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

PN-166-81-10-8-003
[COPY]

DATE: October 8, 1981

SUBJECT: PSD Equivalency of Proposed Model Rule for California

FROM: Walter C. Barber, Director, Office of Air Quality Planning and Standards (MD-10)

TO: Louise P. Giersch, Director, Air and Hazardous Waste Materials Division, Region IX

I have reviewed your memorandum to Darryl Tyler of CPDD in which you request guidance regarding criteria to be used in reviewing State PSD plans. As you know, CPDD reviewed the proposed model rule for California which you submitted and provided initial comment by telephone prior to your meeting with CARB. This memo finalizes our comments which have been discussed with Peter Wyckoff of OGC.

Before addressing the California offset rule proposed to protect PSD increments, I wish to note that CPDD identified some aspects of the proposal which could provide less source applicability coverage than required by 40 CFR 51.24 (e.g., easier getting under a broader definition of "source"). In addition, there are aspects of the proposal which may not compare with the nonattainment requirements of 40 CFR 51.18(j) or with certain procedures for review of sources impacting Class I areas. For the purposes of this memo, however, we will assume that these differences can be resolved. This memo focuses mainly on the general approvability of the proposed offset-based rule as an equivalent system to protect air quality.

I agree with your conclusion that States should have substantial discretion in choosing their methods to protect air quality if they are demonstrated to be at least as stringent as the Federal rules. Thus, the approach of requiring offsets in lieu of air quality analysis appears, in concept, to be approvable under 40 CFR Part 51. There are, however, two problems with the current California rule. First, the plan must provide for tracking of increment consumption. Second, the plan must provide for ambient monitoring.

Tracking increment is an essential part of a PSD program and the reviewing authority must do this if the major sources do not. Although major stationary sources will generally be subject to the offset requirements, they may cause significant amounts of increment consumption at specific receptor sites. In addition to directly causing increment consumption under the proposed rule, major construction projects will trigger the baseline date and thus unreviewed emissions increases from minor area source growth and exempted modifications will commence consuming increment. This consumption could be large for activities such as exempted fuel switches. Thus, CARB must have a program to identify such sources and to track their increment consumption.

The California offset proposal also does not address ambient monitoring. Congress saw a role for such monitoring in PSD and included

explicit requirements for PSD monitoring in Section 165. California's model rule does not now provide for a monitoring program by either sources or the applicable reviewing authority. We believe that California's offset approach would be approvable with respect to the ambient monitoring requirements of Part C if the State itself would perform necessary measurements of air quality. We recommend that CARB require any local district utilizing the offset approach to provide a monitoring system which is equivalent in function to a conventional Part C monitoring program. We anticipate that the present statewide monitoring program will be adequate in many districts to meet this requirement.

I hope this memo has been responsive to your question. If you have any further questions, pleas contact Michael Trutna or Kirt Cox of CPDD at 629-5591.

cc: K. Bennett
E. Tuerk
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P. Wyckoff