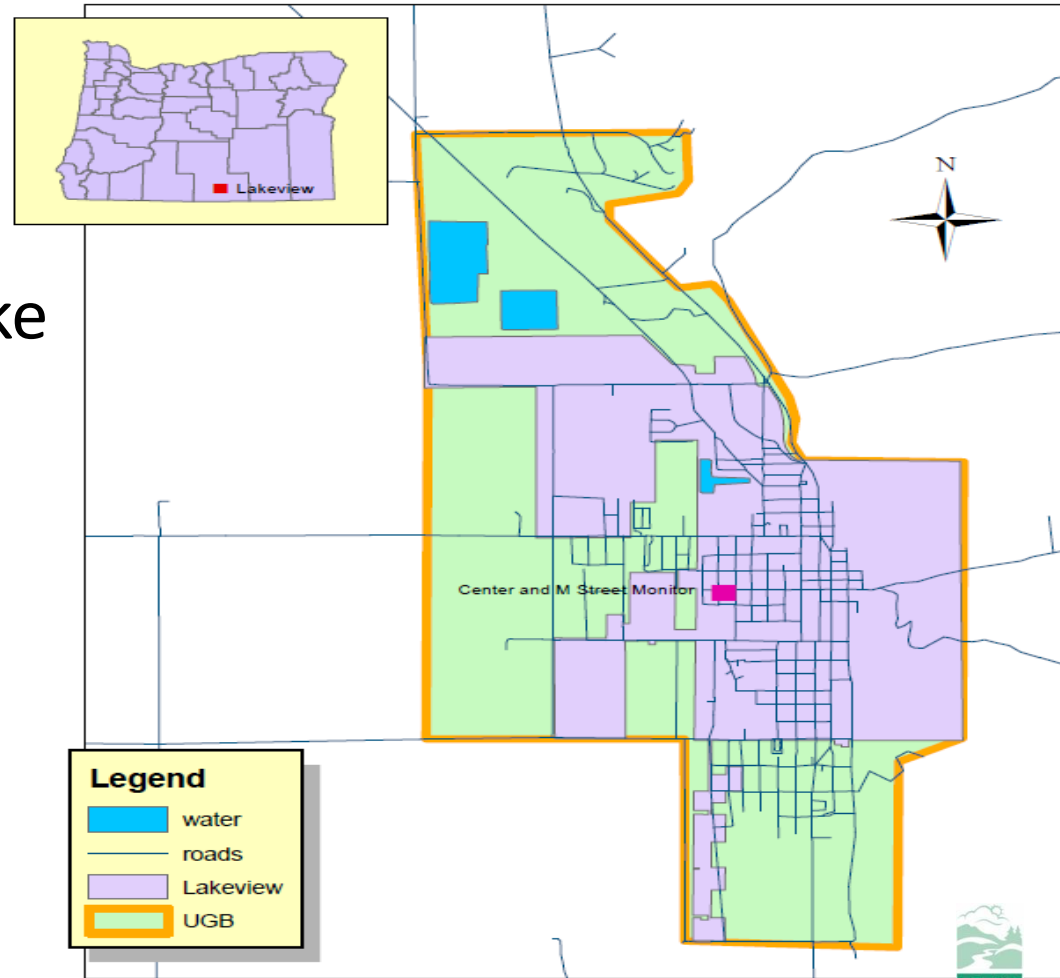


Reattainment area Minor NSR rules:

- Are closer to maintenance area rules
- Allow less stringent permitting for medium size facilities

4 Designate Lakeview as a sustainment area

Town of Lakeview and Lake County Commissioners requested sustainment designation



Greenhouse Gases Background

Industrial permitting program:

- Focuses on regulation of industrial emissions
- Is continually evolving and being updated (EPA)
 - New pollutants regulated (PM2.5 and GHG added in 2011)
- Includes multiple types of regulations:
 - Preconstruction permitting (NSR/PSD)
 - New Source Performance Standards
 - National Emissions Standards for Hazardous Air Pollutants

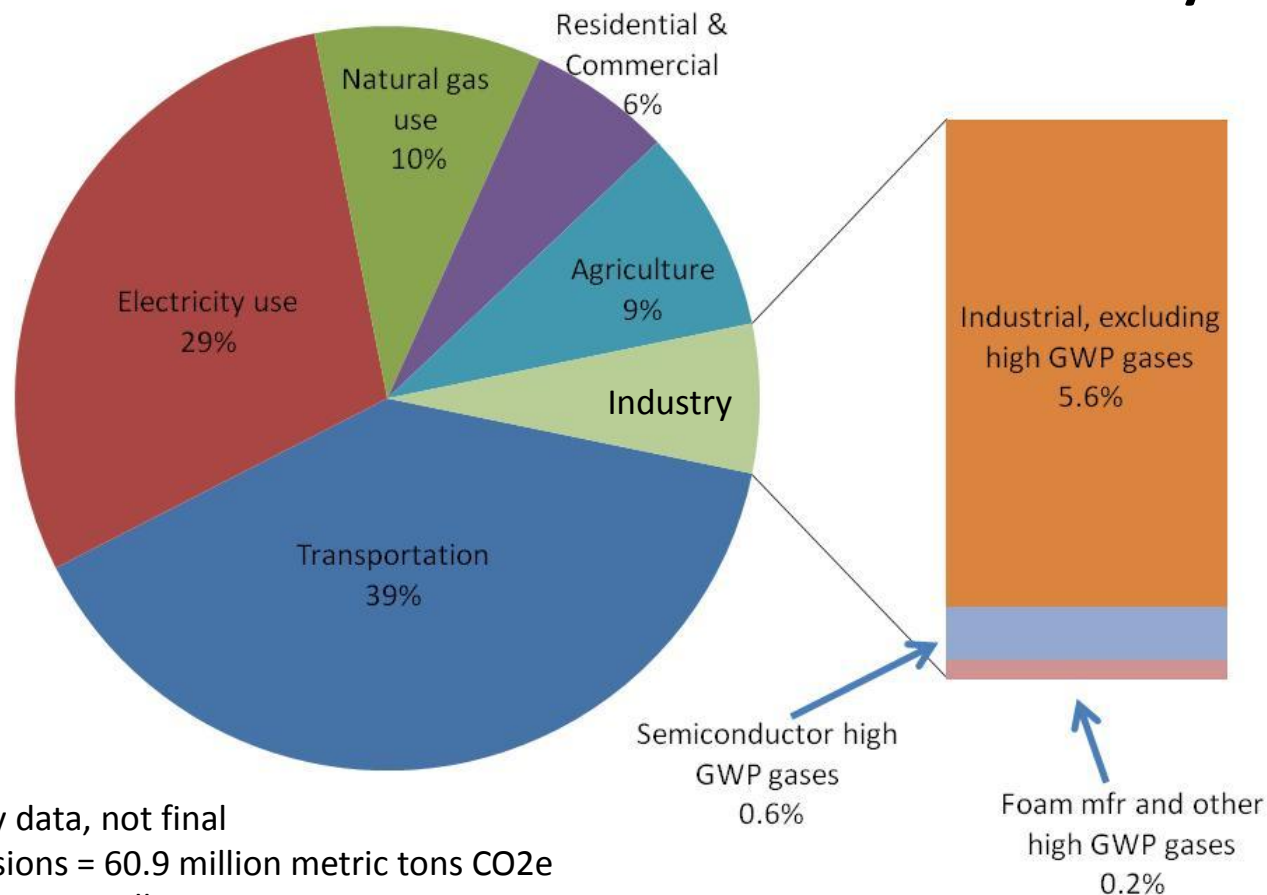
Greenhouse Gases Background *continued*

Industrial GHG permitting:

- Few regulations now but work is underway
- Progress will no doubt continue
- Other sectors need to be addressed as well

Greenhouse Gases Background *continued*

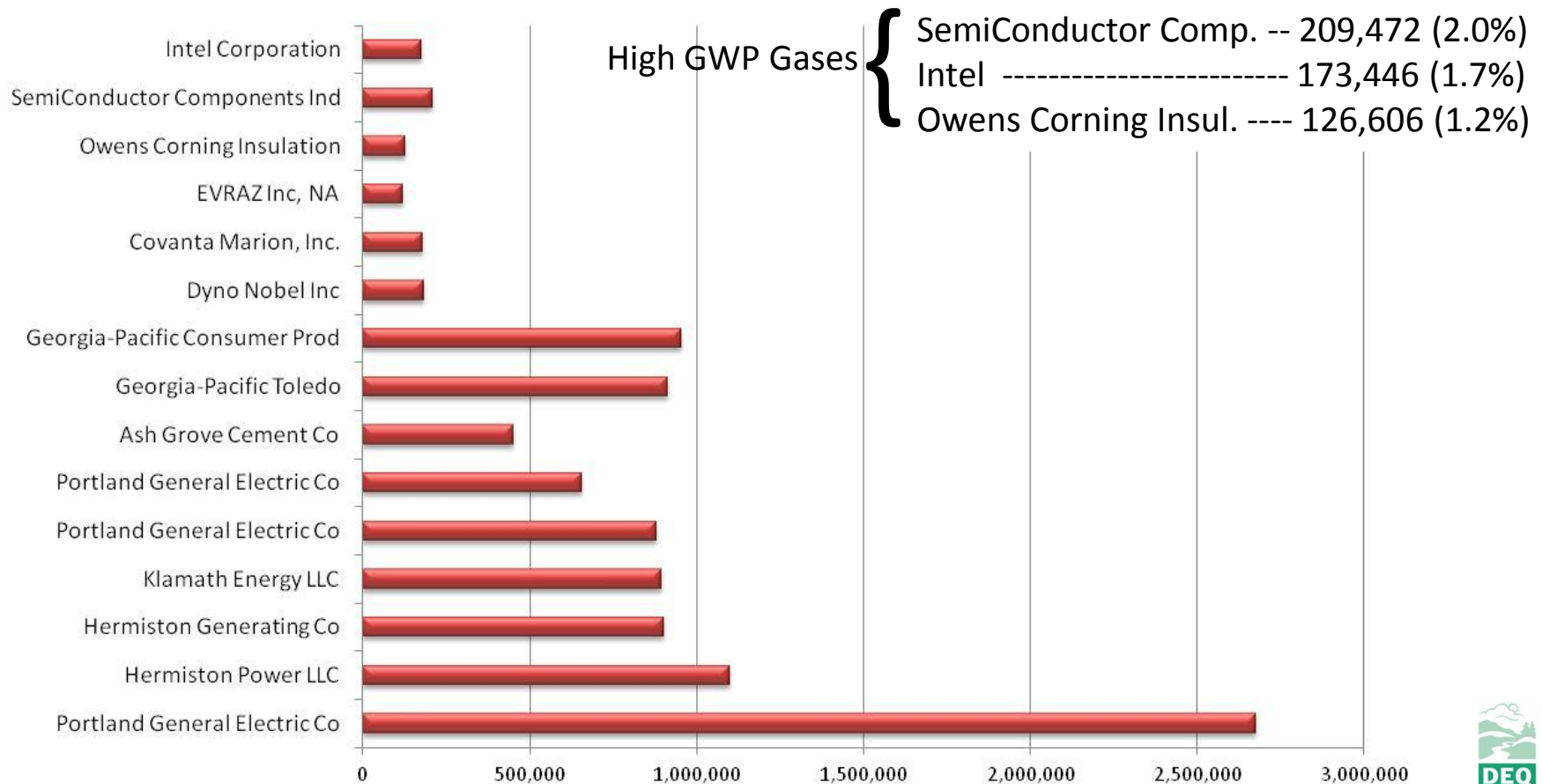
2012 Greenhouse Gas Emissions by Sector



DEQ preliminary data, not final
Total GHG emissions = 60.9 million metric tons CO₂e
Industrial sector = 3.9 million metric tons CO₂e

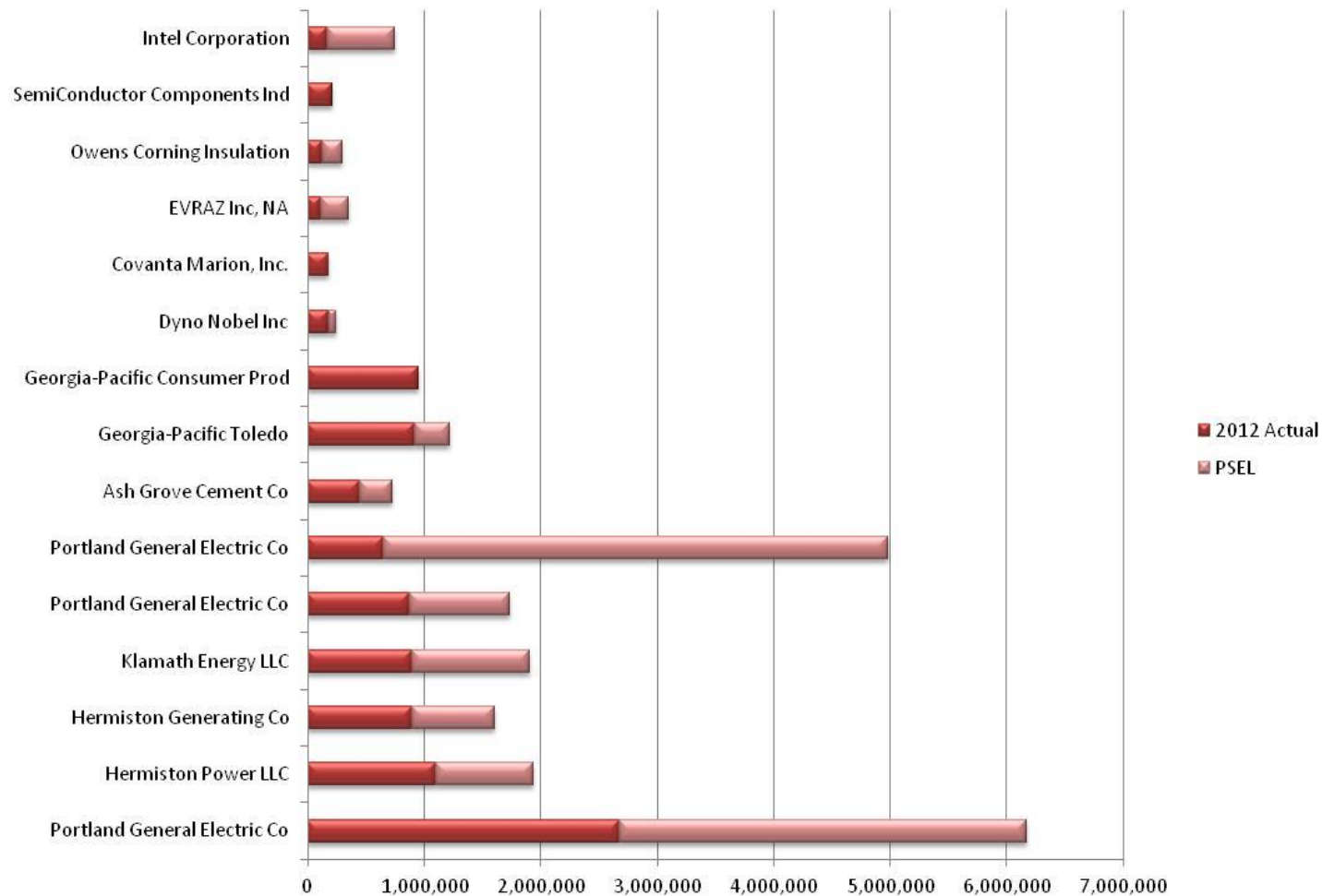
Greenhouse Gases Background *continued*

Top 15 Permitted – 2012 Actual Emissions



Greenhouse Gases Background *continued*

Top 15 Permitted – 2012 Actual vs PSEL



Greenhouse Gases

Permitting program rules – background

U.S. Supreme Court struck down parts of federal rules pertaining to greenhouse gas permitting

Struck down

Sources subject to Title V permits for GHGs alone

Struck down

Sources subject to Prevention of Significant Deterioration program for GHGs alone

Affirmed

Sources subject to Prevention of Significant Deterioration for GHGs if subject to PSD for another pollutant (so-called “anyway sources”)

Greenhouse Gases

continued

DEQ's Greenhouse Gas Rules



Oregon rules not automatically struck down by Court's decision

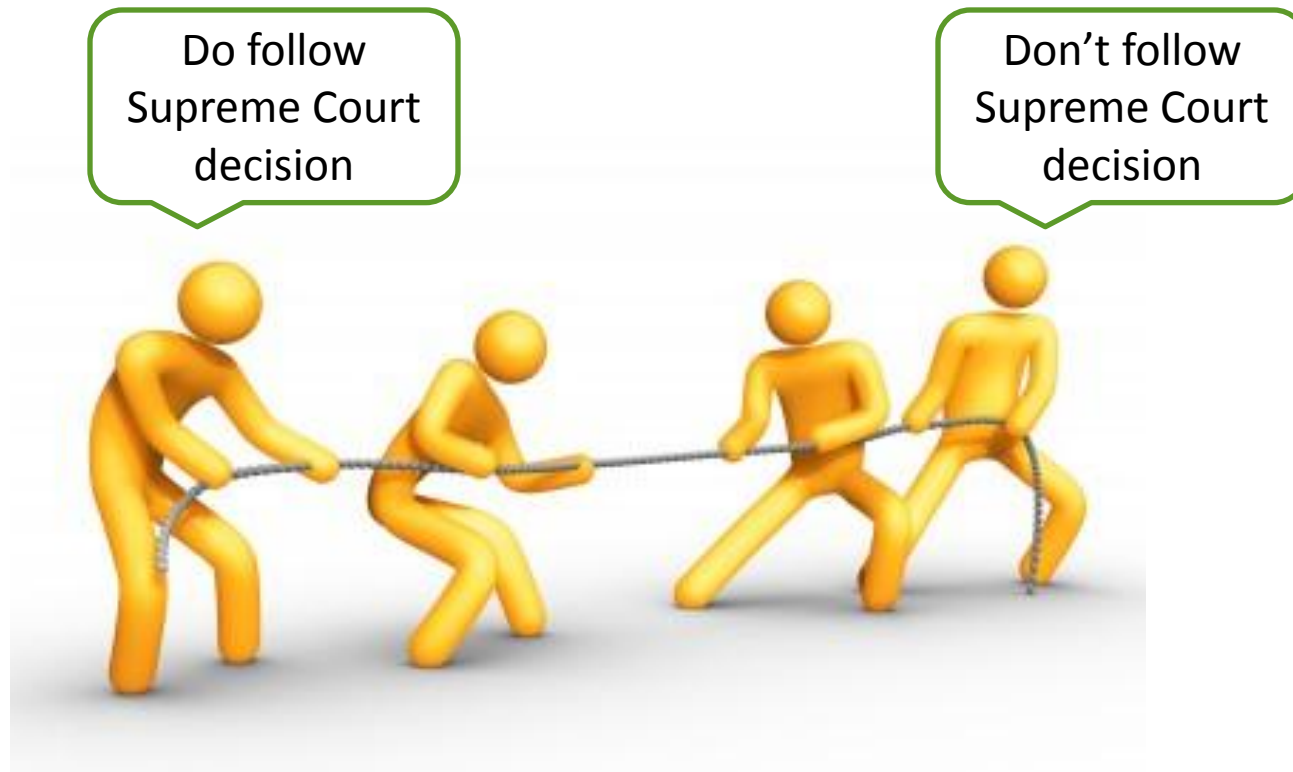


Oregon rules were similar to federal rules



EQC adopted temporary rule in November to align Oregon rules to Court's decision

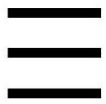
Comments on both sides of the issue



Greenhouse Gases

continued

Reasons to align with Supreme Court decision



Equivalent to.

Title V and ACDP equally stringent



ENERGY EFFICIENCY
in Industrial Processes

Most GHG emissions from
“anyway” sources



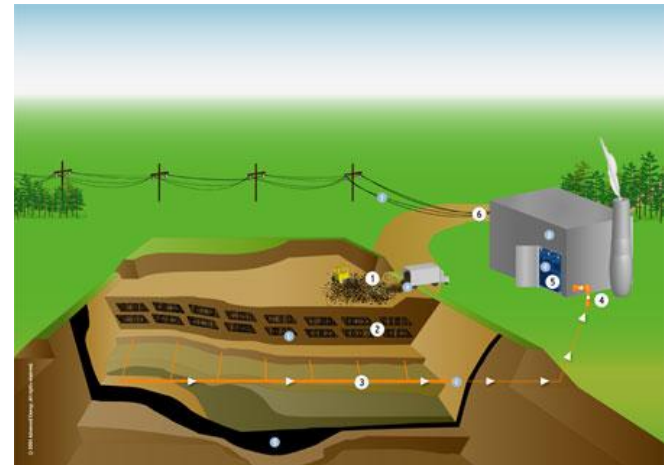
National equity for Oregon
businesses

Biogenic CO₂ Deferral

Biogenic CO₂ comes from:



Combustion of forest-derived and agriculture-derived feedstocks



Combustion of biogas collected from landfills, wastewater treatment or manure management processes

Biogenic CO₂ Deferral

- 2011 EPA exempted biogenic CO₂ from permitting for 3 years
 - Assumes 100% carbon neutrality
 - Stopgap measure while EPA continues study
 - EQC adopted rule to follow EPA rule – automatically exempts if EPA exempts
- 2014 Supreme Court issued ruling
 - Deferral must be vacated, but...
 - Not officially vacated yet, may take years

Biogenic CO₂ Deferral

- DEQ's initial proposal was to:
 - Eliminate deferral
 - Acknowledge existence from 2011-2014
- Final proposal is to:
 - Revert to 2011 rule
 - Automatically align with court ruling
- Future Oregon rules won't be more stringent than EPA's rules

DEQ's Greenhouse Gas Rules



The temporary rule adopted in November will be replaced with the proposed rules if adopted today.

1. Clarify and update air quality rules

Gasoline Marine Loading

Expand marine loading rule to include other volatile liquids in the Portland Air Quality Maintenance Area



1. Clarify and update air quality rules

Why change marine loading rule?



Volatile crude oil shipments

EPA proposing stricter
ozone standard



3 Change permitting requirements for emergency generators and small natural gas or oil-fired equipment

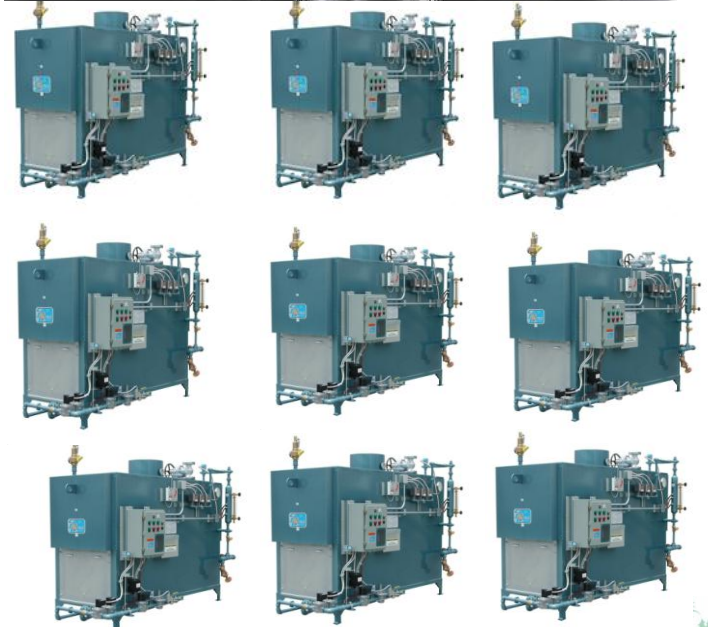
- Emergency generators and small fuel burning equipment classified as “categorically insignificant activities”
- Categorically insignificant activities = a list of activities with insignificant emissions
- Not included in permits

3 Change permitting requirements for emergency generators and small natural gas or oil-fired equipment

Individual - insignificant



Multiple - significant



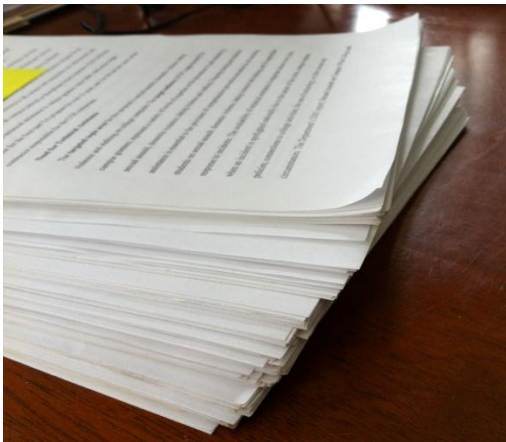
11 Other Comments unrelated to proposed rules

Intel

- Comments:
 - Make federal major source
 - Require Best Available Control Technology
- Response:
 - Comments are permit issues, not rulemaking issues
 - Permit is in process at this time

Public Comment

Summary



85 Comments + **6** unrelated

Agreed in whole or in part with
45 comments and made changes

Disagreed with 40 comments,
responded to comments but
made no changes

Questions for us?



Recommendation

DEQ recommends that the Environmental Quality Commission:

1. Adopt the proposed rules in attachments A1 through A4 as part of chapter 340 of the Oregon Administrative Rules with the corrections that Stephanie Caldera distributed.
2. Find that certain rules adopted as attachments A1 through A4 are more strict than existing Lane Regional Air Protection Agency rules, as described in attachment B, and direct Lane Regional Air Protection Agency to implement such state rules until it adopts its own rules that are equivalent or more strict and submits them to the Environmental Quality Commission under ORS 468A.135.

DEQ recommends that the Environmental Quality Commission:

3. Approve incorporating the rule amendments adopted as attachments A1 through A4 with corrections and the rule implementation directive to LRAPA described in attachment B into the Oregon Clean Air Act State Implementation Plan under OAR 340-200-0040 (the “SIP revision”).
4. Direct DEQ to submit the SIP revision to the U.S. Environmental Protection Agency for approval.