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--- RETYPE OF ORIGINAL SIGNED MEMORANDUM ---

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
Office of Air Quality Planning and Standards
Research Triangle Park, North Carolina 27711

Date: December 16, 1980

Subject: Interpretation of "Significant Contribution"

From: Richard G. Rhoads, Director
Control Programs Development Division (MD-15)

To: Alexandra Smith, Director
Air & Hazardous Materials Division, Region X

We have received your memo of October 27, 1980 regarding the applicability of PSD and the Emission Offset Interpretative Ruling when the proposed sources (such as Northern Tier) would be locating in a PSD area and would cause or contribute to a new or existing violation of the National Ambient Air Quality Standards (NAAQS). You asked for clarification of existing policy in two areas. This memo is intended to finalize the draft transmittals we have exchanged since receiving your request.

Your first question asked whether EPA is using the concept of significant contribution within the PSD regulations when assessing whether a proposed source, locating in a PSD area, would "contribute to air pollution in violation of the NAAQS." As discussed in the PSD workshops and the PSD workshop manual, EPA continues to apply the significant impact concept using the values defined in the 1978 preamble, 43 FR 26398, and in 40 CFR Part 51 Appendix S. If the proposed source or modification has no significant contribution to the nonattainment problem, then the proposed project does not contribute to this violation. Provided that it would not cause any new NAAQS violations, such a source is not subject to the requirements of 40 CFR 51.18(k) or 40 CFR Part 51 Appendix S; the proposed project must, however, still demonstrate that it will not cause or contribute to air pollution in violation of the PSD increments. See 40 CFR 52.21(k)(2).

Your second question asked about the need for a significant impact by the proposed source to occur simultaneously with the actual violation at a particular nonattainment site. In general, a PSD source with significant new emissions of the applicable pollutant which constructs in an area adjacent to a nonattainment area should be presumed to contribute to the violation if it would have a significant impact at any point in the nonattainment area. However, if the proposed PSD source can demonstrate that its new emissions would not have a significant impact at the point of the violation when that violation is actually occurring, then the proposed source would meet the requirements of 40 CFR 52.21(k)(1) provided that it

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would not cause any new violations of the NAAQS. This answer would apply whether the nonattainment area was newly discovered

or was formally designated nonattainment under Section 107. I should like to add that, while such a demonstration is allowed, it will be extremely difficult to prove an insignificant contribution, especially in the short term.

Several examples will clarify this response. For instance, a proposed new major stationary source may locate near a designated nonattainment area for SO₂. Suppose that the source owner has shown in his PSD application that his SO₂ impacts are significant only on the edge of the Section 107 area which is demonstrated to actually be in attainment of standards. The source owner also demonstrated that his impacts are not significant in the area of actual violation of the SO₂ standards. A second scenario is the case where the owner demonstrates that on the days when the 24-hour SO₂ standard violation is actually occurring, the proposed source's 24-hour averaged impacts are not significant. The owner has also shown that on other days when the air quality meets the 24-hour SO₂ standard, his impacts are significant but do not cause the air quality to exceed the 24-hour standard. The third example is where the area was only nonattainment for the SO₂ annual standard. The source owner shows his impacts on the nonattainment area are significant for the 24-hour averaging time and insignificant on an annual basis. For all three scenarios, the source owner has demonstrated that he will not contribute to air pollution in violation of the NAAQS and has met the PSD review requirements of 40 CFR 52.21(k)(1) for SO₂, providing that he will not cause any new violations. This source would also not be subject to nonattainment NSR requirements under 40 CFR 51.18(k).

If you have further questions, please contact Mike Trutna (FTS 629-5291) for more information.

cc: D. Hawkins
W. Barber
Director, Air & Hazardous Materials Division, Regions I - X
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