**State New Source Review**

**340-224-0245**

**Requirements for Sources in Sustainment Areas**

Within a designated sustainment area, a source subject to State NSR under OAR 340-224-0010 must meet the following requirements for each sustainment pollutant:

(1) Air Quality Protection:

(a) Air Quality Analysis: The owner or operator must comply with OAR 340-225-0050(1) and (2) and OAR 340-225-0060 for each regulated pollutant for which emissions will exceed the netting basis by the SER or more due to the proposed source or modification. For increases of direct PM2.5 or PM2.5 precursors equal to or greater than the SER, the owner or operator must provide an analysis of PM2.5 air quality impacts based on all increases of direct PM2.5 and PM2.5 precursors; or

(b) Net Air Quality Benefit: The owner or operator must demonstrate net air quality benefit under OAR 340-224-0510 and 340-224-0520 for ozone areas and OAR 340-224-0510 and 340-224-0530(4) and (5) for non-ozone areas, whichever is applicable.

(2) If the owner or operator complied with subsection (1)(b) and the increase in emissions is the result of a major modification, then the owner or operator must apply BACT under OAR 340-224-0070(2).

(3) The owner or operator of the source must comply with OAR 340-225-0050(4) and 340-225-0070 if the source has emissions that are equal to or greater than:

(a) 100 tons per year if in a source category listed in OAR 340-200-0020(66)(e); or

(b) 250 tons per year if not in a source category listed in OAR 340-200-0020(66)(e).

(4) The owner or operator must demonstrate that it will not cause or contribute to a new violation of an ambient air quality standard or PSD increment even if the single source impact is less than the significant impact level under OAR 340-225-0050(1).

(5) Sources Impacting Other Designated Areas: The owner or operator of any source that will have a significant impact on air quality in a designated area other than the one the source is locating in must also meet the following requirements for demonstrating net air quality benefit, as applicable:

(a) The owner or operator of any source that emits an ozone precursor (VOC or NOx) at or above the SER is considered to have a significant impact if located within 100 kilometers of a designated ozone area, and must also meet the requirements for demonstrating net air quality benefit under OAR 340-224-0510 and 340-224-0520 for ozone designated areas.

(b) The owner or operator of any source that emits any criteria pollutant, other than NOx as an ozone precursor, at or above the SER and has a significant impact greater than the Class II SIL on another designated area must also meet the requirements for demonstrating net air quality benefit under OAR 340-224-0510 and OAR 340-224-0540 for designated areas other than ozone designated areas.

**NOTE**: This rule is included in the State of Oregon Clean Air Act Implementation Plan as adopted by the EQC under OAR 340-200-0040.

Stat. Auth.: ORS 468.020
Stats. Implemented: ORS 468A.025

**340-224-0250**

**Requirements for Sources in Nonattainment Areas**

Within a designated nonattainment area, a source subject to State NSR under OAR 340-224-0010 must meet the following requirements for each nonattainment pollutant:

 (1) If the increase in emissions is the result of a major modification, the owner or operator must apply BACT under OAR 340-224-0070(2).

(2) Air Quality Protection:

(a) Air Quality Analysis: An air quality analysis is not required except that the owner or operator of the source must comply with OAR 340-225-0050(4) and 340-225-0070 if the source has emissions that are equal to or greater than:

(A) 100 tons per year if in a source category listed in OAR 340-200-0020(66)(e); or

(B) 250 tons per year if not in a source category listed in OAR 340-200-0020(66)(e).

(b) Net Air Quality Benefit: The owner or operator of the source must meet the requirements of paragraph (A), (B), or (C), as applicable:

(A) For ozone nonattainment areas, OAR 340-224-0510 and 340-224-0520;

(B) For federal major sources located in non-ozone nonattainment areas, OAR 340-224-0510 and 340-224-0530(2) and (5);

(C) For sources located in non-ozone nonattainment areas that are not federal major sources, OAR 340-224-0510 and 340-224-0530(3) and (5).

(3) Sources Impacting Other Designated Areas: The owner or operator of any source that will have a significant impact on air quality in a designated area other than the one the source is locating in must also meet the following requirements for demonstrating net air quality benefit, as applicable:

(a) The owner or operator of any source that emits an ozone precursor (VOC or NOx) at or above the SER is considered to have a significant impact if located within 100 kilometers of a designated ozone area, and must also meet the requirements for demonstrating net air quality benefit under OAR 340-224-0510 and 340-224-0520 for ozone designated areas.

(b) The owner or operator of any source that emits any criteria pollutant, other than NOx as an ozone precursor, at or above the SER and has a significant impact greater than the Class II SIL on another designated area must also meet the requirements for demonstrating net air quality benefit under OAR 340-224-0510 and OAR 340-224-0540 for designated areas other than ozone designated areas.

**NOTE**: This rule is included in the State of Oregon Clean Air Act Implementation Plan as adopted by the EQC under OAR 340-200-0040.

Stat. Auth.: ORS 468.020
Stats. Implemented: ORS 468A.025

**340-224-0255**

**Requirements for Sources in Reattainment Areas**

Within a designated reattainment area, a source subject to State NSR under OAR 340-224-0010 must comply with the requirements in OAR 340-224-0260 for each reattainment pollutant, except that OAR 340-224-0260(2)(b)(C) and (5) are not applicable unless DEQ has approved a contingency plan for the reattainment area.

**NOTE**: This rule is included in the State of Oregon Clean Air Act Implementation Plan as adopted by the EQC under OAR 340-200-0040.

Stat. Auth.: ORS 468.020
Stats. Implemented: ORS 468A.025

**340-224-0260**

**Requirements for Sources in Maintenance Areas**

Within a designated maintenance area, a source subject to State NSR under OAR 340-224-0010 must meet the following requirements for each maintenance pollutant:

(1) If the increase in emissions is the result of a major modification, the owner or operator of the source must apply BACT under OAR 340-224-0070(2), except for a PM10 source in the Medford/Ashland AQMA where the owner or operator of the source must apply LAER under OAR 340-224-0050(1).

(2) Air Quality Protection: The owner or operator of the source must satisfy the requirements of either subsection (a), (c), and (d) or of subsections (b), (c) and (d):

(a) Air Quality Analysis: The owner or operator of the source must comply with OAR 340-225-0050(1) and (2) and 340-225-0060 for each regulated pollutant for which emissions will exceed the netting basis by the SER or more due to the proposed source or modification. For emissions increases of direct PM2.5 or PM2.5 precursors equal to or greater than the SER, the owner or operator must provide an analysis of PM2.5 air quality impacts based on all increases of direct PM2.5 and PM2.5 precursors.

(b) Net Air Quality Benefit: The owner or operator of the source must satisfy one of the following requirements:

(A) Demonstrate net air quality benefit under OAR 340-224-0510 and 340-224-0520 for ozone maintenance areas or OAR 340-224-0510 and 340-224-0530(3) and (5) for non-ozone maintenance areas, whichever is applicable;

(B) Comply with the limits in OAR 340-202-0225 by performing the analysis specified in OAR 340-225-0045; or

(C) Obtain an allocation from a growth allowance. The requirements of this section may be met in whole or in part in an ozone or carbon monoxide maintenance area with an allocation by DEQ from a growth allowance, if available, under the applicable maintenance plan in the SIP adopted by the EQC and approved by EPA. Procedures for allocating the growth allowances for the Oregon portion of the Portland-Vancouver Interstate Maintenance Area for Ozone and the Portland Maintenance Area for Carbon Monoxide are contained in OAR 340-242-0430 and 340-242-0440.

(c) The owner or operator of the source must comply with OAR 340-225-0050(4) and 340-225-0070 if the source has emissions that are equal to or greater than:

(A) 100 tons per year if in a source category listed in OAR 340-200-0020(66)(e); or

(B) 250 tons per year if not in a source category listed in OAR 340-200-0020(66)(e).

(d) The owner or operator of the source must demonstrate that it will not cause or contribute to a new violation of an ambient air quality standard or PSD increment even if the single source impact is less than the significant impact level under OAR 340-225-0050(1).

(3) Sources Impacting Other Designated Areas: The owner or operator of any source that will have a significant impact on air quality in a designated area other than the one the source is locating in must also meet the following requirements for demonstrating net air quality benefit, as applicable:

(a) The owner or operator of any source that emits an ozone precursor (VOC or NOx) at or above the SER is considered to have a significant impact if located within 100 kilometers of a designated ozone area, and must also meet the requirements for demonstrating net air quality benefit under OAR 340-224-0510 and 340-224-0520 for ozone designated areas.

(b) The owner or operator of any source that emits any criteria pollutant, other than NOx as an ozone precursor, at or above the SER and has a significant impact greater than the Class II SIL on another designated area must also meet the requirements for demonstrating net air quality benefit under OAR 340-224-0510 and OAR 340-224-0540 for designated areas other than ozone designated areas.

(4) Contingency Plan Requirements. If the contingency plan in an applicable maintenance plan is implemented due to a violation of an ambient air quality standard, this section applies in addition to other requirements of this rule until the EQC adopts a revised maintenance plan and EPA approves it as a SIP revision.

(a) The source must comply with the LAER requirement in OAR 340-224-0050(1) in lieu of the BACT requirement in section (1); and

(b) The owner or operator must comply with paragraph (2)(b)(A).

(5) Medford-Ashland AQMA: Proposed major sources and major modifications that would emit PM10 within the Medford-Ashland AQMA must meet the LAER emission control technology requirements in OAR 340-224-0050(1).

**NOTE**: This rule is included in the State of Oregon Clean Air Act Implementation Plan as adopted by the EQC under OAR 340-200-0040.

Stat. Auth.: ORS 468.020
Stats. Implemented: ORS 468A.025

**340-224-0270**

**Requirement for Sources in Attainment and Unclassified Areas**

Within a designated attainment or unclassified area, a source subject to State NSR under OAR 340-224-0010 must meet the following requirements for each attainment pollutant:

(1) Air Quality Protection:

(a) Air Quality Analysis: The owner or operator of the source must comply with OAR 340-225-0050(1) and (2) and 340-225-0060 for each regulated pollutant for which emissions will exceed the netting basis by the SER or more due to the proposed source or modification.

(b) For increases of direct PM2.5 or PM2.5 precursors equal to or greater than the SER, the owner or operator of the source must provide an analysis of PM2.5 air quality impacts based on all increases of direct PM2.5 and PM2.5 precursors.

(c) The owner or operator of the source must comply with OAR 340-225-0050(4) and 340-225-0070 if the source has emissions that are equal to or greater than:

(A) 100 tons per year if in a source category listed in OAR 340-200-0020(66)(e); or

(B) 250 tons per year if not in a source category listed in OAR 340-200-0020(66)(e).

(d) The owner or operator of the source must demonstrate that it will not cause or contribute to a new violation of an ambient air quality standard or PSD increment even if the single source impact is less than the significant impact level under OAR 340-225-0050(1).

(2) Sources Impacting Other Designated Areas: The owner or operator of any source that will have a significant impact on air quality in a designated area other than the one the source is locating in must also meet the following requirements for demonstrating net air quality benefit, as applicable:

(a) The owner or operator of any source that emits an ozone precursor (VOC or NOx) at or above the SER is considered to have a significant impact if located within 100 kilometers of a designated ozone area, and must also meet the requirements for demonstrating net air quality benefit under OAR 340-224-0510 and 340-224-0520 for ozone designated areas.

(b) The owner or operator of any source that emits any criteria pollutant, other than NOx as an ozone precursor, at or above the SER and has a significant impact greater than the Class II SIL on another designated area must also meet the requirements for demonstrating net air quality benefit under OAR 340-224-0510 and OAR 340-224-0540 for designated areas other than ozone designated areas.

**NOTE**: This rule is included in the State of Oregon Clean Air Act Implementation Plan as adopted by the EQC under OAR 340-200-0040.

Stat. Auth.: ORS 468.020
Stats. Implemented: ORS 468A.025

**Net Air Quality Benefit Emission Offsets**

**OAR 340-224-0500**

**Net Air Quality Benefit for Sources Locating Within or Impacting Designated Areas**

OAR 340-224-0510 through 340-224-0540 are the requirements for demonstrating net air quality benefit using offsets.

**NOTE:** This rule is included in the State of Oregon Clean Air Act Implementation Plan as adopted by the EQC under OAR 340-020-0040.

Stat. Auth.: ORS 468.020
Stats. Implemented: ORS 468A.025

**340-224-0510**

**Common Offset Requirements**

The purpose of these rules is to demonstrate reasonable further progress toward achieving or maintaining the ambient air quality standards for sources locating within or impacting designated areas. A source may make such demonstration by providing emission offsets to balance the level of projected emissions by the source at the applicable ratios described in this division.

(1) Unless otherwise specified in the rules, offsets required under this rule must meet the requirements of OAR 340 division 268, Emission Reduction Credits, and, when applicable, of OAR 340-240-0550, Requirements for New Sources When Using Residential Wood Fuel-Fired Device Offsets.

(2) Except as provided in section (3), the emission reductions used as offsets must be of the same type of regulated pollutant as the emissions from the new source or modification. Sources of PM10 must be offset with particulate in the same size range.

(3) For PM2.5; inter-pollutant offsets are allowed at the following ratios:

(a) 1 ton of direct PM2.5 may be used to offset 40 tons of SO2;

(b) 1 ton of direct PM2.5 may be used to offset 100 tons of NOx;

(c) 40 tons of SO2 may be used to offset 1 ton of direct PM2.5;

(d) 100 tons of NOx may be used to offset 1 ton of direct PM2.5.

(4) Emission reductions used as offsets must be equivalent to the emissions being offset in terms of short term, seasonal, and yearly time periods to mitigate the effects of the proposed emissions.

(5) If the complete permit application or permit that is issued based on that application is amended due to changes to the proposed project, the owner or operator may continue to use the original offsets and any additional offsets that may become necessary for the project provided that the changes to the project do not result in a change to the two digit Standard Industrial Classification (SIC) code associated with the source and that the offsets will continue to satisfy the offset criteria.

**NOTE:** This rule, except section (3), is included in the State of Oregon Clean Air Act Implementation Plan as adopted by the EQC under OAR 340-020-0040.

Stat. Auth.: ORS 468.020
Stats. Implemented: ORS 468A.025

**OAR 340-224-0520**

**Requirements for Demonstrating Net Air Quality Benefit for Ozone Areas**

When directed by the Major and State NSR rules, the owner or operator must comply with this rule. (1) Offsets for VOC and NOx are required if the source will be located within an ozone designated area or closer to the nearest boundary of an ozone designated area than the ozone impact distance as defined in section (2).

(2) Ozone impact distance is the distance in kilometers from the nearest boundary of an ozone designated area within which a source of VOC or NOx is considered to significantly affect that designated area. The determination of significance is made by either the formula method or the demonstration method.

(a) The Formula Method.

(A) For sources with complete permit applications submitted before January 1, 2003: D = 30 km

(B) For sources with complete permit applications submitted on or after January 1, 2003: D = (Q/40) x 30 km

(C) D is the ozone impact distance in kilometers. The value for D is 100 kilometers when D is calculated to exceed 100 kilometers. Q is the larger of the NOx or VOC emissions increase above the netting basis from the source being evaluated in tons per year.

(D) If a source is located closer than D from the nearest ozone designated area boundary, the source must obtain offsets under sections (3) and (4). If the source is located at a distance equal to or greater than D from the nearest ozone designated area boundary then the source is not required to obtain offsets.

(b) The Demonstration Method. An applicant may demonstrate to DEQ that the source or proposed source would not have a material effect on an ozone designated area other than attainment or unclassified areas. This demonstration may be based on an analysis of major topographic features, dispersion modeling, meteorological conditions, or other factors. If DEQ determines that the source or proposed source would not have a material effect on the designated area under high ozone conditions, the ozone impact distance is zero kilometers.

(3) The required ratio of offsetting emissions reductions from other sources (offsets) to the emissions increase from the proposed source or modification (emissions) and the location of sources that may provide offsets is as follows:

(a) For new or modified sources locating within an ozone nonattainment area, the offset ratio is 1.1:1(offsets:emissions). These offsets must come from sources within either the same designated area as the new or modified source or from sources in another ozone nonattainment area with equal or higher nonattainment classification that contributes to a violation of the ozone ambient air quality standards in the same ozone designated area as the new or modified source.

(b) For new or modified sources locating within an ozone maintenance area, the offset ratio is 1.1:1(offsets:emissions). These offsets may come from sources within either the maintenance area or from a source that is closer to the nearest maintenance area boundary than that source’s ozone impact distance.

(c) For new or modified sources locating outside the designated area not including attainment or unclassified areas, but closer than the ozone impact distance of the nearest boundary of the designated area, the offset ratio is 1:1. These offsets may come from within either the designated area or from a source that is closer to the nearest maintenance area boundary than that source’s ozone impact distance.

(4) The amount of required offsets and the amount of provided offsets from contributing sources varies based on whether the proposed source or modification and the sources contributing offsets are located outside the ozone designated area other than attainment or unclassified areas. The required offsets and the provided offsets are calculated using either the formula method or the demonstration method, as follows, except that sources located inside an ozone nonattainment area must use the formula method.

(a) The Formula Method.

(A) Required offsets (RO) for new or modified sources are determined as follows:

(i) For sources with complete permit applications submitted before January 1, 2003: RO = SQ; and

(ii) For sources with complete permit applications submitted on or after January 1, 2003: RO = (SQ minus (SD multiplied by 40/30))

(B) Contributing sources may provide offsets (PO) calculated as follows: PO = CQ minus (CD multiplied by 40/30)

(C) Multiple sources may contribute to the required offsets of a new source. For the formula method to be satisfied, total provided offsets (PO) must equal or exceed required offsets (RO) by the ratio described in section (3).

(D) Definitions of factors used in paragraphs (A) (B) and (C):

(i) RO is the required offset of NOx or VOC in tons per year as a result of the source emissions increase. If RO is calculated to be negative, RO is set to zero.

(ii) SQ (source quantity) is the source’s emissions increase of NOx or VOC in tons per year above the netting basis.

(iii) SD is the source distance in kilometers to the nearest boundary of the designated area except attainment or unclassified areas. SD is zero for sources located within the designated area except attainment or unclassified areas.

(iv) PO is the provided offset from a contributing source and must be equal to or greater than zero;

(v) CQ (contributing quantity) is the contributing source’s emissions reduction in tons per year calculated as the contemporaneous pre-reduction actual emissions less the post-reduction allowable emissions from the contributing source (as provided in OAR 340-268-0030(1)(b)).

(vi) CD is the contributing source’s distance in kilometers from the nearest boundary of the designated area except attainment or unclassified areas. For a contributing source located within the designated area except attainment or unclassified areas, CD equals zero.

(b) The Demonstration Method. An applicant may demonstrate to DEQ using dispersion modeling or other analyses the level and location of offsets that would be sufficient to provide actual reductions in concentrations of VOC or NOx in the designated area during high ozone conditions as the ratio described in section (3). The modeled reductions of ambient VOC or NOx concentrations resulting from the emissions offset must be demonstrated over a greater area and over a greater period of time within the designated area as compared to the modeled ambient VOC or NOx concentrations resulting from the emissions increase from the source subject to this rule. If DEQ determines that the demonstration is acceptable, then DEQ will approve the offsets proposed by the applicant.

(c) Offsets obtained for a previous PSEL increase that did not involve resetting the netting basis can be credited toward offsets currently required for a PSEL increase.

(5) In lieu of obtaining offsets, the owner or operator may obtain an allocation at the rate of 1:1 from a growth allowance, if available, in an applicable maintenance plan.

[ED. NOTE: This rule was moved verbatim from OAR 340-225-0010(10) and (11) and OAR 340-225-0090(1) and amended in redline/strikeout. See history under OAR 340-225-0010 and 340-225-0090.]

**NOTE:** This rule is included in the State of Oregon Clean Air Act Implementation Plan as adopted by the EQC under OAR 340-020-0040.

Stat. Auth.: ORS 468.020
Stats. Implemented: ORS 468A.025

**OAR 340-224-0530**

**Requirements for Demonstrating Net Air Quality Benefit for Non-Ozone Areas**

(1) When directed by the Major and State NSR rules, the owner or operator of the source must comply with sections (2) through (5), as applicable. For purposes of this rule, priority sources are sources identified in OAR 340-204-0320 for the designated area.

(2) The ratio of offsets compared to the source’s potential emissions increase is 1.2:1. If the offsets include offsets from priority sources, the ratio will be decreased by the offsets obtained from priority sources as a percentage of the source’s potential emissions increase. For example, if the owner or operator obtains offsets from priority sources equal to 10% of its potential emissions increase, then the offset ratio is reduced by 0.10, to 1.1:1. In no event, however, will the offset ratio be less than 1.0:1, even if more than 20% of offsets are from priority sources.

(3) The ratio of offsets compared to the source’s potential emissions increase is 1.0:1. If the offsets include offsets from priority sources, the ratio will be decreased by the offsets obtained from priority sources as a percentage of the source’s potential emissions increase. For example, if the owner or operator obtains offsets from priority sources equal to 20% of its potential emissions increase, then the offset ratio is reduced by 0.2, to 0.8:1. In no event, however, will the offset ratio be less than 0.5:1, even if more than 50% of offsets are from priority sources.

(4) The ratio of offsets compared to the source’s potential emissions increase is 0.1:1. If the offsets include offsets from priority sources, the ratio will be decreased by the offsets obtained from priority sources as a percentage of the source’s potential emissions increase. For example, if the owner or operator obtains offsets from priority sources equal to 2% of its potential emissions increase, then the offset ratio is reduced by 0.02, to 0.08:1. In no event, however, will the offset ratio be less than 0.05:1, even if more than 5% of offsets are from priority sources.

(5) Except as provided in section (6), the owner or operator must conduct an air quality analysis in compliance with OAR 340-225-0030 and 340-225-0040, of the total impacts from the proposed new emissions and offsets that demonstrates either:

(a) The impacts from the emission increases above the source’s netting basis are less than the Class II SIL at all receptors within the designated area; or

(b)(A) The impacts from the emission increases above the source’s netting basis are less than the Class II SIL at an average of receptors within an area as designated by DEQ representing a neighborhood scale, as specified in 40 CFR Part 58, Appendix D, a reasonably homogeneous urban area with dimensions of a few kilometers that represent air quality where people commonly live and work in a representative neighborhood, centered on the DEQ approved ambient monitoring sites; and

(B) The impacts of the emission increases above the source’s netting basis, plus the impacts of emission increases or decreases since the date of the current area designation of all other sources within the designated area or having a significant impact on the designated area are less than 10 percent of the AAQS at all receptors within the designated area, determined as follows:

(i) Subtract the offsets from priority sources from the new or modified source’s emission increase;

(ii) If the source’s emissions are not offset 100 percent by priority sources, conduct dispersion modeling of the source’s remaining emission increases after subtracting the priority source offsets specified in subparagraph (i); and the emission increases or decreases from all other sources since the date the area was designated, including offsets used for the proposed project, but excluding offsets from priority sources; and

(iii) If the source’s emissions are offset 100 percent by priority sources, no further analysis is required.

(6) Small scale local energy projects and any infrastructure related to that project located in the same area are not subject to the requirements in section (5) provided that the proposed source or modification would not cause or contribute to a violation of an ambient air quality standard or otherwise pose a material threat to compliance with air quality standards in a nonattainment area.

**NOTE:** This rule is included in the State of Oregon Clean Air Act Implementation Plan as adopted by the EQC under OAR 340-020-0040.

Stat. Auth.: ORS 468.020
Stats. Implemented: ORS 468A.025

**OAR 340-224-0540**

**Sources in a Designated Area Impacting Other Designated Areas**

(1) When directed by the Major and State NSR rules, the owner or operator of a source locating outside, but impacting any designated area other than an attainment or unclassified area must:

(a) Obtain offsets sufficient to reduce impacts to less than the Class II SIL at all receptors within the designated area as demonstrated using an air quality analysis under OAR 340 division 225; or

(b) Obtain offsets in accordance with OAR 340-224-0510 and 340-224-0530(3), provided the offsets are demonstrated to have a significant impact on the designated area.

(2) When directed by the Major and State NSR rules, sources locating outside, but impacting any attainment and unclassified areas must comply with OAR 340-225-0050(1) and (2) for each regulated pollutant for which emissions will exceed the netting basis by the SER or more due to the proposed source or modification.

**NOTE:** This rule is included in the State of Oregon Clean Air Act Implementation Plan as adopted by the EQC under OAR 340-020-0040.

Stat. Auth.: ORS 468.020
Stats. Implemented: ORS 468A.025