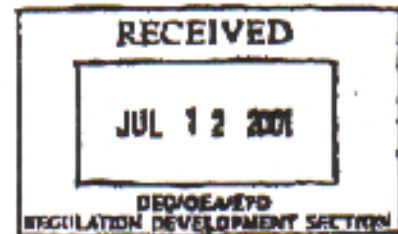




UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
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JUL 9 2001



Ms. Patsy Daville  
 Regulation Development Section  
 Louisiana Department of  
 Environmental Quality  
 P.O. Box 82178  
 Baton Rouge, LA 70884-2178

RE: Permit Procedures for New Emissions Sources and Major Modifications in Specified  
 Parishes (Louisiana Administrative Code (LAC) 33:III.509 and LAC 33:III.510)  
 (AQ 218) and Draft Rule Changes to LAC 33:III.504 (AQ212).

Dear Ms. Daville:

This letter shall provide you with the comments of the Air Permits Section of Region 6 of the Environmental Protection Agency (EPA) on the rule changes to LAC 33:III.509 and LAC 33:III.510 (AQ218) and LAC 33:III.504 (AQ212) that were published in the Louisiana Register on May 20, 2001. We support the efforts of the Louisiana Department of Environmental Quality for attempting to strengthen your rules in order to attain and maintain the national ambient air quality standards. The Air Permits Section has reviewed the rule changes and has comments as follows. Our review and therefore our comments are limited to these regulations or portions thereof.

AQ218:

1. Section 510.C and 510.C.1.a. These provisions appear to be inconsistent. Section 510.C states that its provisions (relating to offsets) apply to both major stationary sources and to major modifications. Section 510.C.1.a limits the offset provisions only to major modifications. The preamble also states that offsets are applicable to major modifications. The final rule should clarify the types of changes that are subject to the rule.

2. Section 510.C.1.b.v. This Section only refers to emissions of volatile organic compounds (VOC). Consistent with the preamble and the definition of "regulated pollutant" under Section 510.6, it appears that the regulation should reference both VOC and nitrogen oxides (NOx).

3. Section 510.C.2 (Source Information) should also include information sufficient to ensure that emission reductions used as offsets meet the criteria in Section 510.C.1.b at the time that such reduction credits are used to satisfy the offset provisions of this regulation.

AQ212:

We concur with the proposed changes to your rule regarding the higher offset ratios, as they have the capability to strengthen your plan. However, you will need to include additional technical justification to support your proposal to allow interprecursor trading between VOC and NOx, to ensure that we will be able to approve the proposed changes that allow interprecursor trading. This includes technical analyses which demonstrate that the interprecursor trades yield the same, or equivalent, environmental benefits as trading VOC for VOC and NOx for NOx. It must also ensure that such trading is consistent with your strategy to demonstrate attainment of the ambient air quality standard for ozone. This will involve complex analyses which may involve air quality modeling, monitoring, and other appropriate air impact analyses. These technical analyses will necessarily interact with your banking program and with other elements of your plan which are not part of your permit regulations, and for which our Air Planning Section is responsible for reviewing. You should submit the demonstration as described above for review and approval by the Region 6 Air Planning Section before we can approve any plan allowing for interprecursor trading. The following comments outline the items which your plan must include and which the Air Planning Section must approve.

1. Such a program would need to have a sound technical basis (based on reactive modeling of the current emission sources) and would need to have a system for continuously evaluating the trading ratios as the mix of precursor emission sources changes over time. Such trades need to be justified on an area by area basis by air quality simulation or observational modeling analyses (with EPA approved models) which suggest that the direction of the proposed trade (e.g., more VOC for less NOx, more NOx for less VOC control, etc.) is appropriate. Interprecursor relationships are likely to vary from area to area as well as under different seasonal environmental conditions. A substitution of NOx for VOC or visa versa will not necessarily be on a one to one basis. Note that the ratio may not be the same for different areas within the same nonattainment area.

2. The program should include an approvable and replicable procedure by which the interprecursor trading ratio will be calculated or the credits will be exchanged. If the rule itself does not contain the procedure, at a minimum, the rule should reference an approvable procedure that the State will use when applying this provision.

3. The program should make sure that any trading that occurs is consistent with the attainment demonstration, insofar as the modeling has taken into account the trading of precursors when developing the control strategies.

4. Also, Section 504 should link the offset and netting credits to the banking rule and should state that offsets must be creditable, surplus, enforceable, quantifiable and permanent when used.

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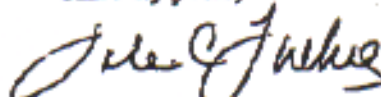
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The EPA will use its guidance entitled "Improving Air Quality with Economic Incentives Programs" (January 2001) when reviewing and taking action on this rule as a revision to Louisiana's State Implementation Plan. Therefore, we recommend that the final rule be consistent with that guidance, particularly section 16.9. In addition, any permit applications that have not been deemed to be complete prior to the effective date of the rule must comply with the New Source Review (NSR) requirements, consistent with the policy set forth in the EPA's NSR Supplemental Guidance memorandum dated September 3, 1992, from John Seitz, Director, EPA's Office of Air Quality Planning and Standards. Permit applications which are deemed complete prior to the effective date may also be required to comply with the regulations if they do not comply with the September 3, 1992, guidance.

Thank you for the opportunity to provide comments. We look forward to seeing any revisions before the final rule is submitted. If you have any questions, please call me at (214) 665-7250, Stanley M. Spruiell of my staff at (214) 665-7212, or Daron Page of my staff at (214) 665-7222.

Sincerely yours,



Jole C. Luehrs  
 Chief  
 Air Permits Section

cc: Ms. Annetta Sharp  
 Louisiana Department of  
 Environmental Quality