From:	Schnepp, Jason
To:	Ogulei, David
Cc:	Romaine, Chris
Subject:	RE: Continental
Date:	Wednesday, October 03, 2012 12:45:34 PM
Attachments:	image002.png

Agree, and I have asked them for this. I am fairly certain what the result will be as I have done the calculations. It should show up as a negative, but we will identify it as a zero in the "sum of increases" table. They also will not be using this decrease for purposes of netting.
Thanks.
Jason

From: David Ogulei [mailto:Ogulei.David@epamail.epa.gov]
Sent: Wednesday, October 03, 2012 12:07 PM
To: David Ogulei
Cc: Schnepp, Jason; Romaine, Chris
Subject: RE: Continental

Jason,

After putting more thought into this, I agree that you do not have to adjust the BAE to account for the RTO if operation of the RTO is not currently required by any applicable federal or state requirement. However, I still believe the source must report their PAE (accounting for the RTO if one will be operated) and then calculate the increase based on the PAE-BAE difference.

David Ogulei---10/03/2012 10:53:36 AM---You might be right. Let me put more thought into this....
From: "Schnepp, Jason" <Jason.Schnepp@Ill

From: David Ogulei/R5/USEPA/US
To: "Schnepp, Jason" <Jason.Schnepp@Illinois.gov>,
Cc: "Romaine, Chris" <Chris.Romaine@Illinois.gov>
Date: 10/03/2012 10:53 AM
Subject: RE: Continental

You might be right. Let me put more thought into this....

"Schnepp, Jason" ---10/03/2012 09:18:08 AM---Well, obviously, the draft permit does not require anything – it's a draft. Now, if EPA had a term

From: "Schnepp, Jason" <Jason.Schnepp@Illinois.gov>
To: David Ogulei/R5/USEPA/US@EPA,
Cc: "Romaine, Chris" <Chris.Romaine@Illinois.gov>
Date: 10/03/2012 09:18 AM
Subject: RE: Continental

Well, obviously, the draft permit does not require anything – it's a draft. Now, if EPA had a term called Projected Baseline Actual Emissions, I would agree the baseline should be adjusted. When in doubt, I try to think how to approach these situations absent the rules. In this case, I can't see how you would have an increase in emissions at a modified mixer if you are adding a control device. I think we are at a stand-still. Let me consult with Chris and get back to you.

Thanks.
Jason

From: David Ogulei [mailto:Ogulei.David@epamail.epa.gov]
Sent: Wednesday, October 03, 2012 9:09 AM
To: Schnepp, Jason
Cc: Romaine, Chris
Subject: Re: Continental

Jason,

The applicant has assumed the source will be required to operate an RTO for Mixer 5. The draft permit requires operation of an RTO for Mixer 5. Because the draft permit requires an RTO for Mixer 5, and because the increase only occurs after the permit is issued, I believe that the RTO requirement "currently applies" in the context of 40 CFR 52.21(b)(48)(ii)(c). As the courts have ruled recently, a major modification only occurs when there is actually a significant emissions increase (i.e., after the project starts and an emissions increase actually occurs). So it would appear that the BAE definition assumes that the project may have begun construction. I believe both the PTE/PAE and BAE calculations need to account for any legally enforceable restrictions that apply to the source including those that are part of the proposed permit. We can explore this issue in more detail later.

Also, for Continental, I don't see the post-project PTE or PAE reported anywhere in the application. What I see is the "PTE" (without RTO) and emissions "increase (w/RTO)". The emissions increase should be calculated by subtracting the BAE from the PAE or PTE so the true PAE/PTE needs to be reported first. What I did in the sample calculation I sent you was to try to estimate the true PAE/PTE by adding the reported increase to the BAE, and then estimate how the true PAE/PTE was calculated from the PTE w/o RTO. This is all backwards and it's not clear if the PAE calculation fully complies with 40 CFR 52.21(b)(41).

Here's an excerpt from the 12/31/02 preamble to the reform rules:

5. For an Existing Unit (Other Than EUSGUs), When Must I Adjust My Calculation of the Pre-Change Baseline Actual Emissions?

Today's amendments require you to adjust the average annual emissions rate derived from the selected 24-month period under certain circumstances. Specifically, you must adjust downward this average annual rate if any legally enforceable emission limitations, including but not limited to any State or Federal requirements such as RACT, BACT, LAER, NSPS, and National Emission Standards for Hazardous Air Pollutants (NESHAP), restrict the emissions unit's ability to emit a particular pollutant or to operate at levels that existed during the selected 24-month period from which you calculate the average annual emissions rate. For example, assume that during the selected consecutive 24-month period you burned fuel oil and you were subjected to a sulfur limit of 2 percent sulfur (by weight). Today, you are only allowed to burn fuel oil with a sulfur content of 0.5 percent or less. Consequently, you would be required to adjust your preliminary calculation of baseline actual emissions for sulfur dioxide (SO_2) (that is, substitute the lower sulfur limit into the emissions calculation, yielding a 75 percent reduction in the emissions rate from the initial calculation) to reflect the current restriction allowing only 0.5 percent sulfur in fuel oil. The original average annual utilization rate would not be adjusted unless a more stringent legally enforceable operational limitation has since been imposed that restricts that rate.

You must also adjust for legally enforceable emission limitations you may have voluntarily agreed to, such as limits you may have taken in your permit for netting, emissions offsets, or the creation of ERCs. Also, you must adjust your emissions from the 24-month period if a raw

material you used during the baseline period is now prohibited. For example, you may have used a paint with a high solvent concentration during a portion of the consecutive 24-month period. Today, you are prohibited from using that particular paint. You must then adjust your emissions rate to reflect the raw material restriction.
Show citation box

"Schnepp, Jason" ---10/02/2012 01:51:15 PM---David, Please take a look at this definition a little closer:

From: "Schnepp, Jason" <Jason.Schnepp@Illinois.gov>
To: David Ogulei/R5/USEPA/US@EPA,
Cc: "Romaine, Chris" <Chris.Romaine@Illinois.gov>
Date: 10/02/2012 01:51 PM
Subject: Continental

David,

Please take a look at this definition a little closer:

40 CFR 52.21(b)(48)(ii)(c): The average rate shall be adjusted downward to exclude any emissions that would have exceeded an emission limitation with which the major stationary source must currently comply, had such major stationary source been required to comply with such limitations during the consecutive 24-month period. However, if an emission limitation is part of a maximum achievable control technology standard that the Administrator proposed or promulgated under part 63 of this chapter, the baseline actual emissions need only be adjusted if the State has taken credit for such emissions reductions in an attainment demonstration or maintenance plan consistent with the requirements of §51.165(a)(3)(ii)(G) of this chapter.

In the case of Continental, modified Mixer 5 currently does not require an RTO. Accordingly, no adjustment to the BAE would be required (for the RTO). If Continental were to make a subsequent modification (after issuance of this permit) and use the same baseline period, adjustment to the BAE would be required to account for the new RTO, as you have described. I have not seen any USEPA guidance that suggests that, in practice, BAE should be adjusted for future limitations, like in the case of Continental.

Regardless, they still did a poor job of the requirements in 40 CFR 52.21(r)(6). I think the way the numbers should be presented is:

	BAE	PTE	Increase	Increase w/RTO	Calculated OCE
Mixer 5 and die	3.21	7.77	4.56	1.61	64.69298246

	Adj. BAE	PAE	Increase
Mixer 5 and die	3.21	2.74335526	-0.46664474

This makes a lot of sense to me. We really shouldn't expect to see any increases when you have a small increase in production and add control to the unit. The only way you would see an increase is if the production increase was significant and the control efficiency was minimal. That is not the case here.

Thoughts?