

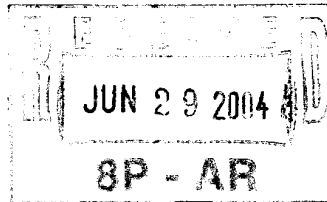
US EPA ARCHIVE DOCUMENT



REGIONAL AIR QUALITY COUNCIL



Colorado Department
of Public Health
and Environment



June 30, 2004

MEMORANDUM

**TO: Signatories to the Early Action Compact for Ozone for the Front Range
Metropolitan Area**

Regional Air Quality Council

Jim Scherer, Chairman

Air Quality Control Commission

Robert E. Brady, Jr., Chairman

Colorado Department of Public Health and Environment

Douglas H. Benevento, Executive Director

Colorado Department of Transportation

Thomas Norton, Executive Director

Denver Regional Council of Governments

Lorraine Anderson, Chairman

U.S. Environmental Protection Agency, Region 8

Robert E. Roberts, Regional Administrator

Elbert County, Board of County Commissioners

Stephen F. Stutz, Chair

Larimer County, Board of County Commissioners

Kathay Rennels, Chair

Morgan County, Board of County Commissioners

Michael Harms, Chair

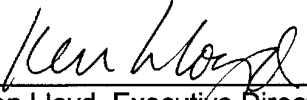
Weld County, Board of County Commissioners

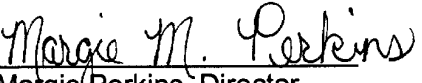
Rob Masden, Chair

RE: June 30, 2004 Progress Report

In accordance with terms of the Early Action Compact for Ozone for the Front Range Metropolitan Area, please find attached a report that documents progress in stakeholder

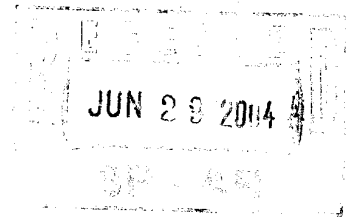
development, securing of local control measures, public outreach and modeling/technical planning activities, etc. This report meets the June 30, 2004 milestone specified in the Compact.


Ken Lloyd, Executive Director
Regional Air Quality Council


Margie Perkins, Director
Air Pollution Control Division

cc: Doug Lempke, Air Quality Control Commission
Mike Silverstein, Air Pollution Control Division
Lizzie Kemp, Colorado Department of Transportation
Jeff May, Denver Regional Council of Governments
Dick Long, EPA Region 8
Tim Russ, EPA Region 8
Jerry Dilley, RAQC

**Ozone Early Action Compact
Denver Metro Area
June 30, 2004 Progress Report
June 25, 2004**



Introduction

In December 2002 state and local agencies in the Denver area entered into an Ozone Early Action Compact (EAC) with the Environmental Protection Agency (EPA). The Compact is a Memorandum of Agreement between the Regional Air Quality Council (RAQC), the Colorado Department of Public Health and Environment (CDPHE), the Air Quality Control Commission (AQCC), the Denver Regional Council of Governments (DRCOG), the Colorado Department of Transportation (CDOT), and EPA Region 8. The EAC was amended in 2004 with additional signatories for Elbert, Larimer, Morgan and Weld Counties, areas potentially affected by ozone nonattainment.

The Compact entails a commitment to develop and implement an Ozone Action Plan in return for deferring any potential non-attainment designation for the EPA's 8-hour ozone standard. The EAC outlines several planning milestones (including progress reports every 6 months) that must be met, culminating in attainment of the 8-hour standard by December 2007. This June 30, 2004 Progress Report has been prepared to demonstrate that an Ozone Action Plan, emission control regulations, and supporting documentation have been completed and adopted by the State authority, the Colorado AQCC. The adopted plan and regulations were subsequently reviewed and approved by the Colorado State Legislature and signed into law by the Governor of Colorado in May 2004. The approved plan and the regulations will be sent to EPA for inclusion into the State Implementation Plan (SIP) by September 2004, thereby meeting the requirement of submission of an approved plan and regulations to EPA by December 31, 2004.

Updates on Activities Related to the EAC

Progress made since the last progress report (December 2003), regarding development of control strategies and early action plans (submitted March 31, 2004):

The RAQC proposed a draft Ozone Action Plan to the Air Quality Control Commission (AQCC) on December 18, 2004, as noted in the December 31, 2003 Progress Report. The control strategies continued to be refined in a series of meetings conducted under the Commission's pre-hearing process for parties in early 2004. The final strategies are contained in the Ozone Action Plan adopted by the AQCC after a two-day public hearing on March 12, 2004.

Progress made toward adoption and implementation of local measures, including schedule for adoption and implementation of these measures, any changes in the schedule, and any additions or deletions of measures since submission of March 31, 2004 plans:

The Ozone Action Plan proposed by the RAQC was adopted by the AQCC before March 31, 2004 in fulfillment of the required EAC milestone. The Plan was also submitted to the Colorado General Assembly for state approval.

The Legislature unanimously approved the plan May 6, 2004, and Governor Owens signed the plan into law on May 20, 2004.

As part of the approved Ozone Action Plan, revisions to Colorado State Regulations 7 and 11 were adopted. Revisions to Regulation 7 included controls for flash emissions from oil and gas industry condensate tanks, reciprocating internal combustion engines (RICE), and dehydrator equipment. Revisions to Regulation 11 reduced the coverage of the remote sensing clean screen program. In addition, the approved Plan requests a three-year waiver establishing 8.1 psi RVP gasoline. On March 25, 2004 the EPA imposed a 7.8 psi RVP standard for summer 2004 and beyond.

Progress made in completing technical analyses for attainment demonstration due December 31, 2004, including any additional modeling or analyses since submission of March 31, 2004 plans:

The technical analysis that supports the approved Ozone Action Plan was completed in early March 2004 and was included in the submittal to the EPA in fulfillment of the required March 31, 2004 milestone. The Technical Support Document has been provided to EPA Region 8 on CD-ROM and is posted on the Air Pollution Control Division's website, <http://apcd.state.co.us/documents/eac/>

The extensive photochemical modeling effort was completed during January and February 2004. Base case modeling for the year 2007, preliminary control strategy evaluation, and sensitivity analyses were completed and included in a report dated January 9, 2004. Additional sensitivity analysis was included in a report dated February 4, 2004 and the final control strategy analysis and ozone metrics data was included in a report dated February 27, 2004. All of the reports noted are included in the Technical Support Document referenced above, as well as on the RAQC website, www.raqc.org/ozone/EAC/ozone-eac.htm

Updates on meetings conducted by the stakeholders since December 31, 2003:

The EAC was amended in January and February 2004 to include Elbert, Larimer, Morgan, and Weld counties. A series of meetings was conducted by the CDPHE-

APCD with the respective county commissioners and regional planning agencies and the initial signatories to the EAC in January and February 2004 as follows:

- ☐ *Weld/Morgan/ Larimer Counties - January 15, 2004*
- ☐ *Larimer County Commission – January 20, 2004*
- ☐ *Elbert County Commission – January 21, 2004*
- ☐ *City of Greeley – February 5, 2004*
- ☐ *Weld County Commission – February 4, 2004*

The DRCOG staff provided a briefing to update the DRCOG Metro Vision Issues Committee on EAC progress on January 7, 2004.

The APCD sponsored a meeting of stakeholders to discuss control strategy and sensitivity modeling and the next steps in the photochemical modeling effort on January 13, 2004.

The AQCC conducted a series of pre-hearing conference meetings in January and February 2004 with parties to discuss the modeling process, fuels, flash emission, RICE and dehydrator controls as follows.

- ☐ *RICE and RACT for Gas Plants - January 30, 2004*
- ☐ *Fuels and Mobile Source Strategies – February 3, 2004*
- ☐ *Flash Emission Controls – February 6, 2004*
- ☐ *Photochemical Modeling – February 9, 2004*
- ☐ *Review Issues and Procedures for Hearing – February 18, 2004*

The RAQC board received briefings updating information related to modeling and Ozone Action Plan development at public board meetings on January 13, 2004, February 5, 2004 and April 1, 2004. Additionally the RAQC Board met with the North Front Range MPO board on June 6, 2004 to discuss the EAC, Ozone Action Plan and future voluntary programs to reduce ozone

RAQC staff gave a presentation to local government officials (commissioners, mayors, city managers and other staff) at a meeting on May 20, 2004.

Updates on current progress of the State's development of the SIP (due December 31, 2004), including schedule for adoption and implementation of State regulations, as well as a description of public meetings and/or hearings that have occurred or will be conducted prior to SIP submission:

The approved plan and TSD will be submitted to EPA from the Governor of Colorado by September 2004.

Since the SIP has been completed and the necessary regulations have been adopted, there are no additional meetings planned

Updates on any obstacles toward completing the December 31, 2004 milestone or any future milestones:

Since the Ozone Action Plan has been approved by the AQCC and approved by the General Assembly, the plan is complete, at this time, and there are no obstacles anticipated to meeting the future milestones.

Revisions to Regulation No. 7

I.A.1. The provisions of this regulation shall apply as follows:

I.A.1.a. All provisions of this regulation apply to the Denver 1-hour ozone attainment/maintenance area, and to any non-attainment area for the 1-hour ozone standard.

I.A.1.b. The provisions of Section V, Paragraphs VI.B.1 and 2, and Subsection VII.C. apply statewide.

I.A.1.c. The provisions of Sections XII, and XVI apply in the 8-hour Ozone Control Area.

I.A.2. The provision of this regulation are included in the Ozone Redesignation Request and Maintenance Plan for the Denver Metropolitan Area, and the Early Action Compact Ozone Action Plan.

I.B. Sources

I.B.1. New Sources

I.B.1.a. New sources, defined as any sources which either (1) submit a complete permit application on or after October 30, 1989, or (2) if no permit is required, commence operation on or after October 30, 1989, must comply with the provisions of this regulation upon commencement of operation.

I.B.1.b. This section I.B.1 does not apply to oil and gas operations subject to section XII, or stationary and portable engines subject to section XVI.

I.B.2. Existing Sources

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I.B.2.f. This section I.B.2 does not apply to oil and gas operations subject to section XII, or stationary and portable engines subject to section XVI.

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VI. STORAGE AND TRANSFER OF PETROLEUM LIQUID

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VI.A.2. Definitions

For purposes of this section, the following definitions apply:

VI.A.2.a. Repealed.

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VII. CRUDE OIL

VII.A. General Exemptions

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VII.A.2. Storage tanks with capacities of less than 1,590 cubic meters (10,000 barrels) used to store crude oil and condensate prior to lease custody transfer are exempt from the provisions of this Regulation No. 7 other than section XII.

...

XII. VOLATILE ORGANIC COMPOUND EMISSIONS FROM OIL AND GAS OPERATIONS

XII.A. Except as provided in section XII.A.6 any owner or operator of an oil and gas exploration and production operation, natural gas compressor station or natural gas drip station located upstream of a natural gas-processing plant that collects, stores, or handles condensate in the 8-hour Ozone Control Area shall employ air pollution control technology to control emissions of volatile organic compounds associated with atmospheric condensate storage tanks as required by this section XII.A.

XII.A.1. The owners and operators shall employ control technology to reduce emissions of volatile organic compounds by the dates and amounts listed below. Emission reductions shall not be required for each and every unit, but instead shall be based on overall reductions in uncontrolled actual emissions from all the gas exploration and production operations, natural gas compressor stations, and natural gas drip stations located upstream of a natural gas-processing plant that collect, store, or handle condensate in the 8-hour Ozone Control Area for which the owner or operator filed, or was required to file, an APEN pursuant to Regulation No. 3. The dates and requisite reductions are as follows:

XII.A.1.a. For calendar year 2005 such emissions shall be reduced by 37.5% from uncontrolled actual emissions;

XII.A.1.b. For calendar year 2006 and each calendar year thereafter such emissions shall be reduced by 47.5% from uncontrolled actual emissions.

XII.A.2. On or before April 30, 2006, and annually by April 30 of each year thereafter, each owner or operator shall submit a report describing the emissions controls that were implemented for the preceding calendar year and how it complied with the emission reductions required by this section XII.A. Such reports shall be submitted to the division on a form provided by the division for that purpose. At a minimum, the report shall include a listing of all sites subject to this section XII identifying which operations are controlled by what types of devices; uncontrolled and controlled emissions levels; which methods of estimating emissions were used; total reductions achieved; whether or not the emissions reduction required by this section XII has been achieved, and, if not, why not; and other information the Division may deem necessary to determine compliance with this section of the regulation.

XII.A.3. Each owner or operator required to file a report pursuant to section XII.A.2 above shall, at all times, maintain an updated spreadsheet of information required by such report. Such updated spreadsheet shall be promptly provided by e-mail or fax to the Division upon its request. The U.S. mail may also be used if acceptable by the Division.

XII.A.4. The reporting required in sections XII.A.2 and XII.A.3 above shall not apply to the owner or operator of any natural gas compressor station or natural gas drip station that is authorized to operate pursuant to a construction permit or Title V operating permit issued by the Division if the following criteria are met:

XII.A.4.a. such permits are obtained by the owner or operator on or after the effective date of this provision and contain the provisions necessary to ensure the emissions reductions required by this section XII.A;

XII.A.4.b. the owners and operators of such natural gas compressor stations or natural gas drip stations do not own or operate an exploration and production operation(s); and

XII.A.4.c. total emissions from atmospheric condensate storage tanks associated with such natural gas compressor stations or drip stations subject to APEN reporting requirements under Regulation No. 3, taken together, do not exceed 30 tons per year in the 8-hour Ozone Control Area.

XII.A.5. All control devices shall be adequately designed and sized to handle fluctuations in emissions of volatile organic compounds. If a flare is used to control emissions of volatile organic compounds, the flare shall be enclosed, smokeless, and designed so that an observer can, by means of visual observation from the outside of the enclosed flare, or by other convenient means approved by the Division, determine whether the flare is operating properly.

XII.A.6. The requirements of this section XII.A shall not apply to any owner or operator that is responsible for filing APENs for oil and gas exploration and production operations, natural gas compressor stations or natural gas drip stations pursuant to Regulation No. 3 if the APENs for atmospheric condensate storage tanks associated with such operations and stations, taken together, reflect a total of less than 30 tons-per-year of actual uncontrolled emissions of VOCs in the 8-hour Ozone Control Area.

XII.A.7. Pollution prevention devices and processes installed or implemented after June 1, 2004 shall qualify as air pollution control technology for purposes of this section XII.A if the owner or operator demonstrates to the satisfaction of the Division that such pollution prevention will result in a quantifiable reduction in emissions of volatile organic compounds from the operation.

XII.B. Gas-processing plants located in the 8-hour Ozone Control Area shall comply with requirements of this section XII.B, as well as the requirements of sections XII.C and XVI.

XII.B.1. For fugitive VOC emissions from leaking equipment, the leak detection and repair (LDAR) program as provided at 40 C.F.R. Part 60, Subpart KKK (U.S. EPA 2003) shall apply, regardless of the date of construction of the affected facility.

XII.B.2. An enclosed flare, vapor recovery unit, or other equally effective control device approved by the Division, shall be installed and properly operated to reduce emissions of volatile organic compounds from any atmospheric condensate storage tank (or tank battery) used to store condensate that has not been stabilized and with a throughput that exceeds the APEN de minimis levels specified in Regulation No. 3. Flares shall have at least a 95% control efficiency and shall comply with section XII.A.5.

XII.B.3. Existing natural gas processing plants within the 8-hour Ozone Control Area shall comply with the requirements of this section XII.B by May 1, 2005.

XII.B.4. The provisions of this section XII.B, and sections XII.C, and XVI, shall apply upon the commencement of operations to any natural gas processing plant that commences operation in the 8-hour Ozone Control Area after the effective date of this subsection.

XII.C. On or after May 1, 2005, any still vent and vent from any gas-condensate-glycol (GCG) separator (flash separator or flash tank), if present, on a glycol natural gas dehydrator located at an oil and gas exploration and production operation, natural gas compressor station, drip station or gas-processing plant in the 8-hour Ozone Control Area shall reduce uncontrolled actual emissions of volatile organic compounds by at least 90 percent through the use of a condenser, flare or other emission control system. This section XII.C shall not apply to any single natural gas dehydrator, or grouping of dehydrators at an oil and gas exploration and production operation, natural gas compressor station, drip station or gas-processing plant, with uncontrolled actual emissions of volatile organic compounds of less than 15 tons per year. The control requirement in this section XII.C. shall not apply to a natural gas dehydrator with emissions below the APEN reporting thresholds in Regulation No. 3 that is part of a grouping of dehydrators, but the emissions from such dehydrator shall be included in the calculation used to determine whether the grouping of dehydrators exceeds the 15 tons per year threshold.

XII.D. Definitions and general provisions

XII.D.1. A "glycol natural gas dehydrator" means any device in which a liquid glycol (including, ethylene glycol, diethylene glycol, or triethylene glycol) absorbent directly contacts a natural gas stream and absorbs water.

XII.D.2. All control devices required by this section XII shall be operated pursuant to manufacturer specifications. All condensate collection, storage, processing and handling operations, regardless of size, shall be operated and maintained so as to minimize leakage of volatile organic compounds to the atmosphere. To the extent practicable, scheduled maintenance involving the shutdown of the air pollution control technology or release of volatile organic compounds shall be minimized between May 1 and September 1, unless delay or failure to perform such maintenance during such time period would violate any other regulatory requirement, violate any construction permit or Title V operating permit term, or condition, be inconsistent with a relevant equipment manufacturer specification, or endanger health or safety.

XII.D.3. The emission estimates and emission reductions required by this section XII shall be demonstrated using emissions factors or emissions testing methods that are based on good engineering principles and for which the Division has no objection.

XII.D.4. Oil refineries are not subject to this section of the rule.

RENUMBER SECTION XVI (STATEMENTS OF BASIS, SPECIFIC STATUTORY AUTHORITY, AND PURPOSE) AS SECTION XVII, AND ADD NEW SECTION XVI, AS FOLLOWS:

XVI. CONTROL OF EMISSIONS FROM STATIONARY AND PORTABLE ENGINES IN THE 8-HOUR OZONE CONTROL AREA

XVI.A. Requirements for new and existing engines.

XVI.A.1 The owner or operator of any natural gas-fired stationary or portable reciprocating internal combustion engine with a manufacturer's design rate greater than 500 horsepower commencing operations in the 8-hour Ozone Control Area on or after June 1, 2004 shall employ air pollution control technology to control emissions, as provided in section XVI.B.

XVI.A.2 Any existing natural gas-fired stationary or portable reciprocating internal combustion engine with a manufacturer's design rate greater than 500 horsepower, which existing engine was operating in the 8-hour Ozone Control Area prior to June 1, 2004, shall employ air pollution control technology on and after May 1, 2005, as provided in section XVI.B.

XVI.B. Air pollution control technology requirements

XVI.B.1. For rich burn reciprocating internal combustion engines, a non-selective catalyst reduction and an air fuel controller, or other technology approved by the Division as equally effective at reducing emissions of volatile organic compounds, shall be required. A rich burn reciprocating internal combustion engine is one with a normal exhaust oxygen concentration of less than 2% by volume.

XVI.B.2. For lean burn reciprocating internal combustion engines, an oxidation catalyst, or other technology approved by the Division as equally effective at reducing emissions of volatile organic compounds, shall be required. A lean burn reciprocating internal combustion engine is one with a normal exhaust oxygen concentration of 2% by volume, or greater.

XVI.C. The air pollution control technology requirements in this section XVI shall not apply to:

XVI.C.1. Non-road engines, as defined in Regulation No. 3.

XVI.C.2. Reciprocating internal combustion engines that the Division has determined will be permanently removed from service or replaced by electric units on or before May 1, 2007.

XVI.C.3. Any emergency power generator exempt from APEN requirements pursuant to Regulation No. 3.

XVI.C.4. Any lean burn reciprocating internal combustion engine operating in the 8-hour Ozone Control Area prior to June 1, 2004, for which the owner or operator demonstrates to the Division that retrofit technology cannot be installed at a cost of less than \$ 5,000 per ton of VOC emission reduction. Installation costs and the best information available for determining control efficiency shall be considered in determining such costs. In order to qualify for such exemption, the owner or operator must submit an application making such a demonstration, together with all supporting documents, to the Division by May 1, 2005. Any reciprocating internal combustion engine qualifying for this exemption shall not be moved to any other location within the 8-hour Ozone Control Area.

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XVII. STATEMENTS OF BASIS, SPECIFIC STATUTORY AUTHORITY AND PURPOSE

...

REGULATION NO. 7

Statement of Basis, Statutory Authority, and Purpose

Section XVII.F (March 2004, sections I.A, I.B., XII, and XVI)

The March 2004 revisions were adopted in conjunction with the Early Action Compact Ozone Action Plan, which is a SIP revision for attainment of the 8-hour ozone standard

by December 31, 2007. The Commission adopted four new control measures in Regulation No. 7 to reduce emissions of volatile organic compounds (VOC). The control measures require the installation of air pollution control technology to control: (1) VOC emissions from condensate operation at oil and gas (E&P) facilities; (2) emissions from stationary and portable reciprocating internal combustion engines; (3) certain VOC emissions from gas-processing plants; and, (4) emissions from dehydrators at oil and gas operations.

The new requirements in sections XII, and XVI apply to a larger geographic area than the pre-existing requirements of Regulation No. 7, as set out in section I.A. of the rule. The reference to the "Denver Metro Attainment Maintenance Area", which is not a defined term, in section I.A was changed to refer to the "Denver 1-hour ozone attainment/maintenance area", which is defined in the Ambient Air Quality Standards Rule. Similarly, the reference to the "Denver Metropolitan Nonattainment Area Ozone Maintenance State Implementation Plan" was changed to the "Ozone Redesignation Request and Maintenance Plan for the Denver Metropolitan Area," which is the correct name of the document submitted to EPA in May 2001.

Regarding VOC emissions from condensate operations, the Commission has determined that an overall reduction of 47.5% VOCs is required of each E&P operation so as to meet the requirements of the SIP. Further the Commission decided not to take a unit-by-unit approach, but rather, the amendments take a more flexible approach to regulating such emissions by requiring sources that have filed, or were required to file, APENs to choose emission controls and locations for applying those controls. This approach also minimizes the risk that sources may reconfigure tanks to avoid implementing the regulation.

Section XII.A.6 provides an exemption for owners and operators with less than 30 tpy of flash emissions subject to APEN reporting requirements. Regulation No. 7 previously included more general exemptions for emissions from condensate operations, but such pre-existing exemptions should have been repealed as part of this revision to Regulation No. 7. To the extent any pre-existing exemption for condensate operations remains, such pre-existing exemption shall not be construed to supercede the requirements of Section XII.

The rule also requires annual reports describing how E&P sources will achieve the requisite emission reductions. Such reports are necessary so that the Division can determine whether or not the emission reductions are being achieved.

Section XII.B of Regulation No. 7 is required to ensure that existing and new natural gas processing plants employ air pollution control technology to control emissions from leaking equipment, and atmospheric condensate storage tanks (and tank batteries). The Commission is specifically requiring a leak detection and repair (LDAR) program for all gas plants, according to the provisions of 40 C.F.R. Part 60, Subpart KKK, regardless of the date of construction of the affected facility. This is necessary to ensure these large facilities are well controlled and VOC emissions minimized.

Section XII. C. pertains to control of VOC emissions from natural gas dehydration operations. The Commission determined that, in order to meet the requirements of the SIP, emissions must be reduced from all dehydration operations located in

the 8-hour Ozone Control Area if such operations produce emissions above the minimum threshold specified in the rule. Further the Commission decided that flexibility should be allowed in how emissions are reduced, so several options are listed from which a source owner or operator may choose. If other equally effective measures or control devices are available, the Division may, on a case-by-case basis, approve the use of such alternatives.

Similarly, section XVI establishes controls for reciprocating internal combustion engines. Both "lean" and "rich" burn engines are addressed and though the Commission has specified the default control technology to be applied to each engine type, the Division is allowed to approve alternative technology if a demonstration can be made that the alternative is at least as effective as the listed device in reducing VOC emissions. Parties to the rulemaking hearing provided evidence that suitable, cost-effective control equipment may not be available for some existing engines. The rule adopted by the Commission includes an exemption for lean burn engines if the owner demonstrates that such emissions controls would cost \$5,000 or more per ton of VOC removed. In calculating such costs, the Division shall use an appropriate amortization period and current discount rate. The Commission directs the Division to further investigate the question of whether controls are available and suitable for lean burn engines, and to recommend any revisions necessary for the regulation applicable to such engines. New engines locating in the control area must comply with the requirements effective June 1, 2004, but existing engines have until May 1, 2005 to come into compliance. Since the rule provides an exemption for existing engines that cannot be controlled for less than \$5,000 per ton, the rule must make the distinction between new and existing engines so that engines will not be moved into the area during prior to May 2005 and subsequently apply for such an exemption.

The Commission recognizes that, at this point in time, the controls required by the rule amendments constitute Reasonably Available Control Technology (RACT), at a minimum, and in some cases, the controls mandated by this regulation may, in fact, constitute Best Available Control Technology (BACT). This means that this regulation shall not be used: (a) to preclude a source from asserting that one of the controls mandated herein constitutes BACT or Lowest Achievable Emissions Rate (LAER) for a new source or major modification, (b) require the Division or Commission to mandate different control technologies as BACT, or (c) preclude the Division or Commission from requiring additional or more stringent air pollution control technologies as necessary or appropriate to comply with applicable BACT or LAER requirements for new sources and major modifications.

By its terms, the New Source Performance Standard (NSPS) applicable to leaking equipment at onshore natural gas processing plants (40 C.F.R. Part 60, Subpart KKK) applies to "affected facilities" and "process units" at such facilities as those terms are defined in the standard. In general, plants that were constructed prior to January 20, 1984 are exempt from the standard, unless subsequently modified or reconstructed, or newly constructed after that date. Since process units at a single gas plant can be distinct, certain gas plants may contain equipment that is not presently subject to the NSPS

because of its date of construction. The control requirement in Section XII.B would extend leak detection and repair program requirements to such equipment.

The statutory authority for the revisions to regulation No. 7 is set out in sections 25-7-105(1)(a) and (1)(b); 25-7-106(1)(c), (5) and (6); and 25-7-109(1)(a) and (2), C.R.S.

The March 2004 revisions to Regulation No. 7 are based on reasonably available, validated, reviewed, and sound scientific methodologies. All validated, reviewed and sound scientific methodologies and information made available by interested parties has been considered. Evidence in the record supports the finding that the rule shall result in a demonstrable reduction in air pollution. The Commission chose the most cost-effective mix of control strategies available to comply with the 8-hour ozone NAAQS. Where possible, the regulations provide the regulated community with flexibility to achieve the necessary reductions. The Commission chose the regulatory alternative that will maximize the air quality benefits in the most cost-effective manner.