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UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

MEMORANDUM:

DATE: February 27, 1979

SUBJECT: Policy Decisions with Regard to the Applicability
of the Clean Air Act Requirements to the Strategic
Petroleum Reserve

FROM: David G. Hawkins, Assistant Administrator for
Air, Noise, and Radiation

Marvin B. Durning, Assistant Administrator for
Enforcement

Joan Z. Bernstein, General Counsel

TO: Adlene Harrison, Regional Administrator
Region VI

This is in response to your memorandum of September 29, 1978, regarding the policy decisions necessary to respond to the Department of Energy (DOE) on the Strategic Petroleum Reserve (SPR). In general, we concur with your recommendations. The one area of disagreement is the treatment of ballasting and lightering emissions. We believe that these should be considered to be secondary emissions in a manner consistent with the interpretative ruling on the emission offset policy. Our conclusions are set forth in more detail below.

The requirements of the Offset Ruling apply only to new and modified sources with sufficient emissions to be classified as "major." Major sources with a certain level of allowable emissions are required to obtain offsets, meet the lowest achievable emission rate, and satisfy other requirements. Only emissions classified as direct emissions must be considered in determining whether the offset and other requirements must be met. But if the direct emissions are sufficient to meet this threshold test, then the secondary emissions must also be offset and the other requirements of the Offset Ruling may also apply, as explained in the revised Offset Ruling, which is about to be issued.

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It has been clear for some that SPR will be a much longer term project than the proposed project which was the subject of Walt Barber's memorandum of May 6, 1977 to DOE. Emissions at a particular location should be considered as temporary only if the Department of Energy can make the demonstration which is required under the revised Offset Ruling. This position was communicated to SPR personnel by Mr Barber and Mr. Hawkins at meetings held in May, 1978.

We also agree that each discrete set of emission points at one location (such as a terminal, dome, or a group of storage tanks not associated with a dome) should be considered to be one source for determinations of whether the source ought to be classified as "major" and subject to the requirements of the Offset Ruling.

With regard to ballasting of tankers unloading at the St. James Terminal, you recommended that these emissions be considered to be part of the direct emissions from the unloading dock. As you noted, the rationale for this is that there is no enforceable mechanism for requiring ballasting

to be done away from the dock. Therefore, you suggested that we must make the worst case assumption that all ballasting capable of being done at the dock will occur there.

We disagree. Neither ballasting nor lightering emissions arise from the operation of the dock itself, as opposed to transportation to the dock, and therefore neither may be considered direct emissions of the dock. However, both arise as a direct consequence of the dock and dome construction and operation, and both may therefore be considered secondary emissions of the dock and domes. Consequently, an increase in emissions (including ballasting or lightering emissions) associated with any dock, regardless of whether that dock is new, modified, or unchanged, should be considered to be secondary emissions to be allocated proportionately among the storage domes which are fed from that dock. Of course, if the dock itself is subject to the Offset Ruling on the basis of its direct emissions, the ballasting and lightering emissions for that dock would be dealt with as secondary emissions to the dock and need not be considered in reviewing the storage domes fed from that dock.

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In any situation involving secondary emissions, only those secondary emissions which impact upon the same general nonattainment area as the source of primary emissions are covered by the Ruling. Using the proposal in the upcoming changes to the Offset Ruling, this would cover secondary emissions occurring within a 36-hour transport distance from the source of primary emissions. This distance is the radius of the circle which constitutes the general nonattainment area in which oxidants are likely to be formed from the hydrocarbons emitted at the source of primary emissions.

It is important that the Agency remind the states that all increases in emissions, whether classified as direct or secondary, must be accounted for in the SIP process as a whole. The states have the option of requiring permits under the new source review program for sources with large secondary emissions even if the amount of direct emissions would not ordinarily mandate review of such sources under the Federal Offset Ruling. Alternatively, the state can accommodate secondary emissions from unreviewed sources in its control strategy to demonstrate reasonable further progress and attainment under its revised State Implementation Plan.

As you know, these decisions are applicable to portions of the SPR project which have already been constructed, as well as to those yet to be constructed. We expect that this will not be a problem, given the fact that DOE has been on notice for several months that the requirements of the offset policy do apply to SPR.

The SPR project is an important part of the national energy program. It is appropriate for EPA to offer to permit the construction of these sources without undue delay. We will appreciate any efforts that your office can make to this end.

cc: Regional Administrator
Regions I-V, VII-X

bcc: Steve Kunrtz, OANR
Larry Novey, OGC
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