Portland General Electric Company
121 SW Salmon Street • Portland, Oregon 97204

August 28, 2014
ES-169-2014

Oregon Department of Environmental Quality
Attn: Jill Inahara
811 SW 6th Avenue
Portland, Oregon 97204

Re: Comments on the Proposed Rulemaking for Air Quality Permitting, Heat Smart, and Gasoline Dispensing Facility Rule Changes

Dear Ms. Inahara:

Portland General Electric Company (PGE) is submitting the following comments on the proposed Oregon Department of Environmental Quality (DEQ) rulemaking to revise air quality permitting, Heat Smart, and gasoline dispensing facility rules.

1) PGE supports the comments submitted by Associated Oregon Industries (AOI).

2) DEQ should revise the Oregon Administrative Rules (OAR) in accordance with the U.S. Supreme Court ruling on June 23, 2014 which invalidated portions of the greenhouse gas (GHG) Tailoring Rule. Sources subject to federal PSD and Title V permitting are no longer required to obtain a PSD permit for a new source or modification solely due to GHG emissions, or to obtain a Title V permit solely for GHG emissions.

3) PGE does not support the proposed changes in definitions for distillate oil, kerosene, or gasoline fuel burning equipment in OAR 340-0200-0020(23)(c) or natural gas or propane burning equipment in OAR 340-0200-0020(23)(d), with the exception of changing the 'and' to 'or' in the list of fuels for both definitions. Small emission units should continue to be exempt from permitting due to the level of effort required for sources to track operational data for these units relative to the magnitude of the emissions from those units. Units which are below the current thresholds are often natural gas space heaters, small oil heaters, or portable and temporary units such as pressure washers. The proposed definitions do not exclude temporary and rented units which, should a source be near the de minimis emission rate, could change the aggregate emissions and therefore permitting applicability. The proposed change in small unit insignificance will require all sites in Oregon, including those without an air permit currently, to verify equipment capacities and calculate emissions. PGE does not operate a significant amount of space heaters at our power plant facilities, but as a result of this proposed change, would have to review and document the use of space heaters at all of our service centers and warehouses. At a minimum, this would be a significant documentation exercise and could result in permitting of sources which do not warrant air permitting.

In addition, it would be extremely difficult to provide documentation of whether these types of units were in operation during the baseline period. Addition of new units to a facility's PSEL would require comparable adjustment to the baseline emission unit list.

4) PGE does not support the proposed change in the definition for emergency generators and pumps in OAR 340-0200-0020(23)(uu) to include emergency engines or pumps greater than 500 hp or with aggregate emissions greater than de minimis thresholds. The regulatory burden of such a change is disproportionate to the insignificant emissions associated with such units.

5) PGE supports AOI's position that the revisions to Division 224 and the New Source Review program pose too many potential issues and should be retained for a future rulemaking which allows for true public input. The changes to the definition of Major Modification, as written, are difficult to follow and are a large departure from the current method of assessing major modifications in Oregon. Assessing changes of PTE against netting basis, in addition to the change in PSEL against netting basis is a significant change in the stringency of Oregon's program. PGE requests the current definition of Major Modification in Division 200 be retained for this rulemaking. In addition, the proposed new sections in Division 224 for State NSR are unwieldy and duplicative. It is understood that DEQ is attempting to revise the State NSR program but it would be less confusing and more efficient for both programs – Major NSR and State NSR – to reference procedure sections of the rules, where appropriate. The proposed modeling requirements for State NSR sources are too costly and complex for sources not triggering the federal program where modeling and extensive analysis of impacts is warranted. PGE does not support the revisions proposed to create a complex and expensive minor NSR program in Oregon. Current regulations are adequate to protect air quality from degradation by industrial source emissions.

6) PGE appreciates that DEQ is proposing to specify the requirements for extension applications under OAR 340-224-0030. However, PGE believes this extension process is more stringent than current EPA guidance on extensions provided in the memorandum dated January 31, 2014. Per this guidance, redoing or reviewing the BACT analysis should not be necessary for the first extension request. The pollution control technologies are not advancing at a pace that a new technology will likely be available within the first 18-month period. Therefore, PGE respectfully requests that DEQ remove the BACT requirement for the first extension request. Moreover, since there is no air quality analysis, PGE requests that DEQ change the payment requirement to simple technical permit modification fee for the first extension request.

7) PGE has concerns with the proposed language in OAR 340-224-0030(4) which would require halting construction until a revised permit is issued for any changes to an approved project. The proposed rules state that the permittee must halt construction after it has received a construction permit, should something about the project change, and construction could not commence again until a new/revised permit is issued. Because permit applications and air quality analyses are often performed well in advance of exact equipment specifications and purchase, and because site conditions can also dictate changes in final design parameters, minor changes to a construction project can be expected. It is impractical to halt construction for all minor changes. PGE does understand that if significant changes are made to a project, a revised air quality analysis and/or permit may be necessary.

8) PGE proposes an edit to OAR 340-224-0070(1)(a)(A)(i) to state: "The analysis must include continuous air quality monitoring data for any regulated pollutant *subject to this rule* that may be emitted by the source, except for volatile organic compounds." As currently proposed, this requirement could apply to monitoring of pollutants not subject to PSD but emitted by the source.

9) In agreement with AOI, PGE objects to DEQ's proposal to treat the Columbia River Gorge National Scenic Area (Scenic Area) as a federal Class I area by requiring (for the first time) sources to assess potential visibility and deposition impacts on the Scenic Area in OAR 340-225-0070(4)(b) and (7). The Scenic Area is not a Class I area with pristine air quality and is not managed as such. If the proposed language is finalized, sources will be required to complete, at significant expense, a Class I-style evaluation of impacts to the Scenic Area knowing that DEQ could deny the air permit upon a finding of "significant impairment." Appropriate standards against which to assess project visibility and deposition impacts are not available in the FLAG guidance for non-Class I areas such as the Scenic Area. The current requirement to perform these analyses on a voluntary basis is sufficient to ensure the public is aware of potential impacts from proposed projects in the region of influence and where the appropriateness of the Class I criteria can be discussed.

PGE appreciates the opportunity to provide comment on the rulemaking.

Respectfully,

p.p. Cara Lhamon

Ray Hendricks
Portland General Electric Company