**DIVISION 224**

**NEW SOURCE REVIEW**

**340-224-0010**

**Applicability and General Prohibitions**

(1) The owner or operator of one of the following sources must comply with the Major New Source Review requirements of this rule and OAR 340-224-0025 through 340-224-0070 prior to construction or operation:

(a) A new federal major source;

(b) A major modification at an existing federal major source; or

(c) An existing source that will become a federal major source because its potential to emit a regulated pollutant is increased to the federal major source level or more.

(2) The owner or operator of a source that is not subject to Major NSR under section (1) and that is one of the following sources must comply with the State New Source Review requirements of this rule and OAR 340-224-0210 through 340-224-0270 prior to construction or operation:

(a) A new major source that has emissions of a regulated pollutant equal to or greater than any SER and is not a federal major source;

(b) An existing major source with an increase in a regulated pollutant PSEL equal to or greater than any SER and is not a federal major source; or

(c) A federal major source with an increase ina regulated pollutant PSEL equal to or greater than any SER that is not the result of a major modification.

(3) The requirements of this division apply on a pollutant by pollutant basis, according to the designation of the area where the source is or will be located. Where this division requires the owner or operator of a source to conduct analysis under or comply with a rule in OAR 340 division 225, the owner or operator must complete such work in compliance with OAR 340-225-0030 and 340-225-0040.(4) Owners and operators of all sources may be subject to other DEQ rules, including, but not limited to, Notice of Construction and Approval of Plans (OAR 340-210-0205 through 340-210-0250), ACDPs (OAR 340 division 216), Title V permits (OAR 340 division 218), Highest and Best Practicable Treatment and Control (OAR 340-226-0100 through 340-226-0140), Emission Standards for Hazardous Air Contaminants (OAR 340 division 244), and Standards of Performance for New Stationary Sources (OAR 340 division 238), as applicable.

(5) An owner or operator of a source that meets the applicability criteria of sections (1) or (2) may not begin construction, construct or operate the source without complying with the requirements of this division and an air contaminant discharge permit (ACDP) issued by DEQ authorizing such construction and operation.

(6) The pollutant GHG is subject to regulation at a source that commences construction after May 1, 2001 if:

(a) The source is a new federal major source for a regulated pollutant that is not GHG, and also emits, will emit or will have the potential to emit 75,000 tons per year CO2e or more; or

(b) The source is or becomes a federal major source subject to OAR 340-224-0070 as a result of a major modification for a regulated pollutant that is not GHG, and will have an emissions increase of 75,000 tons per year CO2e or more over the netting basis.

(7) In addition to the provisions in section (6), the pollutant GHG must also be subject to regulation at a source that commences construction after July 1, 2011 and is:

(a) A new federal major source; or

(b) An existing source that is or becomes a federal major source when such source undertakes a major modification.

(8) Subject to the requirements in this division, LRAPA is designated by the EQC as the permitting agency to implement the Major New Source Review and State New Source Review program within its area of jurisdiction. LRAPA's program is subject to DEQ oversight. The requirements and procedures contained in this division pertaining to the Major New Source Review and State New Source Review program must be used by LRAPA to implement its permitting program until LRAPA adopts superseding rules which are at least as strict as state rules.

**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
Hist.: DEQ 25-1981, f. & ef. 9-8-81; DEQ 4-1993, f. & cert. ef. 3-10-93; DEQ 12-1993, f. & cert. ef. 9-24-93, Renumbered from 340-020-0220; DEQ 19-1993, f. & cert. ef. 11-4-93; DEQ 26-1996, f. & cert. ef. 11-26-96; DEQ 14-1999, f. & cert. ef. 10-14-99, Renumbered from 340-028-1900; DEQ 6-2001, f. 6-18-01, cert. ef. 7-1-01; DEQ 1-2004, f. & cert. ef. 4-14-04; DEQ 10-2010(Temp), f. 8-31-10, cert. ef. 9-1-10 thru 2-28-11; Administrative correction, 3-29-11; DEQ 5-2011, f. 4-29-11, cert. ef. 5-1-11

**340-224-0020**

**Definitions**

The definitions in OAR 340-200-0020, 340-204-0010 and this rule apply to this division. If the same term is defined in this rule and OAR 340-200-0020 or 340-204-0010, the definition in this rule applies to this division.

**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
Hist.: DEQ 14-1999, f. & cert. ef. 10-14-99

**Major New Source Review**

**340-224-0025**

**Major Modification**

(1) Except as provided in section (5), "major modification" means any physical change or change in the method of operation of a sourcethat results in emissions described in section (2) or (3) for any regulated pollutant subject to Major New Source Review since the later of:

(a) The baseline period for all regulated pollutants except PM2.5;

(b) May 1, 2011 for PM2.5; or

(c) The most recent Major New Source Review action for that regulated pollutant.

(2)(a)(A) A PSEL or actual emissions that exceed the netting basis by an amount that is equal to or greater than the SER; and

(B) The accumulation of emission increases due to physical changes or changes in the method of operationsince the later of the dates in subsections (1)(a) through (1)(c) that is equal to or greater than the SER. For purposes of this paragraph, emission increases shall be calculated as follows: For each unit with a physical change or change in the method of operation occurring at the source since the later of the dates in subsections (1)(a) through (1)(c) as applicable for each pollutant, subtract the unit’s portion of the netting basis from its post-change potential to emit taking into consideration any federally enforceable limits on potential to emit. Emissions from categorically insignificant activities, aggregate insignificant emissions, and fugitive emissions must be included in the calculations.

(b) For purposes of this section:

(A) Emission increases due solely to increased use of equipment or facilities that existed or were permitted or approved to construct in accordance with OAR 340 division 210 during the applicable baseline period are not included, except if the increased use is to support a physical change or change in the method of operation.

(B) If a portion of the netting basis or PSEL or both was set based on PTE because the source had not begun normal operations but was permitted or approved to construct and operate, that portion of the netting basis or PSEL or both must be excluded until the netting basis is reset as specified in OAR 340-222-0046(3)(d) and 340-222-0051(3).

(3) Any change at a source, including production increases, that would result in a PSEL increase of 1 ton or more for any regulated pollutant for which the source is a federal major source, if the source obtained permits to construct and operate after the applicable baseline period but has not undergone New Source Review.

(a) This section does not apply to PM2.5 and greenhouse gases.

(b) Changes to the PSEL solely due to the availability of more accurate and reliable emissions information are exempt from being considered an increase under this section.

(4) Major modifications for ozone precursors or PM2.5 precursors also constitute major modifications for ozone and PM2.5, respectively.

 (5) The following are not major modifications:

(a) Except as provided in section (3), increases in hours of operation or production rates that would cause emission increases above the levels allowed in a permit but would not involve a physical change or change in method of operation of the source.

(b) Routine maintenance, repair, and replacement of components.

(c) Temporary equipment installed for maintenance of the permanent equipment if the temporary equipment is in place for less than six months and operated within the permanent equipment's existing PSEL.

(d) Use of alternate fuel or raw materials that were available during, and that the source would have been capable of accommodating in, the baseline period.

(6) When more accurate or reliable emissions information becomes available, a recalculation of the PSEL, netting basis, and increases/decreases in emissions must be performed to determine whether a major modification has occurred.

[ED. NOTE: This rule was moved verbatim from OAR 340-200-0020(71) and amended in redline/strikeout. See history under OAR 340-200-0020.]

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, 468A.025, 468A.035, 468A.055 & 468A.070
Stats. Implemented: ORS 468A.025 & 468A.035

**340-224-0030**

**Major New Source Review Procedural Requirements**

(1) Information Required. The owner or operator of a source subject to Major NSR under OAR 340-224-0010 must submit an application and all information DEQ needs to perform any analysis or make any determination required under this division and OAR 340 division 225. The information must be in writing on forms supplied or approved by DEQ and include the information required to apply for a permit or permit modification under OAR 340 division 216 or 218, whichever is applicable.

(2) Application Processing:

(a) Notwithstanding the requirements of OAR 340-216-0040(11), within 30 days after receiving an ACDP permit application to construct, or any additional information or amendment to such application, DEQ will advise the applicant whether the application is complete or if there is any deficiency in the application or in the information submitted. For purposes of this section, an application is complete on the date on which DEQ received all required information;

(b) Upon determining that an application is complete, DEQ will undertake the public participation procedures in OAR 340 division 209 for a Category IV permit action; and

(c) , DEQ will make a final determination on the application within twelve months after receiving a complete application.

 3) An ACDP that approves construction must require construction to commence within 18 months of issuance. Construction approval terminates and is invalid if construction is not commenced within 18 months after DEQ issues such approval, or by the deadline approved by DEQ in an extension under section (5). Construction approval also terminates and is invalid if construction is discontinued for a period of 18 months or more or if construction is not completed within 18 months of the construction completion date established in the ACDP. An ACDP may approve a phased construction project with separate construction approval dates for each subsequent phase and, for purposes of applying this section, the construction approval date for the second and subsequent phases will be treated as the construction approval issuance date;

(4) An owner or operator must obtain approval for a modification of the project according to the permit application requirements in OAR 340 division 216 and this division prior to initiating the modification. If construction has commenced, the owner or operator must temporarily halt construction until the permit modification is issued.

(5) DEQ may grant, for good cause, two 18-month construction approval extensions as follows:

(a) For the first extension, the owner or operator must submit an application to modify the permit that includes the following:

(A) A LAER or BACT analysis, as applicable, if any new control technologies have become commercially available since the applicant’s original LAER or BACT analysis for the original regulated pollutants subject to Major New Source Review; and

(B) Payment of the moderate technical permit modification fee in OAR 340-216-8010 Table 2 Part 3.

(b) For the second extension, the owner or operator must submit an application to modify the permit that includes the following for the original regulated pollutants subject to Major New Source Review:

(A) A review of the original LAER or BACT analysis for potentially lower limits and a review of any new control technologies that may have become commercially available since the applicant’s original LAER or BACT analysis;

(B) A review of the air quality analysis to address any of the following:

(i) All ambient air quality standards and PSD increments that were subject to review under the original application;

(ii) Any new competing sources or changes in ambient air quality since the original application was submitted;

(iii) Any new ambient air quality standards and PSD increments for the regulated pollutants that were subject to review under the original application; and

(iv) Any changes to EPA approved models that would affect modeling results since the original application was submitted, and

(C) Payment of the moderate technical permit modification fee plus the modeling review fee in OAR 340-216-8010 Table 2 Part 3.

 (d) If the owner or operator has not commenced construction and wants approval to construct after the termination of construction approval, the owner or operator must submit a new Major New Source Review application.

(e) If construction is commenced prior to the date that construction approval terminates, the permit can be renewed or the owner or operator may apply for a Title V permit as required in OAR 340-218-0190.

(f) To request a construction approval extension under subsection (a) or (b), the owner or operator must submit an application to modify the permit at least 30, but not more than 90, days prior to the end of the current construction approval period.

 (g) DEQ will make a proposed permit modification available using the public participation procedures in OAR 340 division 209 for a:

(i) Category II permit action for an extension that does not require an air quality analysis; or

(ii) Category III permit action for an extension that requires an air quality analysis.

(h) DEQ will grant a permit modification extending the construction approval for 18 months from the end of the first or second 18-month construction approval period, whichever is applicable, if:

(A) Based on the information required to be submitted under subsection (a) or (b), DEQ determines that the proposed source will continue to meet Major New Source Review requirements; and

(B) For a second extension, the area impacted by the source has not been redesignated subsequent to the permit issuance date from attainment to sustainment or nonattainment, or from sustainment to nonattainment.

(6) Approval to construct does not relieve any owner or operator of the responsibility to comply fully with applicable provisions of the SIP and any other requirements under local, state or federal law;

(7) Except as provided in section (8), approval to construct a source under an ACDP issued under OAR 340 division 216 authorizes construction and operation of the source, until the later of:

(a) One year from the date of initial startup of operation of the federal major source or major modification;SOURCE SUBJECT TO 0010(1) or

(b) If a timely and complete application for an Oregon Title V Operating Permit is submitted, the date of final action by DEQ on the Oregon Title V Operating Permit application.

(8) Where an existing Oregon Title V Operating Permit prohibits construction or a change in operation, the owner or operator must obtain a Title V permit revision before commencing construction, constructing or operating.

**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
Hist.: DEQ 25-1981, f. & ef. 9-8-81; DEQ 18-1984, f. & ef. 10-16-84; DEQ 13-1988, f. & cert. ef. 6-17-88; DEQ 4-1993, f. & cert. ef. 3-10-93; DEQ 12-1993, f. & cert. ef. 9-24-93; Renumbered from 340-020-0230; DEQ 19-1993, f. & cert. ef. 11-4-93; DEQ 24-1994, f. & cert. ef. 10-28-94; DEQ 22-1995, f. & cert. ef. 10-6-95; DEQ 26-1996, f. & cert. ef. 11-26-96; DEQ 14-1999, f. & cert. ef. 10-14-99, Renumbered from 340-028-1910; DEQ 6-2001, f. 6-18-01, cert. ef. 7-1-01; DEQ 1-2004, f.& cert. ef. 4-14-04

**340-224-0034**

**Exemptions**

Temporary emission sources that would be in operation at a site for less than two years, such as pilot plants and portable facilities, and emissions resulting from the construction phase of a SOURCE SUBJECT TO 0010(1)new federal major source or major modification at a federal major source must comply with only the control technology requirements of OAR 340-224-0050(1), 340-224-0060(1) or 340-224-0070(2), whichever is applicable, but are exempt from the remaining requirements of OAR 340-224-0050, 340-224-0060 and 340-224-0070 provided that the federal major source or major modification would not impact a Class I area or an area with a known violation of a ambient air quality standard or a PSD increment.

NOTE: This rule is included in the State of Oregon Clean Air Act Implementation Plan as adopted by the EQC under OAR 340-020-0047.

[ED. NOTE: This rule was moved verbatim from OAR 340-224-0080 and amended in redline/strikeout.]

Stat. Auth.: ORS 468 & 468A
Stats. Implemented: ORS 468 & 468A
Hist.: DEQ 25-1981, f. & ef. 9-8-81; DEQ 4-1993, f. & cert. ef. 3-10-93; DEQ 12-1993, f. & cert. ef. 9-24-93; Renumbered from 340-020-0250; DEQ 19-1993, f. & cert. ef. 11-4-93; DEQ 22-1995, f. & cert. ef. 10-6-95; DEQ 14-1999, f. & cert. ef. 10-14-99, Renumbered from 340-028-1950; DEQ 6-2001, f. 6-18-01, cert. ef. 7-1-01; DEQ 1-2004, f.& cert. ef. 4-14-04

**340-224-0038**

**Fugitive and Secondary Emissions**

Fugitive emissions are included in the calculation of emission rates of all air contaminants. Fugitive emissions are subject to the same control requirements and analyses required for emissions from identifiable stacks or vents. Secondary emissions are not included in calculations of potential emissions that are made to determine if a proposed source is a federal major source or if the modification is a major modification at a federal major source. Once a source is identified as being a federal major source or proposing a major modification at a federal major source, secondary emissions also become subject to the air quality impact analysis requirements in this division and OAR 340 division 225.

[ED. NOTE: This rule was moved verbatim from OAR 340-224-0100 and amended in redline/strikeout.]

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 & ORS 468A
Stats. Implemented: ORS 468 & ORS 468
Hist.: DEQ 25-1981, f. & ef. 9-8-81; DEQ 4-1993, f. & cert. ef. 3-10-93; DEQ 12-1993, f. & cert. ef. 9-24-93; Renumbered from 340-020-0270; DEQ 14-1999, f. & cert. ef. 10-14-99, Renumbered from 340-028-1990; DEQ 6-2001, f. 6-18-01, cert. ef. 7-1-01

**340-224-0040**

**Review of New Federal Major Sources and Major Modifications for Compliance With Regulations**

The owner or operator of a proposed federal major source or major modification at a federal major source must demonstrate the ability of the source to comply with all applicable air quality requirements.

**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
Hist.: DEQ 25-1981, f. & ef. 9-8-81; DEQ 4-1993, f. & cert. ef. 3-10-93; DEQ 12-1993, f. & cert. ef. 9-24-93; Renumbered from 340-020-0235; DEQ 26-1996, f. & cert. ef. 11-26-96; DEQ 14-1999, f. & cert. ef. 10-14-99, Renumbered from 340-028-1920; DEQ 6-2001, f. 6-18-01, cert. ef. 7-1-01

**340-224-0045**

**Requirements for Sources in Sustainment Areas**

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

(1) OAR 340-224-0070; and

(2) For the sustainment pollutant, demonstrate a net air quality benefit under OAR 340-224-0510 and 340-224-0520 for ozone sustainment areas or under OAR 340-224-0510 and 340-224-0530(4) for non-ozone sustainment areas, whichever is applicable, unless the source can demonstrate that the impacts are less than the significant impact levels at all receptors within the sustainment 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

**340-224-0050**

**Requirements for Sources in Nonattainment Areas**

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

(1) Lowest Achievable Emission Rate (LAER). The owner or operator of the source must apply LAER for each nonattainment pollutant and precursor emitted at or above the SER. LAER applies separately to the nonattainment pollutant or precursor if emitted at or above a SER over the netting basis.

(a) For a major modification, the requirement for LAER applies to the following:

(A) Each emissions unit that emits the nonattainment pollutant or precursor and is not included in the most recent netting basis established for that pollutant; and

(B) Each emissions unit that emits the nonattainment pollutant or precursor and is included in the most recent netting basis and contributed to the emissions increase calculated in OAR 340-224-0025(2)(a)(B) for the nonattainment pollutant or precursor.

(b) For phased construction projects, the LAER determination must be reviewed at the latest reasonable time before commencing construction of each independent phase.

(c) When determining LAER for a change that was made at a source before the current Major NSR application, DEQ will consider technical feasibility of retrofitting required controls provided:

(A) The physical change or change in the method of operation at a unit that contributed to the emissions increase calculated in OAR 340-224-0025(2)(a)(B) was made in compliance with Major NSR requirements in effect when the change was made; and

(B) No limit will be relaxed that was previously relied on to avoid Major NSR.

(d) Physical changes or changes in the method of operation to individual emissions units that contributed to the emissions increase calculated in OAR 340-224-0025(2)(a)(B) but that increased the potential to emit by less than 10 percent of the SER are exempt from this section unless:

(A) They are not constructed yet;

(B) They are part of a discrete, identifiable, larger project that was constructed within the previous 5 years and is equal to or greater than 10 percent of the SER; or

(C) They were constructed without, or in violation of, DEQ's approval.

(2) Air Quality Protection:

(a) Air Quality Analysis: The owner or operator of the source must comply with the air quality related values protection analysis under OAR 340-225-0070.

(b) Net Air Quality Benefit: The owner or operator of the source must demonstrate net air quality benefit using offsets under OAR 340-224-0510 and 340-224-0520 for ozone nonattainment areas or under OAR 340-224-0510 and 340-224-0530(2) and (5) for non-ozone nonattainment areas, whichever is applicable.

(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 an attainment or unclassified area and other than the one the source is locating in must also meet the requirements for demonstrating net air quality benefit under OAR 340-224-0510 and 340-224-0520 for ozone designated areas or OAR 340-224-0540 for non-ozone designated areas, whichever is applicable.

(4) The owner or operator of the source must:(a) Evaluate alternative sites, sizes, production processes, and environmental control techniques for the proposed source or major modification and demonstrate that benefits of the proposed source or major modification will significantly outweigh the environmental and social costs imposed as a result of its location, construction or modification.

(b) Demonstrate that all federal major sources owned or operated by such person (or by an entity controlling, controlled by, or under common control with such person) in the state are in compliance, or are on a schedule for compliance, with all applicable emission limitations and standards under the FCAA.

**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
Hist.: DEQ 25-1981, f. & ef. 9-8-81; DEQ 5-1983, f. & ef. 4-18-83; DEQ 27-1992, f. & cert. ef. 11-12-92; DEQ 4-1993, f. & cert. ef. 3-10-93; DEQ 12-1993, f. & cert. ef. 9-24-93, Renumbered from 340-020-0240; DEQ 19-1993, f. & cert. ef. 11-4-93; DEQ 10-1995, f. & cert. ef. 5-1-95; DEQ 22-1995, f. & cert. ef. 10-6-95; DEQ 26-1996, f. & cert. ef. 11-26-96; DEQ 16-1998, f. & cert. ef. 9-23-98; DEQ 1-1999, f. & cert. ef.1-25-99; DEQ 14-1999, f. & cert. ef. 10-14-99, Renumbered from 340-028-1930; DEQ 6-2001, f. 6-18-01, cert. ef. 7-1-01; DEQ 1-2004, f. & cert. ef. 4-14-04; DEQ 3-2007, f. & cert. ef. 4-12-07; DEQ 10-2010(Temp), f. 8-31-10, cert. ef. 9-1-10 thru 2-28-11; Administrative correction, 3-29-11; DEQ 5-2011, f. 4-29-11, cert. ef. 5-1-11

**340-224-0055**

**Requirements for Sources in Reattainment Areas** Within a designated reattainment area, a source subject to Major NSR under OAR 340-224-0010must meet the requirements listed below for each reattainment pollutant:

(1) OAR 340-224-0050;

(2) Additional impacts analysis in OAR 340-225-0050(4); and

(3) The owner or operator of the source must not cause or contribute to a new violation of an ambient air quality standard or PSD increment IN OAR 340 DIVISION 202 BY CONDUCTING THE ANLAYIS UNDER 340-225-0050.**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

**340-224-0060**

**Requirements for Sources in Maintenance Areas**

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

(1) OAR 340-224-0070; and

(2) Net Air Quality Benefit: EXCEPT FOR SOURCES DESCRIBED IN SECTION (7), The owner or operator of the source must demonstrate net air quality benefit by satisfying one of the requirements listed below:

(a) Obtain offsets using OAR 340-224-0510 and 340-224-0520 for ozone maintenance areas or OAR 340-224-0510 and 340-224-0530(3) for non-ozone maintenance areas, whichever is applicable;7)THE FOLLOWING SOURCES ARE EXEMPT FROM NAQB UNDER SECTION (2) AS FOLLOWS: Sources within or affecting the Medford Ozone Maintenance Area from the requirement for NOx offsets relating to ozone formation.

(B) Sources within or affecting the Salem Ozone Maintenance Area are exempt from the requirement for VOC and NOx offsets relating to ozone formation;

(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. An allocation from a growth allowance used to meet the requirements of this section is not subject to subsection (2)(a). 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.

(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 an attainment or unclassified area and other than the one the source is locating in must also meet the requirements for demonstrating net air quality benefit under OAR 340-224-0510 and 340-224-0520 for ozone designated areas or OAR 340-224-0510 and 340-224-0540 for non-ozone designated areas, whichever is applicable.

(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 source must comply with the net air quality benefit requirement in subsection (2)(a) and may not apply the alternatives provided in subsections (2)(b) and (2)(c).

(5) Medford-Ashland AQMA: A source that would emit PM10 within the Medford-Ashland AQMA must meet the LAER emission control technology requirements in OAR 340-224-0050.

(6) Pending Redesignation Requests. This rule does not apply to a source for which a complete application to construct was submitted to DEQ before the maintenance area was redesignated from nonattainment to attainment by EPA. Such a source is subject to OAR 340-224-0050 or OAR 340-224-0055, whichever is applicable.

**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.

[Publications: Publications referenced are available from the agency.]

Stat. Auth.: ORS 468.020
Stats. Implemented: ORS 468A.025
Hist.: DEQ 26-1996, f. & cert. ef. 11-26-96; DEQ 15-1998, f. & cert. ef. 9-23-98; DEQ 1-1999, f. & cert. ef. 1-25-99; DEQ 14-1999, f. & cert. ef. 10-14-99, Renumbered from 340-028-1935; DEQ 6-2001, f. 6-18-01, cert. ef. 7-1-01; DEQ 11-2002, f. & cert. ef. 10-8-02; DEQ 1-2005, f. & cert. ef. 1-4-05; DEQ 9-2005, f. & cert. ef. 9-9-05; DEQ 3-2007, f. & cert. ef. 4-12-07; DEQ 5-2011, f. 4-29-11, cert. ef. 5-1-11

**340-224-0070**

**Prevention of Significant Deterioration Requirements for Sources in Attainment or Unclassified Areas**

Within a designated attainment or unclassified area, a source that is subject to Major NSR under OAR 340-224-0010 and that will increase emissions of any regulated pollutant, other than nonattainment pollutants and reattainment pollutants, to an amount that exceeds the netting basis by the SER or more must meet the following requirements for each such pollutant:

(1) (a) Preconstruction Air Quality Monitoring:

(A) The owner or operator of the source must submit with the application an analysis of ambient air quality in the area impacted by the proposed project for each pollutant emitted at a SER, except as exempted under paragraph (B).

(i) The analysis must include continuous air quality monitoring data for any regulated pollutant that may be emitted by the source, except for volatile organic compounds.

(ii) The data must relate to the year preceding receipt of the complete application and must have been gathered over the same time period.

(iii) DEQ may allow the owner or operator to demonstrate that data gathered over some other time period would be adequate to determine that the source would not cause or contribute to a violation of an ambient air quality standard or any applicable PSD increment.

(iv) When PM10/PM2.5 preconstruction monitoring is required by this section, at least four months of data must be collected, including the season DEQ judges to have the highest PM10/PM2.5 levels. PM10/PM2.5 must be measured using 40 CFR Part 50, Appendices J and L. In some cases, a full year of data will be required.

(v) The owner or operator must submit a preconstruction air quality monitoring plan in writing at least 60 days prior to the planned beginning of monitoring. The applicant may not commence monitoring under the plan until DEQ approves the plan in writing.

(vi) Required air quality monitoring must comply with 40 CFR 58 Appendix A, "Quality Assurance Requirements for SLAMS, SPMs and PSD Air Monitoring" and with other methods on file with DEQ.

(vii) DEQ may exempt the owner or operator of a source from this requirement if the owner or operator demonstrates that representative or conservative background concentration data is adequate to determine that the source will not cause or contribute to a violation of an ambient air quality standard or any applicable PSD increment.

(B) DEQ may exempt the owner or operator of a source from preconstruction monitoring for a specific regulated pollutant if the owner or operator demonstrates that the air quality impact from the emissions increase would be less than the amounts listed below, or that modeled competing source concentration plus the general background concentration of the regulated pollutant within the source impact area, as defined in OAR 430 division 225, is less than the following significant monitoring concentrations:

(i) Carbon monoxide; 575 ug/m3, 8 hour average;

(ii) Nitrogen dioxide; 14 ug/m3, annual average;

(iii) PM10; 10 ug/m3, 24 hour average;

(iv) PM2.5; 0 ug/m3, 24-hour average;

(v) Sulfur dioxide; 13 ug/m3, 24 hour average;

(vi) Ozone; Any net increase of 100 tons/year or more of VOCs from a source requires an ambient impact analysis, including the gathering of ambient air quality data unless the existing representative monitoring data shows maximum ozone concentrations are less than 50 percent of the ozone ambient air quality standards based on a full season of monitoring;

(vii) Lead; 0.1 ug/m3, 24 hour average;

(viii) Fluorides; 0.25 ug/m3, 24 hour average;

(ix) Total reduced sulfur; 10 ug/m3, 1 hour average;

(x) Hydrogen sulfide; 0.04 ug/m3, 1 hour average;

(xi) Reduced sulfur compounds; 10 ug/m3, 1 hour average.

 (b) Post-Construction Air Quality Monitoring: DEQ may require post-construction ambient air quality monitoring as a permit condition to establish the effect of actual emissions, other than volatile organic compounds, on the air quality of any area that such emissions could affect.

(2) Best Available Control Technology (BACT). The owner or operator must apply BACT for each regulated pollutant emitted at or above a SER. BACT applies separately to the regulated pollutant if emitted at or above a SER over the netting basis. In the Medford-Ashland AQMA, the owner or operator of any PM10 source must comply with the LAER emission control technology requirement in OAR 340-224-0050(1), and is exempt from the BACT provision of this section.

(a) For a major modification, the requirement for BACT applies to the following:

(A) Each emissions unit that emits the regulated pollutant(s) and is not included in the most recent netting basis established for that regulated pollutant; and

(B) Each emissions unit that emits the regulated pollutant(s) and is included in the most recent netting basis and contributed to the emissions increase calculated in OAR 340-224-0025(2)(a)(B) for the attainment pollutant or precursor.

(b) For phased construction projects, the BACT determination must be reviewed at the latest reasonable time before commencement of construction of each independent phase.

(c) When determining BACT for a change that was made at a source before the current Major NSR application, any additional cost of retrofitting required controls may be considered provided:

(A) The change was made in compliance with Major NSR requirements in effect at the time the change was made, and

(B) No limit is being relaxed that was previously relied on to avoid Major NSR.

(d) Modifications to individual emissions units that increase the potential to emit less than 10 percent of the SER are exempt from this section unless:

(A) They are not constructed yet;

(B) They are part of a discrete, identifiable larger project that was constructed within the previous 5 years and that is equal to or greater than 10 percent of the SER; or

(C) They were constructed without, or in violation of, DEQ's approval.

(3) Air Quality Protection:

(a) Air Quality Analysis: The owner or operator of the source must comply with OAR 340-225-0050, 340-225-0060, and 340-225-0070 for each regulated pollutant for which emissions will exceed the netting basis by the SER or moredue to the proposed source or modification.

(b) For increases of direct PM2.5 or PM2.5 precursors equal to or greater than the SERs, 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.

(c) The owner or operator of the source must 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). (4) 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 an attainment or unclassified area and other than the one the source is locating in must also meet the requirements for demonstrating net air quality benefit under OAR 340-224-0510 and 340-224-0520 for ozone designated areas or OAR 340-224-0510 and 340-224-0540 for non-ozone designated areas, whichever is applicable.

[ED. NOTE: Section (1) of this rule was moved verbatim from OAR 340-225-0050(4) and amended in redline/strikeout.]

**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.

[Publications: Publications referenced are available from the agency.]

Stat. Auth.: ORS 468.020
Stats. Implemented: ORS 468A.025
Hist.: DEQ 25-1981, f. & ef. 9-8-81; DEQ 5-1983, f. & ef. 4-18-83; DEQ 18-1984, f. & ef. 10-16-84; DEQ 14-1985, f. & ef. 10-16-85; DEQ 5-1986, f. & ef. 2-21-86; DEQ 8-1988, f. & cert. ef. 5-19-88 (and corrected 5-31-88); DEQ 27-1992, f. & cert. ef. 11-12-92, Section (8) Renumbered from 340-020-0241; DEQ 4-1993, f. & cert. ef. 3-10-93; DEQ 12-1993, f. & cert. ef. 9-24-93, Renumbered from 340-020-0245; DEQ 19-1993, f. & cert. ef. 11-4-93; DEQ 26-1996, f. & cert. ef. 11-26-96; DEQ 16-1998, f. & cert. ef. 9-23-98; DEQ 1-1999, f. & cert. ef. 1-25-99; DEQ 14-1999, f. & cert. ef. 10-14-99, Renumbered from 340-028-1940; DEQ 6-2001, f. 6-18-01, cert. ef. 7-1-01; DEQ 11-2002, f. & cert. ef. 10-8-02; DEQ 1-2004, f. & cert. ef. 4-14-04; DEQ 1-2005, f. & cert. ef. 1-4-05; DEQ 10-2010(Temp), f. 8-31-10, cert. ef. 9-1-10 thru 2-28-11; Administrative correction, 3-29-11; DEQ 5-2011, f. 4-29-11, cert. ef. 5-1-11

**State New Source Review**

 **340-224-0210**

**State New Source Review Procedural Requirements**

(1) Information Required. The owner or operator of a source subject to OAR 340-224-0210 to 340-224-0270 must submit all information DEQ needs to perform any analysis or make any determination required under this division and OAR 340 division 225. The information must be in writing on forms supplied or approved by DEQ and include the information required to apply for a permit or permit modification as detailed in OAR 340 division 216 or 218, whichever is applicable.

(2) Application Processing: DEQ will review applications and issue permits using the procedures in OAR 340 division 216 or 218, whichever is applicable.

(3) An owner or operator must obtain approval for a modification of the project according to this division and the permit application requirements in OAR 340 division 216 or 218, whichever is applicable, prior to initiating the modification. If construction has commenced, the owner or operator must temporarily halt construction until the permit modification is issued.

**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

**340-224-0245**

**Requirements for Sources in Sustainment Areas**

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

(2) IF THE OWNER OR OPERATOR COMPLIED WITH (1)(B) AND THE INCREASE IN EMISISONS IS A MAJOR MODIFICATION,THEN APPLY BACT. If the increase in emissions is the result of a major modification AND the owner or operator must apply BACT under OAR 340-224-0070(2).

(1) Air Quality Protection:

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

(3) The owner or operator of a federal major source must comply with the air quality related values protection analysis under OAR 340-225-0070.

(4) The owner or operator must not cause or contribute to a new violation of an ambient air quality standard or PSD increment even if the single source impact 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 an attainment or unclassified area and other than the one the source is locating in must also demonstrate net air quality benefit under OAR 340-224-0510 and 340-224-0520 for ozone designated areas or OAR 340 340-224-0540 for non-ozone designated areas, whichever is applicable.

**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 340-224-0010must 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 a federal major source must comply with the air quality related values protection analysis under OAR 340-225-0070.

(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 in non-ozone nonattainment areas, OAR 340-224-0510 and 340-224-0530(2) and (5);

(C) For non-federal major sources in non-ozone nonattainment areas, 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 demonstrate net air quality benefit in OAR 340-224-0510 and 340-224-0520 for ozone designated areas or OAR 340-224-0510 and 340-224-0540 for non-ozone designated areas, whichever is applicable.

**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 340-224-0010must 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 a 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 subsections (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 a federal major source must comply with the air quality related values protection analysis under OAR 340-225-0070.

(d) The owner or operator of the source must not cause or contribute to a new violation of an ambient air quality standard or PSD increment even if the single source impact 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 demonstrate net air quality benefit under OAR 340-224-0510 and 340-224-0520 for ozone designated areas or OAR 340-224-0510 and 340-224-0540 for non-ozone designated areas, whichever is applicable.

(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 (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 Unclassifiable Areas**

Within a designated attainment or unclassifiable 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 a federal major source must comply with the air quality related values protection analysis under OAR 340-225-0070.

(d) The owner or operator of the source must 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 demonstrate net air quality benefit in OAR 340-224-0510 and 340-224-0520 for ozone designated areas or OAR 340-224-0510 and 340-224-0540 for non-ozone designated areas, whichever is applicable.

**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 340-020-0047.

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 340-020-0047.

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

**OAR 340-224-0520**

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

For sources capable of impacting an ozone designated area:

(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 major new or modified 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 is considered to have a significant effect on the designated area. If the source is located at a distance equal to or greater than D from the nearest ozone designated area boundary, it is not considered to have a significant effect.

(b) The Demonstration Method. An applicant may demonstrate to DEQ that the source or proposed source would not significantly impact an ozone designated area. 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 significantly impact 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 contribute 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 the ozone impact distance from the source.

(c) For new or modified sources locating outside the designated area, 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 the ozone impact distance from the source.

 (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 designated area. 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. SD is zero for sources located within the designated area.

(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. For a contributing source located within the designated area, 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 at the ratio described in section (3). The modeled reductions of ambient VOC or NOx concentrations resulting from the emissions offsets 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 340-020-0047.

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

**OAR 340-224-0530**

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

(1) When directed by the Major and State New Source Review 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 (offsets: emissions). 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 under OAR 340-225-0030 AND 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 and 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 ambient air quality standards 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 340-020-0047.

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 New Source Review 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 AQ ANLSYSI UNDER OAR 340 DIVISION 225. (b) The owner or operator must 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 New Source Review 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 340-020-0047.

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