**DIVISION 224**

**NEW SOURCE REVIEW**

**340-224-0005**

(1) OAR 340-224-0010 through 340-224-0190 apply to major new source review.(2) Major New Source Review is a program for review and approval of federal major sources and major modifications at existing federal major sources or sources that will become federal major sources as a result of the major modification.

(3) OAR 340-224-0200 through 340-224-6000 apply to minor new source review.

(4) Minor New Source Review is a program for review and approval of sources with potential emissions greater than or equal to the significant emission rate of any regulated pollutant that are not subject to the Major New Source Review program.

**Major New Source Review**

**340-224-0010**

**Applicability and General Prohibitions**

(1) Within designated nonattainment, transitional and maintenance areas, this division applies to owners and operators of proposed federal major sources and major modifications at federal major sources only for the regulated pollutant(s) for which the area is designated nonattainment, transitional, or maintenance.

 (2) Within attainment, unclassifiable, and potential nonattainment areas, this division applies to owners and operators of proposed federal major sources and major modifications at federal major sources.

(3) Owners and operators of sources that do not meet the applicability criteria of sections (1) or (2) of this rule are subject to OAR 340-224-0200 through 340-224-6000 (Minor New Source Review) and other DEQ rules, including Highest and Best Practicable Treatment and Control Required (OAR 340-226-0100 through 340-226-0140), Notice of Construction and Approval of Plans (340-210-0205 through 340-210-0250), ACDPs (OAR 340 division 216), Emission Standards for Hazardous Air Contaminants (OAR 340 division 244), and Standards of Performance for New Stationary Sources (OAR 340 division 238).

(4) No owner or operator of a source that meets the applicability criteria of sections (1) or (2) of this rule may begin construction without having received an air contaminant discharge permit (ACDP) from DEQ and having satisfied the requirements of this division.

(5) Beginning May 1, 2011, the pollutant GHGs is subject to regulation if:

(a) The source is a new federal major source for a regulated pollutant that is not GHGs, 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 GHGs, and will have an emissions increase of 75,000 tons per year CO2e or more over the netting basis.

(6) Beginning July 1, 2011, in addition to the provisions in section (5) of this rule, the pollutant GHGs shall also be subject to regulation at:

(a) A new federal major source; or

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

(7) Subject to the requirements in this division, the Lane Regional Air Protection Agency is designated by the EQC as the permitting agency to implement the Oregon Major New Source Review program within its area of jurisdiction. The Regional Agency's program is subject to DEQ oversight. The requirements and procedures contained in this division pertaining to the Major New Source Review program shall be used by the Regional Agency to implement its permitting program until the Regional Agency adopts superseding rules which are at least as restrictive 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 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

Environmental Quality Commission 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

**340-224-0025**

**Major Modification**

(1)"Major Modification” is any physical change(s) or change(s) in the method of operation of a source that results in satisfying the requirements of both subsections (a) and (b) or of subsection (c) for any pollutant subject to Major New Source Review as specified in the definition of regulated pollutant in division 200. Major modifications for ozone precursors or PM2.5 precursors also constitute major modifications for ozone and PM2.5, respectively.

(a) Except as provided in subsection (d), a PSEL that exceeds the netting basis by an amount that is equal to or greater than the significant emission rate; and

(b) The accumulation of emission increases due to physical changes and changes in the method of operation is equal to or greater than the significant emission rate.

(A) Calculations of emission increases in subsection (b) must account for all accumulated increases in actual emissions due to physical changes and changes in the method of operation occurring at the source since the NETTING BASIS WAS LAST ESTABLISHEDfor the source pursuant to the rules in this division for that pollutant. These include emissions from categorically insignificant activities, aggregate insignificant emissions, and fugitive emissions.

(B) 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.

(c) Any change at a source, including production increases, that would result in a Plant Site Emission Limit increase of 1 ton or more for any regulated pollutant for which the source is a major source in nonattainment or maintenance areas or a federal major source in attainment or unclassified areas, if the source obtained permits to construct and operate after the applicable baseline period but has not undergone Major New Source Review.

(A) Subsection (c) does not apply to PM2.5 and greenhouse gases.

(B) Changes to the PSEL solely due to the availability of better emissions information are exempt from being considered an increase.

(d) 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 from the tests in subsections (a) and (b) until the netting basis is reset as specified in OAR 340-222-0050.

(e) The following are not considered major modifications:

(A) Except as provided in subsection (c), proposed increases in hours of operation or production rates that would cause emission increases above the levels allowed in a permit and would not involve a physical change or change in method of operation in 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 and the source was capable of accommodating in the baseline period.

**340-224-0030**

**Procedural Requirements**

(1) Information Required. The owner or operator of a proposed major source or major modification 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 by DEQ and include the information for a Standard ACDP as detailed in OAR 340 division 216.

(2) Other Obligations:

(a) Approval to construct becomes invalid if construction is not commenced within 18 months after DEQ issues such approval, if construction is discontinued for a period of 18 months or more, or if construction is not completed within 18 months of the scheduled time. DEQ may extend the 18-month period for good cause provided there have not been any changes to the project which would negatively affect air quality. This provision does not apply to the time period between construction of the approved phases of a phased construction project; each phase must commence construction within 18 months of the projected and approved commencement date;

(A) For the first extension, the owner or operator must provide a LAER or BACT analysis, as applicable, if any new control technologies become commercially available since the original LAER or BACT analysis.

(B) For the second extension the owner or operator must provide the following for the original pollutants subject to major NSR/PSD:

(i) 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 available since the original LAER and BACT analysis; and

(ii) An updated air quality analysis for any standards that have changed since the original approval.

(C) DEQ will not grant a third extension and the original major NSR/PSD permit is automatically terminated.

(i) If the owner or operator wants approval to construct beyond the second extension, the owner or operator must submit a new major NSR/PSD permit application.

(ii) The owner or operator may continue to use the original emission reduction credits and any additional emission reduction credits 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 project and that the emission reduction credits will continue to satisfy the offset and net air quality benefit criteria.

(D) If the attainment status of the area where the source is located or where the source creates a significant impact changes before construction is commenced, the owner or operator must submit an application for a permit modification to address all new requirements applicable to the change in attainment status. (b) Approval to construct does not relieve any owner or operator of the responsibility to comply fully with applicable provisions of the State Implementation Plan and any other requirements under local, state or federal law;

(c) Approval to construct a source under an ACDP issued under paragraph (3)(b) of this rule authorizes construction and operation of the source, except as prohibited in subsection (d) of this rule, until the later of:

(A) One year from the date of initial startup of operation of the major source or major modification; 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.

(d) Where an existing Oregon Title V Operating Permit would prohibit construction or change in operation, the owner or operator must obtain a permit revision before commencing construction or operation.

(3) Application Processing:

(a) Within 30 days after receiving an application to construct, or any addition to such application, DEQ will advise the applicant of any deficiency in the application or in the information submitted. For purposes of this section, the date DEQ received a complete application is the date on which DEQ received all required information;

(b) Notwithstanding the requirements of OAR 340-216-0040 or 340-218-0040, concerning permit application requirements, DEQ will make a final determination on the application within six months after receiving a complete application. This involves performing the following actions in a timely manner:

(A) Making a preliminary determination whether construction should be approved, approved with conditions, or disapproved;

(B) Making the proposed permit available in accordance with the public participation procedures required by OAR 340 division 209 for Category IV.

(C) Extension of Construction Permits beyond the 18-month time period in paragraph (2)(a) of this rule are available in accordance with the following public participation procedures:

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

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

**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

**340-224-0040**

**Review of New Sources and 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 proposed source or modification to comply with all applicable air quality requirements of DEQ.

**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 Potential Nonattainment Areas**

Within a designated potential nonattainment area, proposed federal major sources and major modifications at federal major sources for the pollutant(s) for which the area is designated potential nonattainment, must meet the requirements listed below:(1) Best Available Control Technology (BACT). The owner or operator must apply BACT for each pollutant or precursor(s) emitted at or above a significant emission rate (SER). BACT applies separately to the pollutant or precursor(s) if emitted at or above a SER over the netting basis. In the Medford-Ashland AQMA, the owner or operator of any proposed new federal major PM10 source, or proposed major modification of a federal major PM10 source must comply with the LAER emission control technology requirement in 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 pollutant or precursor(s) and is not included in the most recent netting basis established for that pollutant; and

(B) Each emissions unit that emits the pollutant or precursor (s) and is included in the most recent netting basis but has been modified and the modification resulted in an increase in actual emissions above the portion of the most recent netting basis attributable to the emissions unit for the attainment pollutant or precursor(s).

(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 significant emission rate 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 significant emission rate; or

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

(2) Air Quality Monitoring:

(a) The owner or operator of a source subject to this rule must conduct preconstruction ambient air quality monitoring in accordance with the requirements in OAR 340-225-0050(4)(a)(A) and (B) (Preconstruction Air Quality Monitoring).

(b) The owner or operator of a source subject to this rule must compare their monitoring data with DEQ’s monitoring data during the same period and develop one or more scaling factors based on seasonal variation. The DEQ approved scaling factor(s) must then be applied to the last three years of DEQ monitoring data to determine worst case background concentrations for use in the air quality analysis.

(3) Net Air Quality Benefit:

(a) Offsets: Offsets are not required unless required by section (5).

(b) Special Class II Area Increment Analysis: A special Class II area increment analysis is not required.

(4) Air Quality Analysis: The owner or operator of a source subject to this rule must provide an analysis of the air quality impacts of each pollutant for which emissions will exceed the netting basis by the SER or more due to the proposed source or modification in accordance with the following:

(a) OAR 340-225-0050(1) and (2) (Requirements for Analysis in PSD Class II and Class III Areas);

(b) OAR 340-225-0060 (Requirements for Demonstrating Compliance with Standards and Increments in PSD Class I Areas); and

(c) 340-225-0070 (Requirements for Demonstrating Compliance with AQRV Protection).

(d) The owner or operator of a source subject to this rule cannot cause or contribute to a new violation of a national ambient air quality standard.

(5) Impacting Other Designated Areas: The owner or operator of a source subject to this rule must comply with any applicable requirements of OAR 340-224-3000.

**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.]

**340-224-0050**

**Requirements for Sources in Nonattainment Areas**

Within a designated nonattainment area, proposed federal major sources and major modifications at federal major sources of a nonattainment pollutant, including VOC or NOx in a designated ozone nonattainment area or SO2 or NOx in a designated PM2.5 nonattainment area, must meet the requirements listed below:

(1) Lowest Achievable Emission Rate (LAER). The owner or operator must apply LAER for each nonattainment pollutant or precursor(s) emitted at or above the significant emission rate (SER). LAER applies separately to the nonattainment pollutant or precursor(s) 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(s) 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 (s) and is included in the most recent netting basis but has been modified and the modification resulted in an increase in actual emissions above the portion of the most recent netting basis attributable to the emissions unit for the nonattainment pollutant or precursor(s).

(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 change 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) 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 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 Monitoring: Preconstruction ambient air quality monitoring is not required.

(3) Net Air Quality Benefit.

(a)Offsets: The owner or operator must obtain offsets in accordance with the following:

(A) For ozone areas, offsets for VOC and NOx are required if the source will be located within the designated area.

(i) The offset ratio must be no less than 1.1:1.

(ii) These offsets must come from within either the same designated nonattainment area as the new or modified source or another ozone nonattainment area, with equal or higher nonattainment classification, that contributes to a violation of the NAAQS in the same designated nonattainment area as the new or modified source.

(B) For all other pollutants, offsets for the nonattainment pollutant(s) are required if the source will be located within the designated area.

(i) The offset ratio must be no less than 1.2:1, and may be reduced to no less than 1.0:1, according to OAR 340-224-1500.

(ii) These offsets must come from within the same designated nonattainment area for the nonattainment pollutant(s).

(b) Special Class II Area Increment Analysis: The owner or operator must demonstrate that the emissions increase has an impact less than the PSD Class II increment as follows:.

(A) For each pollutant and its precursors, a single source impact analysis is sufficient to show compliance with the PSD Class II increments if modeled impacts from emission increases equal to or greater than a significant emission rate above the netting basis due to the proposed source or modification being evaluated are less than the Class II Significant Impact Levels specified in OAR 340-200-0020, Table 1; or

(B) The owner or operator of a proposed source or modification must show that modeled impacts from the proposed increased emissions, plus the impacts from emission increases from any other new or modified source approved since the area was designated nonattainment, minus any impacts from emission decreases resulting from offsets, are less than the PSD Class II increments for all averaging times.

(4) Air Quality Analysis: The owner or operator of a source subject to this rule must provide an analysis of the air quality impacts of each pollutant for which emissions will exceed the netting basis by the SER or more due to the proposed source or modification in accordance with 340-225-0070 (Requirements for Demonstrating Compliance with AQRV Protection).

(5) Impacting Other Designated Areas: The owner or operator of a source subject to this rule must comply with any applicable requirements of OAR 340-224-3000.

(6) Alternatives Analysis: The owner or operator of a source that emits or has the potential to emit 100 tons per year or more of any regulated pollutant subject to this rule must evaluate alternative sites, sizes, production processes, and environmental control techniques for the proposed source or modification and demonstrate that benefits of the proposed source or modification will significantly outweigh the environmental and social costs imposed as a result of its location, construction or modification.

(7) The owner or operator of a source that emits or has the potential to emit 100 tons per year or more of any regulated pollutant subject to this rule must demonstrate that all 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 Act.

(c) The owner or operator of a federal major source must meet the visibility impact requirements in OAR 340-225-0070(3) through (5).

**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 Transitional Areas**(1) Lowest Achievable Emission Rate (LAER). The owner or operator must apply LAER for each nonattainment pollutant or precursor(s) emitted at or above the significant emission rate (SER). LAER applies separately to the nonattainment pollutant or precursor(s) 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(s) 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 (s) and is included in the most recent netting basis but has been modified and the modification resulted in an increase in actual emissions above the portion of the most recent netting basis attributable to the emissions unit for the nonattainment pollutant or precursor(s).

(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 change 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) 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 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 Monitoring: Preconstruction ambient air quality monitoring is not required.

(3) Net Air Quality Benefit:

(a) Offsets: The owner or operator must obtain offsets in accordance with the following:

(A) For ozone areas, offsets for VOC and NOx are required if the source will be located within the designated area.

(i) The offset ratio must be no less than 1.1:1.

(ii) These offsets must come from within either the same designated nonattainment area as the new or modified source or another ozone nonattainment area, with equal or higher nonattainment classification, that contributes to a violation of the NAAQS in the same designated nonattainment area as the new or modified source.

(B) For all other pollutants, offsets for the nonattainment pollutant(s) are required if the source will be located within the designated area.

(i) The offset ratio must be no less than 1.2:1, and may be reduced to no less than 1.0:1, according to OAR 340-224-1500.

(ii) These offsets must come from within the same designated nonattainment area for the nonattainment pollutant(s).

(b) Special Class II Area Increment Analysis: The owner or operator must demonstrate that the emissions increase has an impact less than the PSD Class II increment as follows:.

(A) For each pollutant and its precursors, a single source impact analysis is sufficient to show compliance with the PSD Class II increments if modeled impacts from emission increases equal to or greater than a significant emission rate above the netting basis due to the proposed source or modification being evaluated are less than the Class II Significant Impact Levels specified in OAR 340-200-0020, Table 1; or

(B) The owner or operator of a proposed source or modification must show that modeled impacts from the proposed increased emissions, plus the impacts from emission increases from any other new or modified source approved since the area was designated nonattainment, minus any impacts from emission decreases resulting from offsets, are less than the PSD Class II increments for all averaging times.

(4) Air Quality Analysis:

(a) The owner or operator of a source subject to this rule must provide an analysis of the air quality impacts of each pollutant for which emissions will exceed the netting basis by the SER or more due to the proposed source or modification in accordance with 340-225-0070 (Requirements for Demonstrating Compliance with AQRV Protection).

(b) The owner or operator of a source subject to this rule cannot cause or contribute to a new violation of a national ambient air quality standard.

(c) Additional Impact Modeling:

(A) The owner or operator of a source must provide an analysis of the impairment to visibility, soils and vegetation that would occur as a result of the source or modification, and general commercial, residential, industrial and other growth associated with the source or modification. As a part of this analysis, deposition modeling analysis is required for sources emitting heavy metals above the significant emission rates as defined in OAR 340-200-0020, Table 2. Concentration and deposition modeling may also be required for sources emitting other compounds on a case-by-case basis;

(B) The owner or operator must provide an analysis of the air quality concentration projected for the area as a result of general commercial, residential, industrial and other growth associated with the source or modification.

 (5) Impacting Other Designated Areas: The owner or operator of a source subject to this rule must comply with any applicable requirements of OAR 340-224-3000.

(6) Alternatives Analysis: The owner or operator of a source that emits or has the potential to emit 100 tons per year or more of any regulated pollutant subject to this rule must evaluate alternative sites, sizes, production processes, and environmental control techniques for the proposed source or modification and demonstrate that benefits of the proposed source or modification will significantly outweigh the environmental and social costs imposed as a result of its location, construction or modification.

(7) The owner or operator of a source that emits or has the potential to emit 100 tons per year or more of any regulated pollutant subject to this rule must demonstrate that all 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 Act.

**340-224-0060**

**Requirements for Sources in Maintenance Areas**

Within a designated maintenance area, proposed major sources and major modifications of a maintenance pollutant, including VOC or NOx in a designated ozone maintenance area or SO2 or NOx in a designated PM2.5 maintenance area, must meet the requirements listed below:

(1) Best Available Control Technology (BACT). Except as provided in section (5) and (6) of this rule, the owner or operator must apply BACT for each maintenance pollutant or precursor(s) emitted at or above a significant emission rate (SER). BACT applies separately to the maintenance pollutant or precursor(s) if emitted at or above a SER over the netting basis.

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

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

(B) Each emissions unit that emits the maintenance pollutant or precursor (s) and is included in the most recent netting basis but has been modified and the modification resulted in an increase in actual emissions above the portion of the most recent netting basis attributable to the emissions unit for the maintenance pollutant or precursor(s).

(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, the technical and economic feasibility of retrofitting required controls may be considered, provided:

(A) The change was made in compliance with major NSR requirements in effect when 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 significant emission rate 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 significant emission rate; or

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

(2) Air Quality Monitoring: Preconstruction ambient air quality monitoring is not required. (3) Net Air Quality Benefit:

(a) Offsets: Except as provided in subsections (c) through(h) of this section, the owner or operator must obtain offsets in accordance with the following: . (A) For ozone areas, offsets for VOC and NOx are required if the source will be located within the designated area.

(i)The offset ratio must be no less than 1.1:1.

(ii) These offsets may come from within either the designated area or the ozone precursor distance.

(iii) Offsets from outside the designated area but within the ozone precursor distance must be from sources affecting the designated area in a comparable manner to the proposed emissions increase. Methods for determining offsets are described in the ozone precursor offsets definition (OAR 340-225-0020(11)).

(B) For all other pollutants, offsets for the maintenance pollutant(s) are required if the source will be located within the designated area.

(i) The offset ratio must be no less than 1.0:1. These offsets must come from within the same designated maintenance area for the maintenance pollutant(s).

(ii) Medford-Ashland AQMA: Proposed new major PM10 sources or major PM10 modifications locating within the AQMA that are required to provide emission offsets under OAR 340-224-0060(2)(a) must provide reductions in PM10 emissions equal to 1.2 times the emissions increase over the netting basis from the new or modified source.

 (C) Growth Allowance. The requirements of section (2) may be met in whole or in part in a maintenance area with an allocation by DEQ from a growth allowance, if available, in accordance with 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 340-242-0430 and 340-242-0440.

(D) In a carbon monoxide maintenance area, a proposed carbon monoxide major source or major modification is exempt from subsections (a) and (b) of this section if the owner or operator can demonstrate that the source or modification will not cause or contribute to an air quality impact equal to or greater than 0.5 mg/m3 (8 hour average) and 2 mg/m3 (1-hour average). The demonstration must comply with the requirements of OAR 340-225-0045.

(E) In a PM10 maintenance area, a proposed PM10 major source or major modification is exempt from subsection (a) of this section if the owner or operator can demonstrate, pursuant to the requirements of OAR 340-225-0045, that the source or modification will not cause or contribute to an air quality impact in excess of:

(i) 120 ug/m3 (24-hour average) or 40 ug/m3 (annual average) in the Grants Pass PM10 maintenance area;

(ii) 140 ug/m3 (24-hour average) or 47 ug/m3 (annual average) in the Klamath Falls PM10 maintenance area; or

(iii) 140 ug/m3 (24-hour average) or 45 ug/m3 (annual average) in the Lakeview PM10 maintenance area. In addition, a single source impact is limited to an increase of 5 ug/m3 (24-hour average) in the Lakeview PM10 maintenance area.

(F) Proposed major sources and major modifications located in or that impact the Salem Ozone Maintenance Area are exempt from section (2)(a) of this rule for VOC and NOx emissions with respect to ozone formation in the Salem Ozone Maintenance Area.

(G) Proposed major sources and major modifications located in or that impact the Medford Ozone Maintenance Area are exempt from **section (2)(a)** of this rule for NOx offsets with respect to ozone formation in the Medford Ozone Maintenance Area. (b) Special Class II Area Increment Analysis: A special Class II area increment analysis is not required except that in the Medford AQMA, the owner or operator must demonstrate that the source’s emissions increase have an impact less than the PSD Class II increment as follows:

(A) For each pollutant and its precursors, a single source impact analysis is sufficient to show compliance with the PSD Class II increments if modeled impacts from emission increases equal to or greater than a significant emission rate above the netting basis due to the proposed source or modification being evaluated are less than the Class II Significant Impact Levels specified in OAR 340-200-0020, Table 1; or

(B) The owner or operator of a proposed source or modification must show that modeled impacts from the proposed increased emissions, plus the impacts from emission increases from any other new or modified source approved since the area was designated nonattainment, minus any impacts from emission decreases resulting from offsets, are less than the PSD Class II increments for all averaging times.

(4) Air Quality Analysis: The owner or operator of a source subject to this rule must provide an analysis of the air quality impacts of each pollutant for which emissions will exceed the netting basis by the SER or more due to the proposed source or modification in accordance with the following:

(a) OAR 340-225-0050(1) and (2) (Requirements for Analysis in PSD Class II and Class III Areas);

(b) OAR 340-225-0060 (Requirements for Demonstrating Compliance with Standards and Increments in PSD Class I Areas); and

(c) 340-225-0070 (Requirements for Demonstrating Compliance with AQRV Protection).

(d) The owner or operator of a source subject to this rule cannot cause or contribute to a new violation of a national ambient air quality standard.

(e) Additional Impact Modeling:

(A) The owner or operator of a source must provide an analysis of the impairment to visibility, soils and vegetation that would occur as a result of the source or modification, and general commercial, residential, industrial and other growth associated with the source or modification. As a part of this analysis, deposition modeling analysis is required for sources emitting heavy metals above the significant emission rates as defined in OAR 340-200-0020, Table 2. Concentration and deposition modeling may also be required for sources emitting other compounds on a case-by-case basis;

(B) The owner or operator must provide an analysis of the air quality concentration projected for the area as a result of general commercial, residential, industrial and other growth associated with the source or modification.

(5) Impacting Other Designated Areas: The owner or operator of a source subject to this rule must comply with any applicable requirements of OAR 340-224-3000.

(6) 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 requirement for BACT in section (1) of this rule is replaced by the requirement for LAER contained in OAR 340-224-0050(1).

(b) An allocation from a growth allowance may not be used to meet the requirement for offsets in section (2) of this rule.

(c) The exemption provided in subsection (2)(c) and (2)(d)for major sources or major modifications within a carbon monoxide or PM10 maintenance area no longer applies.

(7) 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.

(8) Pending Redesignation Requests. This rule does not apply to a proposed major source or major modification 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 340-224-0055 (Requirements for Sources in Transitional 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.

[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, proposed federal major sources and major modifications at federal major sources for the pollutant(s) for which the area is designated attainment or unclassified, must meet the requirements listed below:

(1) Best Available Control Technology (BACT). The owner or operator must apply BACT for each pollutant or precursor(s) emitted at or above a significant emission rate (SER). BACT applies separately to the pollutant or precursor(s) if emitted at or above a SER over the netting basis. In the Medford-Ashland AQMA, the owner or operator of any proposed new federal major PM10 source, or proposed major modification of a federal major PM10 source must comply with the LAER emission control technology requirement in 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 pollutant or precursor(s) and is not included in the most recent netting basis established for that pollutant; and

(B) Each emissions unit that emits the pollutant or precursor (s) and is included in the most recent netting basis but has been modified and the modification resulted in an increase in actual emissions above the portion of the most recent netting basis attributable to the emissions unit for the attainment pollutant or precursor(s).

(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 significant emission rate 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 significant emission rate; or

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

(2) Preconstruction Air Quality Monitoring:

(a)(A) The owner or operator of a source must submit with the application an analysis of ambient air quality in the area impacted by the proposed project. This analysis, which is subject to DEQ's approval, must be conducted for each pollutant potentially emitted at a significant emission rate by the proposed source or modification. The analysis must include continuous air quality monitoring data for any pollutant that may be emitted by the source or modification, except for volatile organic compounds. The data must relate to the year preceding receipt of the complete application and must have been gathered over the same time period. 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 or modification would not cause or contribute to a violation of an ambient air quality standard or any applicable PSD increment. Pursuant to the requirements of these rules, the owner or operator must submit for DEQ's approval, a preconstruction air quality monitoring plan. This plan must be submitted in writing at least 60 days prior to the planned beginning of monitoring and approved in writing by DEQ before monitoring begins.

(B) Required air quality monitoring must be conducted in accordance with 40 CFR 58 Appendix B, "Quality Assurance Requirements for Prevention of Significant Deterioration (PSD) Air Monitoring" (July 1, 2013) and with other methods on file with DEQ.

(C) DEQ may exempt the owner or operator of a proposed source or modification from preconstruction monitoring for a specific 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 general background concentration of the pollutant within the source impact area are 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; 4 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 or modification subject to PSD requires an ambient impact analysis, including the gathering of ambient air quality data. However, requirement for ambient air monitoring may be exempted if existing representative monitoring data shows maximum ozone concentrations are less than 50% of the ozone NAAQS 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.

(D) DEQ may allow the owner or operator of a source (where required by divisions 222 or 224) to substitute post construction monitoring for the requirements of paragraph (4)(a)(A) for a specific pollutant if the owner or operator demonstrates that the air quality impact from the emissions increase would not cause or contribute to an exceedance of any air quality standard. This analysis must meet the requirements of 340-225-0050(2)(b) and must use representative or conservative general background concentration data.

(E) When PM10/PM2.5 preconstruction monitoring is required by this section, at least four months of data must be collected, including the season(s) DEQ judges to have the highest PM10/PM2.5 levels. PM10/PM2.5 must be measured in accordance with 40 CFR part 50, Appendices J and L (July 1, 2013). In some cases, a full year of data will be required.

(b) After construction has been completed, DEQ may require ambient air quality monitoring as a permit condition to establish the effect of emissions, other than volatile organic compounds, on the air quality of any area that such emissions could affect.

 (3) Net Air Quality Benefit:

(a) Offsets: Offsets are not required unless required by section (5).

(b) Special Class II Area Increment Analysis: A special Class II area increment analysis is not required.

(4) Air Quality Analysis: The owner or operator of a source subject to this rule must provide an analysis of the air quality impacts of each pollutant for which emissions will exceed the netting basis by the SER or more due to the proposed source or modification in accordance with the following:

(a) OAR 340-225-0050(1) and (2) (Requirements for Analysis in PSD Class II and Class III Areas);

(b) OAR 340-225-0060 (Requirements for Demonstrating Compliance with Standards and Increments in PSD Class I Areas); and

(c) OAR 340-225-0070 (Requirements for Demonstrating Compliance with AQRV Protection). (d) The owner or operator of a source subject to this rule cannot cause or contribute to a new violation of a national ambient air quality standard.

 (5) Impacting Other Designated Areas: The owner or operator of a source subject to this rule must comply with any applicable requirements of OAR 340-224-3000.

**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

**340-224-0080**

**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 new source or modification must comply with OAR 340-224-0050(1), 340-224-0060(1) or 340-224-0070(1), whichever is applicable, but are exempt from the remaining requirements of 340-224-0050, 340-224-0060 and 340-224-0070 provided that the source or modification would not impact a Class I area or an area with a known violation of a National Ambient Air Quality Standard (NAAQS) or an applicable PSD increment as defined in OAR 340 division 202.

[**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 & 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

**340-224-0100**

**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 or modification is major. Once a source or modification is identified as being major, secondary emissions are added to the primary emissions and become subject to the air quality impact analysis requirements in this division and OAR 340 division 225.

[**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

**Minor New Source Review**

**340-224-0200**

**Applicability**

OAR 340-224-0200 through 340-224-6000 contain requirements for minor new source review. These rules also apply if referred here by OAR 340-222-0041(4)(c).

**340-224-0210**

**Procedural Requirements**

(1) Information Required. The owner or operator subject to OAR 340-224-0200 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 by DEQ and include the information for a permit or permit modification as detailed in OAR 340 division 216 or 218, whichever is applicable.

(2) Application Processing:

(a) Within 30 days after receiving an application to construct, or any addition to such application, DEQ will advise the applicant of any deficiency in the application or in the information submitted. For purposes of this section, the date DEQ received a complete application is the date on which DEQ received all required information;

(b) Notwithstanding the requirements of OAR 340-216-0040 or 340-218-0040, concerning permit application requirements, DEQ will make a final determination on the application within six months after receiving a complete application. This involves performing the following actions in a timely manner:

(A) Making a preliminary determination whether construction should be approved, approved with conditions, or disapproved;

(B) Making the proposed permit available in accordance with the public participation procedures required by OAR 340 division 209: for Category IV.

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

(ii) Category III for a permit modification that requires an air quality analysis or for a construction ACDP.

**(**C) For sources subject to the Oregon Title V Operating Permit program, the applicant may ask for the external review procedures in OAR 340-218-0210 and 340-218-0230 in addition to the requirements of OAR 340 division 209 to allow the Construction ACDP to be incorporated into the Oregon Title V Operating Permit later by an administrative amendment provided the requirements of OAR 340-218-0040, 340-218-0050 and 340-218-0120 are met.

**340-224-0220**

**AQRV Protection**

For federal major sources, in addition to the requirements specified in OAR 340-224-0230 through 340-224-0270, the applicant must demonstrate compliance with AQRV protection in accordance with OAR 340-225-0050(3) and 340-225-0070.

**340-224-0245**

**Requirements for Sources in Potential Nonattainment Areas**

Proposed new sources or existing sources with emission increases subject to OAR 340-222-0041(4)(c) must meet the following requirements:

(1) Best Available Control Technology. The owner or operator must apply BACT when the emission increase involves a physical change or change in the method of operation that meets the definition of a major modification for each potential nonattainment pollutant or precursor(s). BACT applies separately to the potential nonattainment pollutant or precursor(s).

(2) Net Air Quality Benefit: The owner or operator must show a net air quality benefit by meeting the requirements of PARAGRAPH (a) or (b) below.

(a) Offsets:

The owner or operator must obtain offsets in accordance with section (3) and demonstrate that the source’s emissions increase have an impact less than the PSD Class II increment as follows:

(A) For each pollutant and its precursors, a single source impact analysis is sufficient to show compliance with the PSD Class II increments if modeled impacts from emission increases equal to or greater than a significant emission rate above the netting basis due to the proposed source or modification being evaluated are less than the Class II Significant Impact Levels specified in OAR 340-200-0020, Table 1; or

(B) The owner or operator of a proposed source or modification must show that modeled impacts from the proposed increased emissions, plus the impacts from emission increases from any other new or modified source approved since the area was designated potential nonattainment, minus any impacts from emission decreases resulting from offsets, are less than the PSD Class II increments for all averaging times. (a) Offsets for potential nonattainment areas

(A) For ozone areas, offsets for VOC and NOx are required if the source will be located within the designated area.

(i) The initial offset ratio must be no less than 1.0:1, but the ratio may be reduced to no less than 0.5:1if allowed by OAR 340-224-1500.

(ii) These offsets may come from within either the designated area or the ozone precursor distance.

(iii) Offsets from outside the designated area but within the ozone precursor distance must be from sources affecting the designated area in a comparable manner to the proposed emissions increase. Methods for determining offsets are described in the ozone precursor offsets definition (OAR 340-225-0020(11)).

 (B) For all other pollutants, the owner or operator must provide initial offsets at a ratio of no less than 1.0:1, but the ratio may be reduced to no less than 0.5:1if allowed by OAR 340-224-1500. These offsets may come from within or outside the designated area. The offsets obtained from outside the designated area must have a significant impact on the designated area.

(b) Demonstrate compliance with the NAAQS and PSD increments in accordance with OAR 340-225-0050(1) and -0050(2).

(7) The owner or operator of a source subject to this rule cannot cause or contribute to a new violation of a national ambient air quality standard.

(4) Impacting Other Designated Areas: The owner or operator of a source subject to this rule must comply with any applicable requirements of OAR 340-224-3000.

**340-224-0250**

**Requirements for Sources in Nonattainment Areas**

 Proposed new sources or existing sources with emission increases subject to OAR 340-222-0041(4)(c) must meet the following requirements:

(1) Best Available Control Technology. The owner or operator must apply BACT when the emission increase involves a physical change or change in the method of operation that meets the definition of a major modification for each nonattainment pollutant or precursor(s). BACT applies separately to the nonattainment pollutant or precursor(s); and

(2) Net Air Quality Benefit.

(a) Offsets: The owner or operator must obtain offsets in accordance with the following:

(A) For ozone areas, offsets for VOC and NOx are required if the source will be located within the designated area.

 (i) The initial offset ratio must be no less than 1.0:1, but the ratio may be reduced to no less than 0.5:1if allowed by OAR 340-224-1500.

(ii) These offsets may come from within either the designated area or the ozone precursor distance.

(iii) Offsets from outside the designated area but within the ozone precursor distance must be from sources affecting the designated area in a comparable manner to the proposed emissions increase. Methods for determining offsets are described in the ozone precursor offsets definition (OAR 340-225-0020(11)).

(B) For all other pollutants, offsets for the nonattainment pollutant(s) are required if the source will be located within the designated area.

(i) The owner or operator must provide offsets sufficient to reduce the modeled impacts below the significant impact level at all receptors within the designated nonattainment area; or

(ii) The owner or operator must provide initial offsets at a ratio of no less than 1.0:1, but the ratio may be reduced to no less than 0.5:1 if allowed by OAR 340-224-1500. These offsets may come from within or outside the designated nonattainment area. The offsets obtained from outside the designated area must have a significant impact on the designated area.

(b) Special Class II Area Increment Analysis: The owner or operator must demonstrate that the emissions increase has an impact less than the PSD Class II increment as follows:

(A) For each pollutant and its precursors, a single source impact analysis is sufficient to show compliance with the PSD Class II increments if modeled impacts from emission increases equal to or greater than a significant emission rate above the netting basis due to the proposed source or modification being evaluated are less than the Class II Significant Impact Levels specified in OAR 340-200-0020, Table 1; or

(B) The owner or operator of a proposed source or modification must show that modeled impacts from the proposed increased emissions, plus the impacts from emission increases from any other new or modified source approved since the area was designated nonattainment, minus any impacts from emission decreases resulting from offsets, are less than the PSD Class II increments for all averaging times.

(3) Air Quality Analysis: An air quality analysis is not required.

(XX) The owner or operator of a source subject to this rule cannot cause or contribute to a new violation of a national ambient air quality standard.

(4) Impacting Other Designated Areas: The owner or operator of a source subject to this rule must comply with any applicable requirements of OAR 340-224-3000.

**340-224-0255**

**Requirements for Sources in Transitional Areas**

Proposed new sources or existing sources with emission increases subject to OAR 340-222-0041(4)(c) must meet the following requirements:

(1) Best Available Control Technology. The owner or operator must apply BACT when the emission increase involves a physical change or change in the method of operation that meets the definition of a major modification for each nonattainment pollutant or precursor(s). BACT applies separately to the nonattainment pollutant or precursor(s).

(2) Net Air Quality Benefit:

(a) Offsets:

(b) Special Class II Area Increment Analysis:

(3) Air Quality Analysis:

(a) Demonstrate compliance with the NAAQS and PSD increments in accordance with OAR 340-225-0050(1) and -0050(2); or

(b)The owner or operator must obtain offsets in accordance with section (3), and demonstrate that the source’s emissions increase have an impact less than the PSD Class II increment as follows:

(A) For each pollutant and its precursors, a single source impact analysis is sufficient to show compliance with the PSD Class II increments if modeled impacts from emission increases equal to or greater than a significant emission rate above the netting basis due to the proposed source or modification being evaluated are less than the Class II Significant Impact Levels specified in OAR 340-200-0020, Table 1; or

(B) The owner or operator of a proposed source or modification must show that modeled impacts from the proposed increased emissions, plus the impacts from emission increases from any other new or modified source approved since the area was designated nonattainment, minus any impacts from emission decreases resulting from offsets, are less than the PSD Class II increments for all averaging times.

(3) Offsets for transitional areas

(a) For ozone areas, offsets for VOC and NOx are required if the source will be located within the designated area.

(A) The initial offset ratio must be no less than 1.0:1, but the ratio may be reduced to no less than 0.5:1if allowed by OAR 340-224-1500.

(B) These offsets may come from within either the designated area or the ozone precursor distance.

(C) Offsets from outside the designated area but within the ozone precursor distance must be from sources affecting the designated area in a comparable manner to the proposed emissions increase. Methods for determining offsets are described in the ozone precursor offsets definition (OAR 340-225-0020(11)).

(b) For all other pollutants, offsets for the transitional pollutant(s) are required if the source will be located within the designated area.

(i) The owner or operator must provide offsets sufficient to reduce the modeled impacts below the Class II significant impact level at all receptors within the designated transitional area; or

(ii) The owner or operator must provide initial offsets at a ratio of no less than 1.0:1, but the ratio may be reduced to no less than 0.5:1if allowed by OAR 340-224-1500. These offsets may come from within or outside the designated transitional area. The offsets obtained from outside the designated area must have a significant impact on the designated area.

(7) The owner or operator of a source subject to this rule cannot cause or contribute to a new violation of a national ambient air quality standard.

(4) Impacting Other Designated Areas: The owner or operator of a source subject to this rule must comply with any applicable requirements of OAR 340-224-3000.

**340-224-0260**

**Requirements for Sources in Maintenance Areas**

Proposed new sources or existing sources with emission increases subject to OAR 340-222-0041(4)(c) must meet the following requirements:

(1) Best Available Control Technology. The owner or operator must apply BACT when the emission increase involves a physical change or change in the method of operation that meets the definition of a major modification for each nonattainment pollutant or precursor(s). BACT applies separately to the nonattainment pollutant or precursor(s).

(2) Net Air Quality Benefit

(a) Offsets:

(b)

(3) Air Quality Analysis

(a) Demonstrate compliance with the NAAQS and PSD increments in accordance with OAR 340-225-0050(1) and -0050(2); or

(b)The owner or operator must obtain offsets in accordance with section (3), and demonstrate that the source’s emissions increase have an impact less than the PSD Class II increment as follows:

(A) For each pollutant and its precursors, a single source impact analysis is sufficient to show compliance with the PSD Class II increments if modeled impacts from emission increases equal to or greater than a significant emission rate above the netting basis due to the proposed source or modification being evaluated are less than the Class II Significant Impact Levels specified in OAR 340-200-0020, Table 1; or

(B) The owner or operator of a proposed source or modification must show that modeled impacts from the proposed increased emissions, plus the impacts from emission increases from any other new or modified source approved since the area was designated nonattainment, minus any impacts from emission decreases resulting from offsets, are less than the PSD Class II increments for all averaging times.

(3) The owner or operator must obtain offsets in accordance with the following:

(A) For ozone areas, offsets for VOC and NOx are required if the source will be located within the designated area.

 (i) The initial offset ratio must be no less than 1.0:1, but the ratio may be reduced to no less than 0.5:1if allowed by OAR 340-224-1500.

(ii) These offsets may come from within either the designated area or the ozone precursor distance.

(iii) Offsets from outside the designated area but within the ozone precursor distance must be from sources affecting the designated area in a comparable manner to the proposed emissions increase. Methods for determining offsets are described in the ozone precursor offsets definition (OAR 340-225-0020(11)).

(B) For all other pollutants, offsets for the maintenance pollutant(s) are required if the source will be located within the designated area.

(i) The owner or operator must provide offsets sufficient to reduce the modeled impacts below the significant impact level at all receptors within the designated maintenance area. In Klamath Falls, this requirement only applies to the emissions remaining after first deducting the offsets obtained in accordance with OAR 340-224-2000(1); or

(ii) The owner or operator must provide initial offsets at a ratio of no less than 1.0:1, but the ratio may be reduced to no less than 0.5:1if allowed by OAR 340-224-1500. These offsets may come from within or outside the designated area. The offsets obtained from outside the designated area must have a significant impact on the designated area.

(7) The owner or operator of a source subject to this rule cannot cause or contribute to a new violation of a national ambient air quality standard.

(4) Impacting Other Designated Areas: The owner or operator of a source subject to this rule must comply with any applicable requirements of OAR 340-224-3000.

**340-224-0270**

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

Proposed new sources or existing sources with emission increases subject to OAR 340-222-0041(4)(c) must meet the following requirements:

(1) Best Available Control Technology (BACT). The owner or operator is not required to apply BACT.

(2) Net Air Quality Benefit:

(a) Offsets: Offsets are not required unless required by section (4).

(b) Special Class II Area Increment Analysis: A special Class II area increment analysis is not required.

 (3) Air Quality Analysis: The owner or operator of a source subject to this rule must provide an analysis of the air quality impacts of each pollutant for which emissions will exceed the netting basis by the SER or more due to the proposed source or modification in accordance with the following:

(a) OAR 340-225-0050(1) and (2) (Requirements for Analysis in PSD Class II and Class III Areas);

(b) OAR 340-225-0060 (Requirements for Demonstrating Compliance with Standards and Increments in PSD Class I Areas); and

(c) The owner or operator of a source subject to this rule cannot cause or contribute to a new violation of a national ambient air quality standard.

 (4) Impacting Other Designated Areas: The owner or operator of a source subject to this rule must comply with any applicable requirements of OAR 340-224-3000.

OFFSETS

**340-224-0500 Offset requirements**

(1) OAR 340-224-0510 through XXX are the requirements for demonstrating net air quality benefit using offsets.

340-224-0520 Common offset requirements (from 500 above)

(1) In nonattainment areas, provide offsets sufficient to demonstrate reasonable further progress toward achieving the NAAQS.

(2) In other designated areas, provide offsets sufficient to demonstrate reasonable further progress toward achieving or maintaining the NAAQS.

(3) In all areas of the state, provide offsets sufficient to demonstrate that the proposed major source or major modification would not cause or contribute to a new violation of the national ambient air quality standard.

(4) Unless otherwise specified in the rules, offsets required under this rule must meet the requirements of Emissions Reduction Credits in OAR 340 division 268.

(5) For PM2.5; inter-pollutant offsets are allowed as follows:

(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.

(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.

**340-224-1000**

**Additional Offset Provisions for special areas**

 (1) Klamath Falls: Offsets obtained in accordance with OAR 340-240-0550 and 340-240-0560 for sources locating within or causing significant impact on the Klamath Falls PM2.5 nonattainment or PM10 maintenance areas are exempt from the requirements of OAR 340-224-0050(2), 340-224-0060(2) and 340-224-0520(1) provided that the proposed major source or major modification would not cause or contribute to a new violation of the national ambient air quality standard. This exemption only applies to the direct PM2.5 or PM10 offsets obtained from residential wood-fired devices in accordance with OAR 340-240-0550 and 340-240-0560. Any remaining emissions from the source that are offset by emission reductions from other sources are subject to the requirements of OAR 340-224-0050(2), 340-224-0060(2) and 340-224-0520(1), as applicable.

(2) For the Medford AQMA:

(a)The owner or operator must obtain offsets in accordance with section (2)(b); and

(b) The owner or operator must demonstrate that the source’s emissions increase have an impact less than the PSD Class II increment as follows:

(i) For each pollutant and its precursors, a single source impact analysis is sufficient to show compliance with the PSD Class II increments if modeled impacts from emission increases equal to or greater than a significant emission rate above the netting basis due to the proposed source or modification being evaluated are less than the Class II Significant Impact Levels specified in OAR 340-200-0020, Table 1; or

(ii) The owner or operator of a proposed source or modification must show that modeled impacts from the proposed increased emissions, plus the impacts from emission increases from any other new or modified source approved since the area was designated nonattainment, minus any impacts from emission decreases resulting from offsets, are less than the PSD Class II increments for all averaging times.

 (3) SALEM?

**340-224-1500**

**Procedure for calculating reduced offset requirements for 1.2-1.0**

Procedure for calculating reduced offset requirements if referred here from above…

Need to link in the designated problem source from the EQC designation criteria in Div. 204

 y=mx+b

where:

 E = new or modified source emissions which must be offsets, tons per year

 R = offset ratio

 T = total offsets required, tons per year

P = offsets from priority sources, tons per year

I = offsets from industrial sources, tons per year

T = E \* R = P + I

F = percentage of E from priority sources = P / E \* 100

When F = 0 percent, R = 1.20

When F is 5 percent, R = 1.10

When F is > 10 percent, R = 1.00

1. For a specific situation, E will be known.

2. Determine offsets P from the priority sources:

 P = tons per year of offsets from priority sources

 P is rounded to nearest whole ton

3. Calculate F:

 F = P / E \* 100

 F is rounded to the nearest whole ton

4. Determine R:

 R = 1.2 – 0.2 \* F (With F expressed an a percentage) over the range of F from 0 to 10 percent

5. Determine total offsets required:

 T = E \* R

 T is rounded to the nearest whole ton

6. Determine industrial offsets required:

 I = T – P

**340-224-YY**

**Procedure for calculating reduced offset requirements for 1.0-0.5**

Procedure for calculating reduced offset requirements if referred here from above…

Need to link in the designated problem source from the EQC designation criteria in Div. 204

 y=mx+b

**340-224-3000**

**Requirements for Sources Impacting Other Designated Areas**

(1) For federal major sources:

(a) Offsets outside a nonattainment area but impacting the nonattainment area:

(A) For ozone areas, offsets for VOC and NOx are required if the source will be located within the ozone precursor distance.

(i)The offset ratio must be no less than 1.0:1.

(ii) These offsets may come from within either the designated area or the ozone precursor distance.

(iii) Offsets from outside the designated area but within the ozone precursor distance must be from sources affecting the designated area in a comparable manner to the proposed emissions increase. Methods for determining offsets are described in the ozone precursor offsets definition (OAR 340-225-0020(11)).

(B) For all other pollutants, for a source locating outside a designated nonattainment area but causing a significant air quality impact on the area:

(i) The owner or operator must provide offsets sufficient to reduce the modeled impacts below the significant impact level at all receptors within the designated nonattainment area; or

(ii) The owner or operator must provide offsets at a ratio of no less than 1.0:1. These offsets may come from within or outside the designated nonattainment area, The offsets obtained from outside the designated area must have a significant impact on the designated area.

(b) Outside a maintenance area but impacting the maintenance area:

(A) For ozone areas, offsets for VOC and NOx are required if the source will be located within the ozone precursor distance.

(i)The offset ratio must be no less than 1.0:1.

(ii) These offsets may come from within either the designated area or the ozone precursor distance.

(iii) Offsets from outside the designated area but within the ozone precursor distance must be from sources affecting the designated area in a comparable manner to the proposed emissions increase. Methods for determining offsets are described in the ozone precursor offsets definition (OAR 340-225-0020(11)).

(B) For all other pollutants, for a source locating outside a designated maintenance area, other than the Medford-Ashland AQMA, but causing a significant impact on the designated area:

(i) The owner or operator must provide offsets sufficient to reduce the modeled impacts below the significant impact level at all receptors within the designated maintenance area; or

(ii) The owner or operator must provide offsets at a ratio of no less than 1.0:1. These offsets may come from within or outside the designated maintenance area. The offsets obtained from outside the designated area must have a significant impact on the designated area.

(C) Medford-Ashland AQMA: Proposed new major PM10 sources or major PM10 modifications located outside the Medford-Ashland AQMA that cause a significant impact on the AQMA must provide reductions in PM10 emissions sufficient to reduce modeled impacts below the significant impact level (OAR 340-200-0020) at all receptors within the AQMA.

(D) Proposed major sources and major modifications located in or that impact the Medford Ozone Maintenance Area are exempt from **section (2)(a)** of this rule for NOx offsets with respect to ozone formation in the Medford Ozone Maintenance Area.

(2) For non-federal major sources:

(a) Outside a nonattainment area but impacting the nonattainment area:

(A) For ozone areas, offsets for VOC and NOx are required if the source will be located within the ozone precursor distance.

(i)The offset ratio must be no less than 1.0:1, but the ratio may be reduced to no less than 0.5:1if allowed by OAR 340-224-1500.

(ii) These offsets may come from within either the designated area or the ozone precursor distance.

(iii) Offsets from outside the designated area but within the ozone precursor distance must be from sources affecting the designated area in a comparable manner to the proposed emissions increase. Methods for determining offsets are described in the ozone precursor offsets definition (OAR 340-225-0020(11)).

 (B) For all other pollutants, for a source locating outside a designated nonattainment area but causing a significant air quality impact on the area:

(i) The owner or operator must provide offsets sufficient to reduce the modeled impacts below the significant impact level at all receptors within the designated nonattainment area; or

(ii) The owner or operator must provide offsets at a ratio of no less than 1.0:1, but the ratio may be reduced to no less than 0.5:1if allowed by OAR 340-224-1500. These offsets may come from within or outside the designated nonattainment area. The offsets obtained from outside the designated area must have a significant impact on the designated area.

(b) Outside a potential nonattainment area but impacting the potential nonattainment area

(A) For ozone areas, offsets for VOC and NOx are required if the source will be located within the ozone precursor distance.

(i)The offset ratio must be no less than 1.0:1.

(ii) These offsets may come from within either the designated area or the ozone precursor distance.

(iii) Offsets from outside the designated area but within the ozone precursor distance must be from sources affecting the designated area in a comparable manner to the proposed emissions increase. Methods for determining offsets are described in the ozone precursor offsets definition (OAR 340-225-0020(11)).

(B) For all other pollutants, the owner or operator must provide initial offsets at a ratio of no less than 1.0:1, but the ratio may be reduced to no less than 0.5:1if allowed by OAR 340-224-1500. These offsets may come from within or outside the designated area. The offsets obtained from outside the designated area must have a significant impact on the designated area.

(c) Outside a transitional area but impacting the transitional area:

(A) For ozone areas, offsets for VOC and NOx are required if the source will be located within the ozone precursor distance.

(i) The offset ratio must be no less than 1.0:1, but the ratio may be reduced to no less than 0.5:1if allowed by OAR 340-224-1500.

(ii) These offsets may come from within either the designated area or the ozone precursor distance.

(iii) Offsets from outside the designated area but within the ozone precursor distance must be from sources affecting the designated area in a comparable manner to the proposed emissions increase. Methods for determining offsets are described in the ozone precursor offsets definition (OAR 340-225-0020(11)).

(B) For all other pollutants, for a source locating outside a designated transitional area but causing a significant air quality impact on the area:

(i) The owner or operator must provide offsets sufficient to reduce the modeled impacts below the significant impact level at all receptors within the designated transitional area; or

(ii) The owner or operator must provide offsets at a ratio of no less than 1.0:1. These offsets may come from within or outside the designated transitional area. The offsets obtained from outside the designated area must have a significant impact on the designated area.

(d) Outside a maintenance area but impacting the maintenance area:

(A) For ozone areas, offsets for VOC and NOx are required if the source will be located within the ozone precursor distance.

(i)The offset ratio must be no less than 1.0:1, but the ratio may be reduced to no less than 0.5:1if allowed by OAR 340-224-1500.

(ii) These offsets may come from within either the designated area or the ozone precursor distance.

(iii) Offsets from outside the designated area but within the ozone precursor distance must be from sources affecting the designated area in a comparable manner to the proposed emissions increase. Methods for determining offsets are described in the ozone precursor offsets definition (OAR 340-225-0020(11)).

(B) For all other pollutants, for a source locating outside a designated maintenance area but causing a significant air quality impact on the area:

(i) The owner or operator must provide offsets sufficient to reduce the modeled impacts below the significant impact level at all receptors within the designated maintenance Area. In Klamath Falls, this requirement only applies to the emissions remaining after first deducting the offsets obtained in accordance with OAR 340-224-1000(1); or

 (ii) The owner or operator must provide initial offsets at a ratio of no less than 1.0:1, but the ratio may be reduced to no less than 0.5:1if allowed by OAR 340-224-1500. These offsets may come from within or outside the designated area. The offsets obtained from outside the designated area must have a significant impact on the designated area.

(c) Growth Allowance. The requirements of sections (2) and (3) may be met in whole or in part in a maintenance area with an allocation by DEQ from a growth allowance, if available, in accordance with 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 340-242-0430 and 340-242-0440.