



State of Utah

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GUIDELINES

TO: New Source Review Section

FROM: Regg Olsen, Permitting Branch Manager

DATE: January 16, 2013

SUBJECT: Uintah Basin Permitting Guidance

Utah's general permitting rule, R307-401, establishes permitting requirements for new and modified, major and minor sources. As authorized by the rule, the director will issue an approval order for new or modified sources only if the requirements in R307-401-8 have been met, including the National Primary and Secondary Ambient Air Quality Standards (NAAQS, R307-401-8(1)(b)(vii)).

During the winter of 2009-10 unexpectedly high ozone values were recorded at survey monitors in the Uintah Basin. Ozone is typically a summertime pollutant, but the unique conditions in this area lead to the formation of ozone during inversions when there is significant snow cover on the ground. High values were recorded again during the winter of 2010-11 indicating that there is an on-going problem in the area. The State of Utah is currently collecting data in the area to determine whether or not the area is meeting the NAAQS for ozone.

Effective February 1, 2013, the Division Director will not issue an approval order (AO) under R307-401 for a new or modified stationary source of VOC emissions in Duchesne or Uintah County unless the owner or operator has provided a satisfactory demonstration that the source will not contribute to a potential violation of the ozone NAAQS. This will fulfill the requirement of R307-401-8(1)(b)(vii). A source with an ITA in public comment prior to this date will be allowed to move forward for AO approval provided no substantive adverse public comments are received.

Options for the demonstration to be submitted as part of the NOI include:

Option A – Photochemical ozone modeling using a model and protocol pre-approved by UDAQ,

Option B – VOC Emissions Offsetting – This option is expected to be the primary means for

making a demonstration that a source does not cause or contribute to a violation of the ozone NAAQS. Any emissions increase of VOC from new or existing sources requiring an AO can make a demonstration by offsetting the proposed increase in emissions. The offset ratio will be 1:1, rounded up to the nearest tenth TPY.

Option C – An alternate demonstration may also be proposed by the applicant. This demonstration must be defensible and must meet the requirements of R307-401-8.

Alternative demonstrations will be evaluated by the Director on a case-by-case basis.

The following Emission Reduction Credits (ERC) criteria are applicable if a source chooses the offsetting option above:

- The process for establishing ERCs will follow the long-standing process that has been used for both attainment and nonattainment areas under Utah's rules.
- To be registered for offsetting, ERCs are required to be surplus, permanent, quantifiable and enforceable.
- ERC's generated in Duchesne or Uintah Counties can be used in either County.
- ERCs generated in Indian Country will be accepted in state jurisdiction provided the emission reductions are enforceable by EPA.
- If the source is proposing to rely on an alternate enforcement mechanism to generate and/or make an ERC enforceable, advise them this will likely result in a delayed issuance of their AO as a legal review will be required to determine whether the enforcement mechanism is adequate to meet the requirements of R307-401-8.
- Sources will be allowed to look back to January 1, 2011 to calculate ERC's for the registry. A source's baseline emissions will be determined when the source applies to register the ERC's. The data for calculating eligible ERC's shall be provided by the source.
- An existing source that was in operation in 2011 and subsequently obtains an Approval Order is not required to make a retroactive demonstration that it did not cause or contribute to a violation of the ozone NAAQS, but any new modification at the source is subject to this policy.
- Existing registered ERCs for Duchesne and Uintah Counties can be used for offsetting in either county. However, these credits could be subject to future state or federal actions.
- Expected sources of ERCs include (though there may be others as well):
 - Voluntary acceptance of LAER level controls or other emissions limitations lower than BACT
 - Emission reductions not required by federal standards
 - Emission reductions below applicable federal standards
 - Emission reductions not required by State rules
 - Replacement of grandfathered sources
- The DAQ ERC registry has been modified to accommodate the registering of ERCs obtained through both State and Federal permitting actions. Camron Harry will be the gatekeeper for the registry. Please involve Camron in *all* actions requiring the creation and utilization of ERCs.

- Inter-pollutant trading will not be allowed. The offset ratio will be 1:1, rounded to the nearest tenth. The use of inter-pollutant trading will be reevaluated when more information is available regarding the relative importance of ozone precursors during wintertime inversion conditions.

If the source pursues Option A or C to make their demonstration, advise them this will likely result in a delayed issuance of their AO as a more thorough review will be required as we look at their submittal.

NO_x will continue to be evaluated as well, to determine compliance with the 1-hour NO₂ NAAQS in accordance with paragraph IV.3 of the EIA SOP.

Small Sources under R307-401-9 are exempt from this policy. If an existing source desires to implement controls to render its emissions de-minimus and the source desires to generate emission credits, an AO must be issued to make the reductions permanent and enforceable. Likewise, an existing exempt small source can obtain emission credits for additional reductions below 5 TPY, but an AO will be required to make the ERCs enforceable.

This Guideline shall be audited at least every two years by the Minor Source Section Manager to determine the current status and relevance of the information.