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UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
WASHINGTON. D.C. 20460

FEB 11 1981

OFFICE OF ENFORCEMENT

Mr. John Chandler  
Department of Environmental Protection  
State House Station 17  
Augusta, Maine 04333

Dear Mr. Chandler:

This letter is in response to your request dated December 15, 1980 concerning the applicability of new source performance standards (NSPS) and prevention of significant deterioration (PSD) requirements to a proposed fuel conversion at Great Northern Paper in Millinocket, Maine. The question concerns two steam generators which are currently burning No. 6 fuel oil that are proposing to convert to coal. I will respond to the NSPS and PSD questions individually as those requirements apply to both boilers.

NSPS

Since the boilers in question commenced construction prior to the time of proposal of 40 CFR Part 60 Subpart D they will be subject to the NSPS only if they undergo a modification or reconstruction as those terms are defined under 40 CFR 60.2(h) and implemented under 40 CFR 60.14 and 60.15.

As provided under 40 CFR 60.14(e) (4), the following shall not be considered modifications under Part 60:

"Use of an alternative fuel or raw material if, prior to the date any standard under this part becomes applicable to that source type, as provided by Section 60.1, the existing facility was designed to accommodate that alternative use. A facility shall be considered to be designed to accommodate an alternative fuel or raw material if that use could be accomplished under the facility's construction specifications as amended prior to the change..."

Since in this case the two boilers (the facilities in question as defined in Section 60.41) were designed to accommodate the use of coal prior to August 17, 1971 (the date of proposal of Subpart D) these boilers will qualify for the exemption in Section 60.14(e)(4) and will not become affected facilities as a result of the switch in fuel types.

As defined in 60.15(b), "reconstruction"

"means the replacement of components of an existing facility to such an extent that: (1) the fixed capital cost of the new components exceeds 50 percent of the fixed capital cost that would be required to construct a comparable entirely new facility, and (2) it is technologically and economically feasible to meet the applicable standards set forth in this part."

The facility, in this case, is the fossil fuel-fired steam generator or boiler. GNP has demonstrated in their October 3, 1980, submittal to the Maine DEP, that the costs of the new components for boilers one and two will

require only 26.4 percent of the cost for comparable entirely new boilers. While we have not conducted an independent analysis of GNP's demonstration nor do we necessarily agree with GNP's itemization of what boiler components would be included in such a demonstration, the costs in question are so significantly less than that which would be required to qualify as a reconstruction that it is reasonable to accept their demonstration. Therefore, it is the conclusion of this Office based on GNPs analysis that GNP's two boilers will not be subject to the provisions of 40 CFR 60 Subpart D as a result of the costs incurred to switch from oil burning to coal burning.

PSD

PSD like NSPS generally identifies modifications as any physical change or change in the method of operation of an existing stationary source which results in an increase in emissions. There are, however, a few distinctions between the two provisions. These are most noted in some key definitions. It is my understanding that the State of Maine has a SIP for PSD that was approved by EPA pursuant to the June 19, 1978 PSD requirements. Thus, Maine is processing PSD permits pursuant to State regulations as approved under the SIP. The June, 1978 PSD requirements differ significantly from the August 7, 1980 requirements particularly in the definitions of source, modification and potential to emit. Therefore, you should examine the provisions of your SIP to ascertain the effect of that SIP, particularly the definitions of source and modification on the proposed changes being considered by GNP.

If it is determined that there will be an increase in emissions as applicable under the appropriate regulations (the Maine SIP) then some level of PSD permitting may be applicable. It appears that the alterations being conducted at the boilers will not subject them to BACT applicability (i.e., they were capable of accommodating the alternative fuel prior to January 6, 1975, 52.21(b) (2) (iii) (e) (1) , and they were not prohibited from switching as a result of a permit condition). In addition the reconstruction provisions of the Maine SIP will not affect these alterations since the same analysis conducted for NSPS applicability would apply under Maine's PSD provisions. However, it is not so clear that the additional activities being undertaken at the papermill, which are necessary additions in order to allow the combustion of coal, are not modifications. The description supplied by GNP indicates "that the adaptation of boilers 1 and 2 to burn coal will include the addition of coal handling equipment and related facilities." Depending on the extent of these additions there may be some need for PSD review including application of BACT to these "additions". Even if the changes are not a modification the increase in emissions (if any) will consume air quality increment providing that the baseline date has been triggered.

In closing, I would like to stress the need for you to consider the effect of Maine's PSD requirements on this project as well as to supplement the information the company has submitted with additional material so that a more definitive decision can be reached regarding the scope of any PSD applicability. My staff has discussed this response with members of our Region I Office. Should you have any additional questions please contact John Courcier at 617-223-4448 of that Office. Should you have any questions regarding this response, please contact Rich Biondi of my staff at 202-755-2564.

Sincerely yours,

Edward E. Reich, Director  
Division of Stationary  
Source Enforcement

cc: Linda Murphy  
Mike Trutna  
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