

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION III
841 Chestnut Building
Philadelphia, Pennsylvania 19107-4431

Mr. Thomas L. Henderson
Regional Director
Air Regional Office
Virginia Department of Environmental Quality
7701-03 Timberlake Road
Lynchburg, Virginia 24502

Dear Mr. Henderson:

I have reviewed your letter dated October 6, 1993 and discussed it briefly with Tom Berkeley and other members of your office.

EPA's Office of Air Quality Planning and Standards (OAQPS) has reviewed the conclusions outlined below but I have not requested that a full review of the Lynchburg Foundry project be made and a formal EPA opinion be issued. I felt, because of an immediate opinion is needed for your meeting with the company this week, that time would not allow for such an in depth analysis and review. If a formal Agency opinion does become necessary, for any reason, please let me know and we will initiate that process.

I concur with the DEQ's determination that the proposed modification is subject to PSD review.

The Lynchburg Foundry Company owns and operates an iron foundry including cupolas, molding equipment, and other related process equipment. The company plans to modify (physically change) the molding equipment and other process equipment downstream of the cupolas to modernize and expand the production capability of the plant. Although not be physically changed, the capacity of the cupolas will be expanded as a result of the downstream modifications and emissions increases will result.

The PSD regulations at 40 C. F. R. 52.21(b)(2) define a "major modification" as one in which a physical change in or change in the method of operation of a major stationary source results a significant net emissions increase. The cupola is an emissions unit [40 CFR 52.21(b)(7)] at the stationary source [40 CFR

SS52.21(b)(5)]. The net emissions increase [40 CFR SS52.21(b)(3)] occurs at the source and must include all emissions increases and decreases which are the result of the modification. Clearly, the emissions from the cupola would not experience a 500 tons per year increase in Carbon Monoxide emissions if the foundry were not being physically modified and production expanded. Therefore, your conclusion that the proposed modification is subject to PSD review is the appropriate determination.

Based on the historical data provided as an attachment to your letter, this source is clearly "major" for purposes of PSD and, again, your conclusion in "Position Number ill that the 1977 permit contained state and federally enforceable production limits is appropriate.

A detailed discussion of "Major Modification Applicability" and "netting" can be found in the October 1990 New Source Review Workshop Manual, Chapter A, Section III., pages A.33 through A.56, a copy of which is enclosed. If your office needs a copy of the complete Manual, please call me and I will see that copies are sent to you immediately. A situation similar to the one presented by Lynchburg Foundry is presented on page A.53. A new unit is being installed; existing units A and B are not being physically modified but their emissions will increase as a result of the installation of the new unit; the "anticipated increase must be included as part of the increase from the proposed modification".

A last point to consider as your office develops the PSD permit for this source is the actual netting transaction itself. In order for emission decreases to be creditable, they must be based upon current actual emissions and be federally enforceable. Therefore, any units that are being shutdown or modified to produce the decrease must be included in the PSD permit.

If I can be of any further assistance to you, please do not hesitate to contact me at Area Code 215, 597-8379 or at the above address.

Sincerely,

Eileen M. Glen, Chief
New Source Revie Section

Enclosures

cc: Ms. Pamela Faggert, Director
Air Division, VDEQ

Mr. Robert Beasley, OPE
Air Division, VDEQ

Mr. David Solomon, Chief
New Source Review Section, OAQPS

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