submitted with the rule, and must use the same type and quality of analysis as that required for an EPA-approvable SIP; and

d. Provide assurances, in conjunction with the State's submittal of the generic rule to EPA, that the state (i) is making reasonable efforts to develop a complete approvable SIP that will achieve the percent emission reduction from controllable sources described in the previous paragraph and (ii) intends to adhere to the schedule for development of such a SIP (including dates for completion of emissions inventory and subsequent increments of progress), as stated in the letter accompanying the submittal or in previous letters. In addition, to ensure that generic approvals continue to complement and do not interfere with attainment planning, EPA will require the state to include the specific assurances listed at section I.A.1.b.(3) above in or with its notices of proposed and final approval of each bubble issued under the generic rule in such a nonattainment area.[7*]

E. EPA Oversight of Generic Rules

In order to ensure proper implementation of EPA-approved generic trading rules, EPA intends to (a) examine and comment on, together with any other public comments, the information provided for individual trades proposed under a generic rule, (b) conduct reviews of individual trades approved under such a rule, and (c) periodically audit the implementation of the generic rule itself.

1. EPA Comment on Trades Proposed Under Generic Rules

When processing emissions trades under generic rules, states are required to provide EPA and the public with adequate notice and opportunity to comment. See sections II.F. and II.G. below. EPA will use state procedures for notice and comment to oversee the implementation of generic rules without delaying state processing of trading applications.

The information which a state must provide to EPA by the first day of the comment period (see section II.G. below) is generally sufficient for EPA to determine that a trading application is being processed properly. Where this information is not sufficient, EPA may request the application itself, and the state must provide it promptly.

Where EPA elects to provide any comments on the proposed approval, it will do so in writing, by the close of the comment period specified in the state's notice. EPA may also testify at any public hearing held pursuant to the approval of a trading application under a generic rule. Trading applicants and state officials are strongly advised to address EPA's comments, and where necessary to incorporate an appropriate response to these comments in the final approval document.[7*]

2. Reviews of Individual Bubbles Approved Under Generic Rules

Reviews of individual generic bubble approvals, apart from the regularly scheduled reviews associated with activities under EPA's National Air Audit System (see section II.E.3. below), may be conducted at any time by EPA in order to promptly address identified or suspected problems and to avoid patterns of improper approval or other adverse effects which might accumulate before the next biannual audit is conducted.

3. EPA Audits of the General Implementation of Generic Rules

Under the National Air Audit System, EPA conducts a program audit of each state agency responsible for implementing the SIP and delegated federal programs.[14] These audits are currently carried out on a biannual basis. As part of the National Air Audit System, EPA will conduct an in-depth file audit of a representative sample of generic trading approvals issued by the relevant state.

4. Deficient Generic Trades

As discussed above, generic rules can expedite the approval process for certain classes of emissions trades because they allow such trades to be approved by states without undergoing a subsequent federal rulemaking process. However, to be considered valid by EPA, a trade approved under a generic rule must:

(1) Be one of a class of trades which is within the scope of the generic rule,

(2) Be approved *after* the generic rule has been approved by EPA, and

(3) Meet all the provisions of the generic rule as approved by EPA.

If a state-approved emissions trade does not meet all these requirements it cannot be considered part of the SIP and by definition cannot replace prior valid emission limits in the SIP. See 46 FR 20554–55 (April 6, 1981). Should EPA determine, as a result of its oversight activities, that a state-approved trade is inconsistent with the above requirements, it will notify the state and source in writing and specify any necessary remedial measures. In such circumstances, EPA may take appropriate remedial action to assure attainment and maintenance, including direct enforcement of the original SIP limits.[7*]

5. Deficient Generic Rules

Existing generic rules approved under previous EPA policy and guidance may require revision in order to make them consistent with today's final policy. In addition, a generic rule approved by EPA under the final policy may subsequently be found to be deficient in some respect. Because EPA-approved generic rules have independent force of law, they can only be amended upon completion of a formal SIP revision process.

In order to ensure that generic rules are consistent with the Agency's current Emissions Trading Policy, EPA will publish notices in the Federal Register which identify any generic rules requiring formal modification.[7*] These notices will identify specific deficiencies and means for correcting them, and will set forth a schedule for submission and review of revised rules. These notices will alert affected states to the danger that continued processing of trades

---

[7*] These four requirements must be included as a contingent provision in all future generic rules, with the contingency triggered to apply to bubbles in primary nonattainment areas which become subject to a SIP call questioning their approved demonstration, after the generic rule was approved.

[7*] Lack of EPA comment during the comment period will not bar future appropriate EPA enforcement or rulemaking actions if the bubble is found to be inconsistent with the generic rule.

[14] See, e.g., National Air Audit Guidelines for FY 86, Office of Air Quality Planning and Standards, EPA-450/2-85-007 (November 1985).

[7*] In some cases EPA may have approved state SIP provisions which meet the functional criteria for generic rules, without indicating whether or not these provisions were approved for generic operation. Today's notice does not address the effect of generic validity of such provisions.

[7*] EPA's publication of such notices will not trigger special progress requirements for case-by-case SIP revision bubbles in areas other than primary nonattainment areas which require but lack demonstration. Primary nonattainment areas which require but lack demonstrations should already be subject to special progress requirements of case-by-case SIP revision bubbles.

under these rules may create or accentuate plan deficiencies which may have to be corrected at a later date or compensated by other means. Where states fail to remedy deficiencies identified in the notice within the prescribed period, EPA may either rescind its previous approval of the rule, or issue a notice of SIP deficiency under section 110(a)(2)(H) of the Act.

F. Public Comment

For emissions trades processed under generic rules, existing state statutes or regulations will generally provide for adequate public notice and opportunity to comment, including opportunity for judicial review sufficient to make comment effective. Under such statutes or regulations, after the state has reviewed a bubble application submitted pursuant to an approved generic rule, a newspaper or similar notice is typically published providing a comment period (usually thirty (30) days) on the proposed decision to approve or disapprove the application. This notice generally informs the public that the proposed approval document (license, order, permit, consent agreement, etc.), the application itself (with the exception of any portion entitled to confidentiality under state or federal law[**]), and the technical analysis performed by the state in making its proposed determination, are available for review at specified times and locations. The notice also offers the opportunity for a public hearing.

Under today's policy, the state must also notify the relevant Federal Land Manager if an emissions trade will take place within 100 kilometers of a PSD Class I area. Notification must occur early enough in the review process to allow at least 30 days for the submittal of comments before the trade will be approved by the state.

Where adequate procedures for public notice and comment are not already provided in existing state statutes or regulations, such procedures must be provided as part of an EPA-approved generic rules. In all proposed and final generic bubble actions, states must clearly and publicly identify both the pre- and post-trade actual and allowable emissions of each source involved in the trade, so that the ambient effects of each bubble may be known.

To ensure adequate public awareness consistent with § 304 of the Clean Air Act, state generic rules or other existing state laws or regulations must also make publicly available any changes to emission limits which result from trades approved under a generic rule.

G. EPA Notification

In addition to the above requirements for public notice and comment, the generic rule or other state provisions must require that states, by the first day of the public comment period, provide the appropriate EPA Regional Office (see addresses in Appendix A) with a copy of the public notice, the proposed approval document, and the technical analyses performed in evaluating the trading application, together with any summary of those analyses which is available for public review.

State provisions must also require that immediately upon issuance of a final generic trading approval, the state will forward two copies of that document to the relevant EPA Regional Office, and will also submit to EPA any additional documentation which is included in comments or the post-comment record and supports that final state approval.

Any notices issued by EPA to correct notice and comment procedures which do not meet these requirements under current or future generic rules will not trigger special progress requirements or otherwise affect the operation of these rules. Because of the importance of adequate public and EPA notice, affected states should, however, correct deficient notice procedures to the extent practicable, in the interim period before formal rule revisions are submitted and approved.

H. Rulemaking on Generic Rules

EPA will process acceptable generic trading rules for approval as revisions to SIPs as expeditiously as possible. In the interim, states are encouraged to use parallel-processing SIP revision procedures (see 46 FR 44477; Sept. 4, 1981) wherever practical. Trades may not be generically approved by a state until EPA has published a notice of final approval of the generic trading rule in the **Federal Register**.

III. Trades Not Covered by State Generic Rules

In the absence of a generic rule, states and sources must use case-by-case SIP revisions to effect bubble or external offset trades. Individual trades may also fall outside the scope of an approved generic rule and still be implemented as case-by-case SIP revisions. The principles described in the Policy Statement and this Document will be used to evaluate these emission trades.

Because of the ability of the case-by-case SIP revision process to take account of greater individual variations, many trades which could not be accomplished under a generic rule may nevertheless be approved as case-by-case SIP revisions. Through this SIP revision process, states and sources may also demonstrate that a general principle discussed in Section I above does not apply to their particular circumstances, or that such a principle may be satisfied in other ways.

EPA will make reasonable efforts to take prompt action on SIP trading proposals after a state has ruled on an individual application and submitted it to the Agency. EPA encourages "parallel processing" of such proposals, with EPA and state officials conducting concurrent review so that both agencies can give public notice of proposed action at roughly the same time. EPA can then take final action after the state completes its proceedings, provided the state does not substantially alter the proposal after public notice. EPA will also publish noncontroversial SIP revisions as direct final actions, converting them to proposals only if requests to submit adverse comments are received within 30 days (see generally 46 FR 44477, September 4, 1981). In all bubble actions EPA will clearly identify (or require states to identify, as appropriate) both pre- and post-trade actual and allowable emissions for each source involved in the trade, so that the ambient effects of each bubble may be known.

Appendix A—Regional EPA Emissions Trading Coordinators

Region I: David Conroy (APS-2310), State Air Programs Branch, U.S. Environmental Protection Agency, Region I, John F. Kennedy Federal Building, Boston, Massachusetts 02203, (617) 565-3252; FTS 835-3252

Region II: Betty Martinovich, Air Branch, U.S. Environmental Protection Agency, Region II, 26 Federal Plaza, New York, New York 10007, (212) 264-2517; FTS 264-2517

Region III: Cynthia Stahl, Air Programs Branch, U.S. Environmental Protection Agency, Region III, 841 Chestnut Building, Philadelphia, Pennsylvania 19101, (215) 597-8337; FTS 597-8337

Region IV: Melvin Russell, Air Programs Branch, U.S. Environmental Protection Agency, Region IV, 345 Courtland Street, N.E., Atlanta, Georgia 30308, (404) 257-2864; FTS 257-2864

Region V: Joe Paisie, Air Compliance Branch, U.S. Environmental Protection Agency, Region V, 230 South Dearborn Street, Chicago, Illinois 60604, (312) 886-6777; FTS 886-6777

Region VI: Bill Riddle, Air Program Branch, U.S. Environmental Protections Agency, Region VI, First

[**] The specific pollutants emitted by the source, the amount of these pollutants, and their ambient air impact may not be deemed confidential.

International Building, 1201 Elm Street, Dallas, Texas 75270, (214) 767–9870; FTS 729–9870

Region VII: Charles Whitmore, Air Support Branch, U.S. Environmental Protection Agency, Region VII, 324 East 11th Street, Kansas City, Missouri 64106, (913) 236–2886; FTS 757–2886

Region VIII: Dale Wells, Air Programs Branch, U.S. Environmental Protection Agency, Region VIII, 1860 Lincoln Street, Denver, Colorado 80296, (303) 293–1779; FTS 564–1779

Region IX: Nancy Harney, Air Management Division, U.S. Environmental Protection Agency, Region IX, 215 Fremont Street, San Francisco, California 94105, (415) 974–7650; FTS 454–7650

Region X: David Bray, Air Programs Branch, U.S. Environmental Protection Agency, Region X, 1200 6th Avenue, Seattle, Washington 98101, (206) 442–4253; FTS 399–4253

Appendix B—Definitions of "Actual," "Allowable" and "Baseline" Emissions for Purposes of Emissions Trading

As used in this document with respect to bubbles, a source's "actual" emissions equal its average historical emissions, in tons per year, for the two-year period preceding the source's application to bank or trade emission reduction credit. Another time period may be deemed more representative of typical operations, but the applicant or state must show that actual emissions of such other period are consistent with air quality planning for the area. The definition of "actual emissions" for new source review purposes is somewhat different.[1] See 45 FR 52745 (August 7, 1980); 40 CFR 51.18(j)(1)(xii), 51.24(b)(21), 52.21(b)(21) and 52.24(f)(13).

A sources's "allowable" emissions in tons per year are calculated using the maximum rated capacity of the source (unless the source is subject to federally enforceable operating restrictions) and the most stringent of: (a) A standard applicable under 40 CFR Parts 60 or 61; (b) any applicable SIP emissions limitation, including those with a future compliance date; or (c) an emissions rate set in a federally enforceable permit condition. See 40 CFR 51.18 (j)(1)(xi), 51.24(b)(16), 51.21(b)(16) and 52.24(f)(11). The same definition of "allowable emissions" appears at each of these citations. See also 45 FR 52745 (August 7, 1980).

For bubbles, a source's "baseline" emissions are equal to the product of its (1) *emission rate* ("ER"), specified in terms of mass emission per unit of production or throughput (e.g., pounds SO_2 per million BTU or pounds of VOC per weight of solids applied); (2) *average hourly capacity utilization* ("CU") (e.g., millions of BTU per hour or weight of solids applied per hour); and (3) *number of hours of operation* ("H") during the relevant time period. I.e., baseline emissions = ER x CU x H. Net baseline emissions for a bubble are the sum of the baseline emissions of all sources involved in the trade.

In attainment areas and nonattainment areas with approved demonstrations of attainment, a source's baseline emissions for bubble purposes must generally be determined using the lower of "actual" or "allowable" values for each of the three baseline factors. Actual values for these factors are determined based on the source's average historical values for the factors for the two-year period preceding the source's application to bank or trade emission reduction credits. As discussed above, another time period may be deemed more representative of typical operations, but the emissions for that other period must be shown to be consistent with air quality planning for the area. A source's allowable values for the three baseline factors are determined based on its lowest federally enforceable limit for those factors (i.e., the lowest limit specified in an applicable SIP, PSD or other NSR permit issued under an EPA-approved program, compliance order, or consent decree), including those with a future compliance date.

The actual values for any of the three baseline factors, when higher than corresponding allowable values, may not be used by a source in calculating baseline emissions (i.e., reductions down to compliance levels cannot qualify for emission reduction credit). The allowable values for one or more of these factors, when higher than the corresponding actual values, may be used in calculating bubble baseline emissions for a source only in the following circumstances:

* Where, in a nonattainment or attainment area with an approved demonstration, the applicant shows that the demonstration assumes allowable value(s) for the factor(s) in question. Such a showing must be based on written evidence.

* Where, in an attainment area, the approved demonstration does not assume allowable value(s) for the baseline factor(s) in question, but the applicant performs satisfactory ambient tests to show that the use of such allowable value(s) will not jeopardize attainment and maintenance of NAAQS, PSD increments or visibility. For particulate matter or SO_2, this will require at least a Level II modeling analysis using actual emissions for the pre-trade case.[2] Where such an analysis is submitted to justify allowable values for a case-by-case SIP revision bubble, the Region may require additional technical support if deemed necessary to protect applicable standards or increments. See Section I.B.1.b above.

* Where, in a non-attainment area with an approved demonstration of attainment, the demonstration does not assume allowable value(s) for the baseline factor(s) in question, but the applicant demonstrates through a Level III modeling analysis that the use of such allowable value(s) will not jeopardize attainment and maintenance of NAAQS or PSD increments.

* Where, in an attainment area or a nonattainment area with an approved demonstration, a source has a new source preconstruction permit issued after the PSD baseline date or the base year of the attainment demonstration. In such cases, the applicant may use the value(s) of ER, CU and H upon which the new source permit was approved.

While the Emissions Trading Policy does permit sources to use allowable values for ER, CU and H in determining baseline emissions for bubbles under certain carefully prescribed conditions, the approach taken recognizes that SIP demonstrations are frequently based on a "hybrid" of allowable and actual values, and that bubble baselines in these areas must accurately reflect SIP assumptions for all three baseline factors, or be justified by appropriate modeling, to maintain SIP integrity.

In nonattainment areas needing but lacking approved demonstrations of attainment, sources involved in a bubble must use "lowest-of-actual-SIP-allowable-or-RACT-allowable" emissions baselines. The ER factor for such baselines is based on the actual emission rate, the SIP or other federally enforceable emission limit, or a RACT emission limit, whichever is lower, as of the time of the source's applicable to bank or trade, whichever is earlier. The CU and H factors for such baselines are based on the lower of actual or

[1] For instance, the calculation of actual emissions for netting purposes is as of the date of the event that brings about the reduction.

[2] Where the PSD baseline has been triggered, and such emissions data is available, the pre-bubble situation for sources which were in existence or commenced construction prior to the PSD baseline date should be modeled using emissions consistent with the PSD baseline concentration as defined in 40 CFR 51.24(b)(19) and 52.21(b)(13). However, emissions and associated parameters may be based on more recent values where past emissions data cannot readily be obtained. For related principles see section I.A.1.c.(1) above.

allowable values for those factors. Actual values for CU and H must be determined using the source's average historical values for the two year period preceding the source's application to bank or trade, unless another two year period is shown to be more representative of typical operations.

For sources which banked or sought to bank credit in these nonattainment areas prior to publication of today's notice, the "date of application to bank" is the date of written application to the state to bank credit through a formal bank or informal banking mechanism for use in future trades. For sources which seek to bank credit in these areas following publication of today's notice, the date of application to bank will be the date of written application to the state to *make a reduction state-enforceable* through or concurrent with use of a formal bank or informal banking mechanism.

Appendix C—Approvable Modeling Approaches

U.S. Environmental Protection Agency

Office of Air, Noise, and Radiation

February 17, 1986.

Memorandum

Subject: Emissions Trading Policy—Technical Clarifications

From: Sheldon Meyers, Director, Office of Air Quality Planning and Standards (ANR-443)

To: Director, Air and Waste Management Division, Regions II-IV, VI-VIII, X; Director, Air Management Division, Regions I, V, IX

The proposed emission trading policy was published on April 7, 1982, in the **Federal Register**. During the initial implementation of the proposal, numerous emissions trading issues have arisen including several relating to the technical requirements of dispersion modeling and control strategy evaluations. To address these modeling issues, a special workshop was held to solicit recommendations from Regional meteorologists/modelers as well as the various Headquarters technical staff. The Standing Committee on Emissions Trading has also considered these issues and the recommendations of the workshop group.

This memo is intended to outline the results of these meetings and to provide interim guidance. It is effective immediately and will be incorporated into the final Agency policy when promulgated. The following revisions or clarifications on modeling for TSP, CO, and SO_2, are intended to supplement the criteria included in the April 7, 1982, emissions trading policy statement.

Level I Analysis

* To ensure air quality equivalence under Level I analysis (modeling is not required), trades cannot be approved where complex terrain (terrain greater than any stack with increasing emissions) is within the area of significant impact of the source or 50 kilometers, whichever is less.

* Stacks with increasing emissions must be at least good engineering practice (GEP) to prevent downwash.

* Fugitive process and stack sources can be traded under Level I (i.e., process for process, process for stack, and stack for stack) as long as the maximum distance between any emitting points is less than 250 meters. (This is true for trades under generic rules as well as for trades implemented by SIP revisions. The effective stack height requirement in the April policy remains.)

* Since trades involving open dust sources are very difficult to address in a replicable manner, they cannot currently be approved under generic Level I bubble regulations. (Reiteration of April 7, 1982 proposed policy.)

Level II Modeling Analysis

* In order to satisfy the basic requirement of the emissions trading policy that trades "must demonstrate ambient equivalence," the maximum change in air quality impact (delta) must be determined when performing a Level II analysis. Experience has shown that this requirement is not necessarily met where the April 7 policy says to analyze only the "impact at the receptor of maximum predicted impact after the trade." Therefore, to assure that no degradation of air quality greater than the significance levels would occur at any site, the method of finding the maximum deltas must be determined on both a spatially and temporally consistent basis. This means that you look at each receptor point and determine the change in concentration from the before trade case to the after trade case sequentially for each time period within a full year of meteorological data (time period means the appropriate ambient standard averaging time; e.g., 2-hour, 24-hour, etc.). This appears the most reasonable method of determining ambient equivalence at this time.

Other techniques may be approved where they can be demonstrated to be equally protective of the standards and PSD increments. Also, a Level III analysis may be used to supplement these cases where Level II analysis shows a few receptors registering deltas greater than the significance values. This limited Level III analysis would involve only the geographical area containing the high deltas and would include all contributing sources to that area.

* Use of refined models (e.g., MPTER, ISC) with at least one year of meteorological data is acceptable for a Level II analysis.

* To ensure replicability, only trades involving process fugitive emission sources vented through stacks can be approved in generic Level II rules unless the State rule specifically identifies actual facilities between which process fugitive trades would be permitted. In such cases, the State rule must specify the emission points and all associated and pertinent parameters needed to ensure replicability of modeling results.

* Since trades involving open dust sources are very difficult to address in a replicable manner, they cannot currently be approved under generic Level II bubble regulations. (Reiteration of April 7, 1982 proposed policy.)

* Trades involving complex terrain cannot be approved under Level II generic rules; however, approval of such trades through individual SIP reviews are possible under Level II. EPA's experience in processing bubbles for such sources has shown that they are exceedingly difficult to address in a replicable manner. They require a considerable number of judgments and negotiations among Agency personnel concerning the models, data bases, and proper source characterization.

* All national ambient air quality standards (NAAQS) averaging periods, not just the 24 hour, must be considered when performing the air quality equivalence analysis. This is necessary to assure trades approved under Level II will not have any adverse health and welfare impacts. Therefore, all Level II analyses must test the delta for each receptor site against the following significance levels: TSP—10 $\mu g/m^3$ (24-hour), 5 $\mu g/m^3$ (annual); SO_2—13 $\mu g/m^3$ (24-hour), 40 $\mu g/m^3$ (3-hour), 3 $\mu g/m^3$ (annual); CO—575 $\mu g/m^3$ (8-hour), 2000 $\mu g/m^3$ (1-hour).

Implementation of Changes

Implementation of these changes by the Regional Offices in their negotiations with States and individual sources should begin immediately. If there are any on-going bubble activities where the Regions or States and sources have reached firm agreements which do not comport with these changes, please alert Tom Helms (FTS 629-5526) of my staff. Consideration will be given to situations where the source or State has

already invested significant resources in a good-faith analysis based on prior methods of demonstrating ambient equivalence. If you have specific questions regarding implementation of these policy changes, please call Tom Helms.

cc: Chief, Air Branch, Regions I–X, Meteorologist, Regions I–X, Mike Levin, Joe Tikvart, Darryl Tyler

Appendix D—Approvable Averaging Times for VOC Trades

U.S. Environmental Protection Agency

Office of Air Quality Planning and Standards, Research Triangle Park, North Carolina 27711

January 20, 1984.

Memorandum

Subject: Averaging Times for Compliance With VOC Emission Limits—SIP Revision Policy

From: John R. O'Connor, Acting Director, Office of Air Quality Planning and Standards (MD–10)

To: Director, Air and Waste Management Division, Regions II–IV, VI–VIII, X, Director, Air Management Division, Regions I, V, IX.

The purpose of this memorandum is to clarify the Agency's policy regarding emission time averaging for existing sources of volatile organic compounds (VOC's). Numerous State Implementation Plan (SIP) revisions, both broad regulations and source-specific changes, have been submitted which provide for compliance determinations by "time averaging" emissions of VOC for periods exceeding 24 hours. These requests and the following policy on this subject were discussed extensively at a recent meeting attended by those Regional Offices which have the most pending actions (Regions I, III, IV, V), the Office of Air Quality Planning and Standards, and the Office of General Counsel. This policy represents the consensus of the meeting attendees.

The objective of EPA's national VOC emissions control program is the timely attainment and maintenance of the national ambient air quality standard (NAAQS) for ozone. SIP revisions and other regulatory actions relating to VOC control must maintain the integrity of this basic objective. There should be assurances that VOC emission control is reasonably consistent with protecting this short-term ozone standard. Further, since SIP's and associated VOC control programs contemplate the actual application of reasonably available control technology (RACT), regulatory actions that incorporate longer term averages to circumvent the installation of overall RACT level controls cannot be allowed.

Current Agency guidance specifies the use of a daily weighted average for VOC regulations as the preferred alternative where continuous compliance is not feasible. An example might be where a facility operates in a batch manner with multiple lines and various products. Reference is made to the December 8, 1980, Federal Register (copy attached) where can coating operators are allowed to "bubble" several production lines and average emissions over a 24-hour time period.

The preferred daily weighted average alternative may not be feasible in all cases. Where the source operations are such that daily VOC emissions cannot be determined or where the application of RACT for each emission point (line, machine, etc.) is not economically or technically feasible on a daily basis, longer averaging times can be permitted under certain conditions. In determining feasibility, consideration might be given, for example, to the extent to which modifications can be made to testing, inventory, or recordkeeping practices in order to quantify daily emissions. Also, variability or lack of predictability in a source's daily operation might be considered as well as availability of control technology or the physical impediment or restriction to control equipment installation. In order to allow longer than daily averaging in SIP regulations, the following conditions or principles must be honored:

1. Real reductions in actual emissions must be achieved, consistent with the RACT control levels specified in SIP's or the control technique guidelines (CTG's). These limits are typically expressed in terms of VOC per unit of production (a qualitative term such as lbs VOC/gal coating). Where it is not feasible to specify emission limits in such terms, emission limits per unit of time can be approved provided that:

a. The emission limits reflect typical (rather than potential or allowable) production rate and operating hours. These emission limits must truly reflect emissions reductions consistent with RACT and are not simply an artificial constraint on potential emissions. This must be supported in the SIP revision by historical production and operation data.

b. Nonproduction or equipment downtime credits are not allowed in the emission limit calculation unless a Federally enforceable document specifically restricts operation during these times. Such credit must be based on real, historical emissions.

2. Averaging periods must be as short as practicable and in no case longer than 30 days.

3. A demonstration must be made that the use of long-term averaging (greater than 24-hour averaging) will not jeopardize either ambient standards attainment or the reasonable further progress (RFP) plan for the area. This must be accomplished by showing that the maximum *daily* increase in emissions associated with long-term averaging is consistent with the approved ozone SIP for the area.

4. Sources in areas lacking approved SIP's, or in areas with approved SIP's but showing measured violations, cannot be considered for longer term averages until the SIP has been revised demonstrating ambient standards attainment and maintenance of RFP (reflecting the maximum daily emissions from the source with long-term averaging).

Meaningful short-term (i.e., daily) emission caps are desirable especially for sources subject to large fluctuations in emissions. The use of a daily cap (equal to or less than current average emissions on a daily basis) that limits short-term emissions to RACT equivalent levels would meet the above objective of ensuring VOC control that is consistent with attaining the NAAQS for ozone.

States have the primary responsibility to show adherence to the above principles and, to do so, must include the following information (in detail) in all SIP revision requests that seek VOC averaging times greater than 24 hours:

1. The VOC limits specified in an enforceable form with appropriate compliance dates.

2. A description of the affected processes and associated historical production and operating rates.

3. A description of the control techniques to be applied to the affected processes such as low solvent and waterborne coating technology and/or add-on controls.

4. The nature of the emission control program whether a bubble, a regulation change, a compliance schedule, or some other form of alternative control program.

5. The method of recordkeeping and reporting to be employed to demonstrate compliance with the new emission limit requirement and to support the showing that the emission limit is consistent with RFP and the demonstration of attainment.

Each EPA Regional Office shall have

the primary responsibility for determining the approvability of application requests. However, in order to assure Regional consistency, coordination with the Office of Air Quality Planning and Standards staff is encouraged during the initial development of any single "time average" SIP revision or regulation. Also, all SIP revisions involving long-term averaging must be proposed in the Federal Register with an explanation of how the principles listed above have been satisfied.

Should there be any questions on this policy, please call Tom Helms (FTS 629-5526) or Brock Nicholson (FTS 629-5516).

Attachment

cc:

Barbara Blaiklff
Ron Campbell
Jack Farmer
Mike Levin
Ed Reich
G.J. Steigerwald
Darryl Tyler
Peter Wyckoff
Chief, Air Branch, Regions I–X
Regional Administrator, Regions I–X

Appendix E—Radii of Significant Impact for Approving "Complex Terrain" PM, SO_2 and CO Trades Under Level I Modeling Approaches

Appendix E indicates on its vertical axis the post-trade emission rate for the stack with increasing emissions (E), and on its horizontal axis the radius of significant impact (R) within which level I trades may be approved despite the presence of complex terrain outside that radius.

The curves in Appendix E have been generated using a normally conservative screening model, VALLEY, to estimate R for each E, using the 24-hour and 3-hour air quality impact significance level for SO_2 and the 24-hour significance level for particulate matter (PM) which have been established for level II modeling. It was assumed that the short-term standards would be controlling.

The F stability class was assumed, and wind speed was presumed to be one meter per second for estimating the radius of significant impact for the three-hour period, and 2.5 meters per second for the 24-hour cases. In developing the three-hour curve, it was assumed that F stability and a wind speed of one meter per second would persist for as much as fourteen consecutive hours. In developing the 24-hour curves, it was assumed that F stability with a wind speed of 2.5 meters per second would occur for six hours of any 24-hour period.[1]

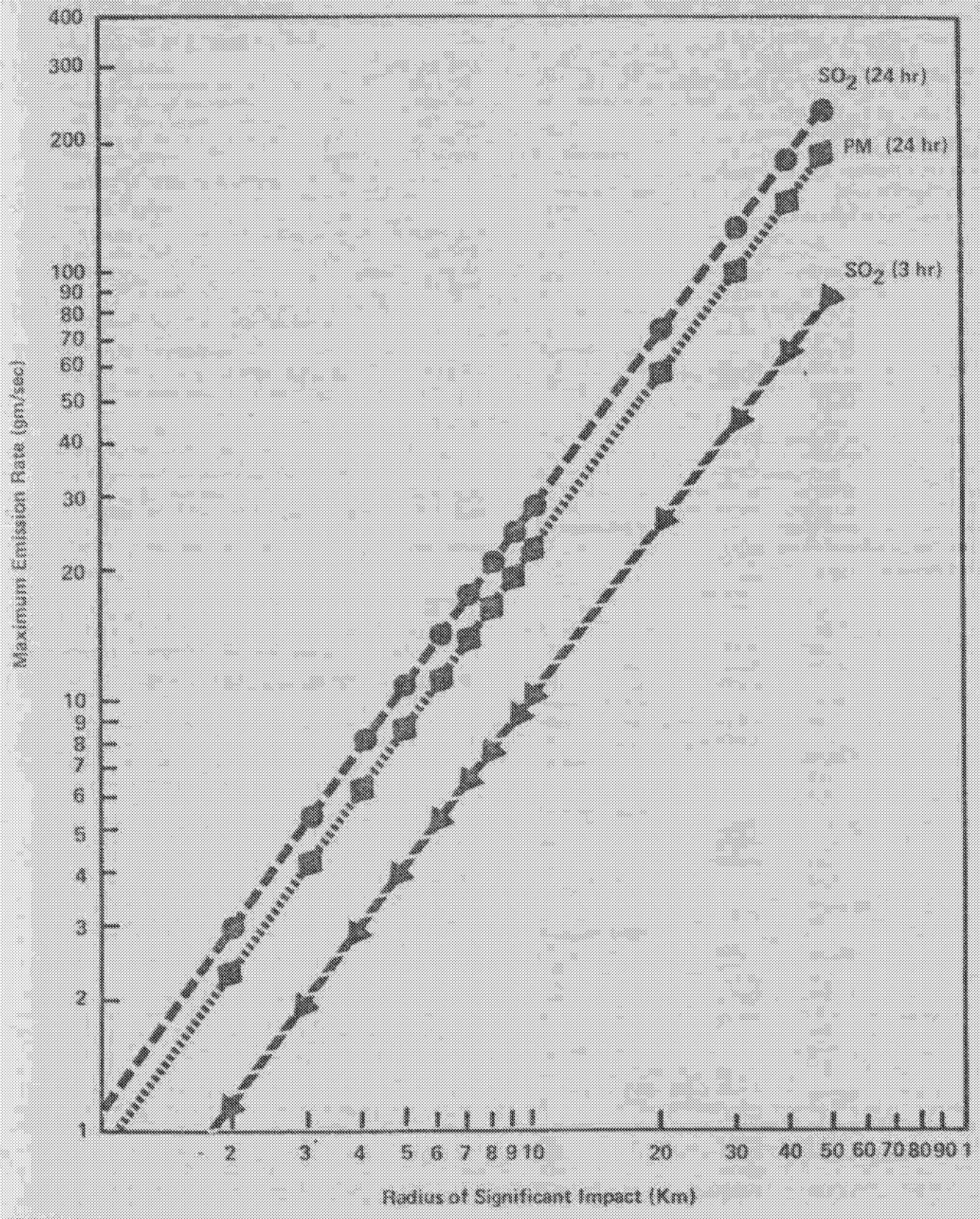
This Appendix provides different estimates for SO_2 and PM because the significance levels for these pollutants are different. For CO, the R value for E value may be determined by multiplying the E for SO_2 by twenty (20). This is a conservative approach towards determining radii of significant impact for CO. Where the effective height of the stack with increasing emissions is not changed (e.g., where the only change is in the sulfur content of fuel burned), the change in the hourly emission rate (E) may be used in lieu of E."

BILLING CODE 6560-50-M

[1] The curves in Appendix E were derived using the assumptions described above so that they could be used to determine radii of significant impact for sources in any part of the country. However, it is possible that for some areas, local meteorological conditions will be such that alternative, less conservative meteorological assumptions can be employed in determining these radii. Where states can show that the use of such alternative assumptions is appropriate for a given area, they develop alternative curves or formulas for determining radii of significant impact and submit them for review and approval by EPA, either in conjunction with an individual bubble submittal or as part of a generic rule. States are advised to work closely with the appropriate Regional Office in any effort to develop such alternative approaches.

FIGURE I:

Radii of Significant Impact for PM & SO_2 for Different Averaging Times



BILLING CODE 6560-50-C

Appendix F—CFR Part 51 Conversion Table

On November 7, 1986 (51 FR 40656) EPA restructured CFR Part 51 and renumbered many of that part's sections. Because most readers will be more familiar with prior designations, today's notice contains citations based on Part 51 as it existed before this restructuring. A detailed finding list of the old versus new citations can be found in Table 2 of the Preamble of the November 7 notice. Today's readers may also use the following table to convert today's Part 51 citations to the corresponding new ones.

CFR Part 51 Conversion Table

Old 40 CFR 51 Citation	*New 40 CFR 51 Citation*
51.18	Subpart I
51.18(j)	51.165(a)
51.18(j)(1)(vi)	51.165(a)(1)(vi)
51.18(j)(1)(x)	51.165(a)(1)(x)
51.18(j)(1)(xi)	51.165(a)(1)(xi)
51.18(j)(1)(xii)	51.165(a)(1)(xii)
51.18(j)(3)(iii)(c)	51.165(a)(3)(iii)(C)
51.18(k)	51.165(b)
51.22	51.281
51.24	51.166
51.24(b)(3)(b)(ii)	51.166(b)(3)(b)(ii)
51.24(b)(13)	51.166(b)(13)
51.24(b)(13)(ii)	51.166(b)(13)(ii)
51.24(b)(16)	51.166(b)(16)
51.24(b)(21)	51.166(b)(21)
51.24(b)(23)	51.166(b)(23)

[FR Doc. 86-27092 Filed 12-3-86; 8:45 am]

BILLING CODE 6560-50-M