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

APR. 25 1990

Mr. John M. Daniel, Jr., P.E.  
Assistant Executive Director  
Department of Air Pollution Control  
Room 801  
Ninth Street Office Building  
Richmond, VA 23240

Dear Mr. Daniel:

The purpose of this letter is to respond to your letters, dated February 6, 1990 and February 9, 1990, regarding the issuance of prevention of significant deterioration (PSD) permits in attainment areas where violations have been modeled. The enclosed attachment outlines the procedures that must be followed when issuing PSD permits in these areas.

If you have any questions, please do not hesitate to call me at (215) 597-9075.

Sincerely,

Marcia L. Spink, Chief  
Air Programs Branch

Enclosure

cc: Wallace Davis, Executive Director  
Virginia Department of Air Pollution Control  
Richmond, VA

James Sydnor  
Assistant Executive Director  
Virginia Department of Air Pollution Control  
Richmond, VA

Attachment

A. PROCEDURES FOR ISSUING PSD PERMITS TO SOURCES WITH NO SIGNIFICANT IMPACTS IN AREAS WITH MODELED VIOLATION (S) FROM EXISTING SOURCES

The source seeking the PSD permit may be permitted, constructed, and allowed to operate at its permitted, enforceable allowable emission rate because at that emission rate, the source has no significant impact. Although the state "owes" EPA a revision to its SIP to correct the modeled violation(s) from the existing source(s), that SIP revision and the issuance of the PSD permit are independent events. (Note: The existing sources are to be modeled in accordance with Table 9-1 of EPA's Guideline for Air Quality Models. Nothing in the WEPCO v. EPA case changes this requirement).

B. PROCEDURES FOR ISSUING PSD PERMITS TO SOURCES WITH SIGNIFICANT IMPACTS IN AREAS WITH MODELED VIOLATIONS FROM EXISTING SOURCES AND FOR

PROCESSING THE ASSOCIATED SIP REVISIONS

1. The source seeking the PSD permit may accept permit conditions such that it, in and of itself, no longer has a significant impact.

or

- 2a. Reductions or mitigating measures must be identified at existing sources such that modeling the PSD source and these existing sources indicates no significant impact(s).
- 2b. This identification of the reductions at existing sources and the modeling demonstrating no significant impact(s) must be done prior to and as part of the preliminary determination on the PSD application to afford the opportunity for public comment.
- 2c. The reductions or mitigating measures necessary at the existing sources must be made federally enforceable. Until and unless the state has an approved SIP operating permit program, the only means available for making the reductions at the existing sources federally enforceable is through source-specific SIP revisions. The State must formally commit to submit the necessary SIP revision(s) to EPA at the time it issues the preliminary determination.

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- 2d. Those SIP revisions must be adopted by the State and approved by EPA prior to the time the PSD source commences operation. The State must follow all of the procedures for submittal of a SIP revision including public notice and hearing. The State could simultaneously offer public notice and hearing on the preliminary determination of the PSD permit and on the SIP revisions for the existing sources. The public notice must be explicit and a public hearing must be held because there are SIP revisions involved. (Public participation for PSD permits usually requires only the opportunity for public hearings.)
- 2e. The PSD permit must contain the following conditions:
  - 1) Until and unless the (STATE) has imposed the necessary restrictions on (EXISTING SOURCE NAMES) to reflect the Scenario modeled as part of this permit review demonstrating no significant impact those restrictions have been approved by the United States Environmental Protection Agency for incorporation into the approved SIP, the (PSD SOURCE NAME) may not commence operation except as conditioned below:
  - 2) (Here conditions should be imposed on the source seeking the PSD permit such that it, in and of itself, would have no significant impact.)

NOTE: In the past, PM and SO<sub>2</sub> SIP revisions setting new SIP allowable emissions have required technical support consisting of full attainment demonstrations. In general, EPA expects that the SIP revisions submitted demonstrate no significant impact will also demonstrate no violations of NAAQS. However, there may be isolated cases where two rounds of SIP revisions occur. The first SIP revision would enforce the reductions necessary at existing sources to demonstrate no significant impact (when modeled with a source seeking a PSD permit). Where this SIP revision does not demonstrate protection of the NAAQS (i. e., the elimination of all predicted violations), the State still "owes" EPA a SIP revision to correct the modeled violations of the NAAQS and may have to once again redefine the allowable emissions at one or more of the same sources affected in the

previous SIP revision. The commitment must also be made at the time the State issues its preliminary determination to issue the PSD permit.