

September 6, 2000

NOTE: To the Reader

SUBJECT: New Source Review Year 2000 Adjustments

The following narrative will explain the adjustments requested to the New Source Review (NSR) Year 2000 Information Collection Request to be submitted to the Office of Management and Budget (OMB) subsequent to incorporating comments solicited in the attached Federal Register notice of September 5, 2000. The currently approved ICR (Control Number 2060-0003; EPA Form Number 1230.09) will expire on September 30, 2000. We have requested that OMB grant a temporary extension of the current ICR, until the 2000 ICR renewal is processed.

Included with this file is a comparison chart of the 1997 and 2000 information collection burden summaries. You will see that the 2000 burden has been adjusted downward by about 559,000 hours and \$28 million. We adjusted total of respondents downward by 1,420. Please note that the change in actual burden is negligible -- (0) hours and \$0.00. We are not changing the per unit burdens reported in 1997 ICR renewal.¹ The reason for the adjustment in this ICR renewal is that during 1998 and 1999 the Office of Air Quality Planning and Standards conducted an investigation of the major permitting activity across the U.S. We found that the historical average permitting rate over the 20 years of the program was about 160 permits per year as compared to the 1997 estimate of 910. The actual permitting activity during the survey period from 1997 to mid-1999 was about 150 permits per year, which was consistent with the national average. Importantly this frequency was observed coincident with a period of strong growth in the economy.

A question arises as to why the estimated total Part C and Part D permits of 910 per year in the 1997 were so inflated. It was a projection made in 1994 based on the expected increase in major sources due to the lower major source thresholds imposed by the 1994 Clean Air Act Amendments. There were two apparent reasons for the errant projection. The basis of those projections was biased by an estimate of about 400 major source permits per year which were carried forward from ICR analyses conducted in the mid-1980's. We have found no factual evidence that the permitting

¹ The supporting documents for the 1997 ICR renewal contains the analyses leading to the estimated burden. They are available for downloading from the EPA NSR web page that hosts this summary explanation.

frequency has approached 400 per year. The second reason for the inflated projection was that industry has been able to build major new plants or make physical and operational changes at major existing sources without exceeding the major source and major modification thresholds. Sources avoid the major NSR thresholds for three reasons: (1) Installation of state-of-the-art control technologies; (2) Replacement or better control of old, more polluting processes, for which the sources get credit in the major NSR applicability calculus; or engaging in effective pollution prevention efforts, which have the same effect.

The 2000 ICR renewal will use an estimated 200 major NSR permitting actions per year as the basis for the estimated burden. We believe this estimate is justified for three reasons: (1) It is conservative and allows for some upward variability in the economic factors which influence expansion of industry; (2) We have, through enforcement investigations, concluded that a few sources have failed to apply for major source permits over the years when they probably should have, and heightened enforcement activities will increase the frequency; and (3) The economy still appears robust enough to support at least, the historical major source permitting rate.

We have retained the 1997 estimates of burden per unit, i.e., on sources and State or local permitting authorities for each type of permit. There have been no programmatic changes since 1997, and we have received no compelling information evidence that the 1997 values for the programmatic requirements were outside of the wide variability band for such estimates.

Comments and questions on this ICR renewal burden analysis may be submitted to Dennis Crumpler (e-mail: crumpler.dennis@epa.gov).

Comparison of the 1997 and 2000 NSR Program Information Collection Burden Summary

		TOTAL						Cumulative Total		Per Unit					
		Part C (PSD)		Part D (Nonattainment)		Minor NSR				Part C (PSD)		Part D (Non-attainment)		Minor NSR	
		<u>1997</u>	<u>2000</u>	<u>1997</u>	<u>2000</u>	<u>1997</u>	<u>2000</u>			<u>1997</u>	<u>2000</u>	<u>1997</u>	<u>2000</u>	<u>1997</u>	<u>2000</u>
Number of Respondents (a)		640	300	1180	100	113,000	113,000	114,820 (b)	113,400 (b)						
Respondent Burden Hrs.	Industry	268,480	125,850	340,430	28,850	2,260,000	2,260,000	2,868,910	2,414,700	839	839	577	577	40	40
	State/local	87,040	40,800	64,310	5,540	1,695,000	1,695,000	1,846,350	1,741,250	272	272	109	109	30	30
	Industry and State/local Agency Totals	355,520	166,650	404,740	34,300	3,955,000	3,955,000	4,715,260 (c)	4,155,950 (c)	1,111	1,111	109	686	70	70
												686			
Federal Burden		4,480	2,100	7,670	650	5,650	5,650	17,800	17,800	14	14	13	13	2	2
Program Grand Total Burden		360,000	168,750	412,410	34,950	3,960,650	3,960,650	4,733,060	4,173,750						
Respondent Annual Cost (d)	Industry Labor (e)	\$14,766	\$6,922	\$18,724	\$1,587	\$124,300	\$124,300	\$157,790	\$132,809	\$46.15	\$46.15	\$31.74	\$31.74	\$2.20	\$2.20
	Other Direct Cost (f)		\$6,120	\$0	\$0	\$0	\$0	\$6,120	\$6,120	\$180.00	\$180.00	\$0.00	\$0.00	\$0.00	\$0.00
	Total Ind. Cost (g)	\$20,886	\$13,042	\$18,724	\$1,587	\$124,300	\$124,300	\$163,910	\$138,929	\$64	\$64	\$32	\$32	\$2	\$2
	State/local Cost	\$3,220	\$14,551	\$2,379	\$1,788	\$187,015	\$62,715	\$232,224	\$203,355	\$10.06	\$10.06	\$4.03	\$4.03	\$1.11	\$1.11
	Industry and State/local Agency Totals	\$24,106	\$27,143	\$21,103	\$3,375	\$411,315	\$187,015	\$496,138	\$432,280	\$74	\$74	\$36	\$36	\$3	\$3
Federal Annual Cost		\$166	\$78	\$284	\$24	\$209	\$209	\$659	\$659	\$0.52	\$0.52	\$0.48	\$0.48	\$0.00	\$0.00
Program Grand Total		\$24,272	\$31,361	\$23,387	\$3,400	\$411,524	\$187,224	\$496,797	\$432,939	\$75	\$75	\$36	\$36	\$3	\$3

- (a) Number of responses is twice the number of permitting actions for a given category due to (1) the applicant preparing the application and (2) the permitting agency reviewing and issuing the permit.
- (b) References to the specific entries on OMB Form 83-I are enclosed in brackets.
- (c) This represents a reduction of 33,490 (13.f.3) from the 1995 renewal, which resulted from a small correction in the hourly burden for PSD permits, transfer of in-house hourly burden for PSD preconstruction monitoring to contracted services and the exclusion of the Agency (EPA) burden that was inadvertently included in the previous ICR.
- (d) All costs are in thousands of 1996 dollars. All costs represent one-time permit application costs [16.c.8]. Operating and maintenance costs are \$0.00 [14.b]. The cost for compliance monitoring is not covered by the NSR program. Other ICRs such as that under development for the CAM rule, and the Title V ICR's cover these burdens and costs.
- (e) The EPA estimates that 30% of the in-house hourly burden may be contracted, but because it is at the discretion of the applicant, the cost has not been converted to direct cost. Furthermore EPA assumes the labor rate would remain the same, in which case there is no impact on total annual costs.
- (f) These direct costs are for 34 PSD sources at \$180,000 per source, for preapplication monitoring of air quality via contract services. This cost is not incurred by Part D permit applicants.
- (g) Per unit cost for PSD permits reflects the direct cost for pre-application monitoring averaged over all PSD permits. The estimated 34 sources that require preconstruction monitoring are estimated to incur at a total cost of \$226,144 per application. The remaining 70% will incur \$46,144.