UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

DATE: 15 JUL 1977

SUBJECT: Interpretative Ruling: Allowable Emissions Baseline

FROM: Walter C. Barber, Director
Office of Air Quality Planning and Standards

TO: R. L. O'Connell, Director
Enforcement Division, Region IX

I appreciate your sending me a copy of your June 2, 1977, memo (E-4-3 NSR 2-1) to DSSE on the above subject. I would like to comment on the issues you raised in your memo.

With respect to the Scattergood Steam Plant, I believe there are several mechanisms under the existing interpretative ruling which can be used to ensure that the offsets are "real." First, the ruling indicates (Section IV.C.3.) that emission offsets should generally be made on a pounds-per-hour basis when all facilities involved in the emission offset are operating at the maximum expected production rate (annual emissions can also be used if appropriate). Use of pounds-per-hour should help negate false emission offset credits that would result from the use of annual emissions and low annual capacity factors. Since the use of annual emissions may also be appropriate in this case, we would advise using the historical annual capacity factor for the source providing the offsets. Although this approach is not explicit in the interpretative ruling, I think there is enough latitude to make this interpretation. We might also consider making this approach more explicit in any changes we make to the ruling. I believe the approach outlined above would also handle the issues you raise with respect to marine terminals and transhipment facilities.

With respect to the secondary emissions from electrical power generation needed to supply a new source, CARB certainly has the authority to require offsets for such emissions. However, I am not certain they must obtain offsets for such secondary emissions under the interpretative ruing. Since the additional electricity presumably could be generated anywhere on the power supply grid, the amount and location of the secondary emissions might vary significantly and thus do not meet the test of footnote 3. In addition, if the secondary emissions of concern included SO2 or particulate matter, condition 4 of Section IV (the air quality test involving a modeling analysis) might be impossible to meet.

We have discussed the above suggestions with DSSE and they are in agreement with them. If you would like to discuss these issues further, please contact me.

cc: Ed Reich, EN-340
Dick Stoll, A-133

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION IX
100 California Street
San Francisco, California 94111

July 15, 1977

H. P. Lynch

Chevron U.S.A. Inc.
P.O. Box 5543
Oildale, CA 93308

Dear Mr. Lynch:

This is in response to your March 2, 1977 application for an EPA Approval to Construct a new stationary source of air pollution, pursuant to 40 CFR 52.233(q) (Review of New Sources and Modifications) and the Interpretative Ruling for Implementation of the Requirements of 40 CFR 51.18 (Federal Register, December 21, 1976, pp. 55524-55530). The proposed project is the conversion of four (4) 22-million BTU/hr steam generators from natural gas fired to oil fired, and the construction and installation of one (1) 50-million BTU/hr steam generator in the Midway-Sunset Oil Filed, Section 15, T31S, R233, MD [ILLEGIBLE], Kern County, California.

After reviewing the project and the SAI impact report (Air Quality Impact of Proposed Oil-Fired Equipment in the Western Kern County Oil Fields Through Year [ILLEGIBLE] 1975, April 1977), we have determined that the applicable section of the Interpretative Ruling in the case of your application would be part III: Sources Locating in "Clean" areas that would cause a [ILLEGIBLE] Violation of a [ILLEGIBLE] . Under this part, new sources must meet "a more stringent emission limitation and/or control existing sources below allowable level so that there will be no violation of any [ILLEGIBLE] . The EPA has interpreted this to mean that for all new sources in the subject area of the Midway-Sunset Oil Field or in any area in which the emissions from the sources would cause an exacerbation of the violation area, emission controls must be [ILLEGIBLE] or emission offsets obtained from existing equipment such that will be no net increase in emissions.

Because of the existing (computed) violation any emission in the area of concern would cause an exacerbation of the present situation. EPA's intent in this case is to prevent an exceedance of the National Ambient Air Quality Standards.

In summary, in order for the EPA to grant an Approval to Construct for the proposed project, the above mentioned conditions must be fulfilled to assure that there will be no net increase in emissions of sulfur oxides. Without such action, the EPA would consider the project to interfere with the attainment and maintenance of the NAAQS and an Approval to Construct could not be granted.

Should you have questions on the above matters, please contact Mr. Barry Garelick of our Permits Branch at (415) 556-0243.

Sincerely,
[Original signed by Terry L. Stumph]

R.L. O'Connell
Director, Enforcement Division

cc: California ARB, Sacramento
Kern County APCD, Bakersfield
U.S. Energy Research & Development Agency, Oakland
SAI, La Jolla

bc: DSSE