



ENVIRONMENTAL PROTECTION AGENCY

40 CFR Part 52

[EPA-R03-OAR-2011-0926; FRL-9725-2]

Approval and Promulgation of Air Quality Implementation Plans; Virginia; Permits for Major Stationary Sources and Major Modifications Locating in Prevention of Significant Deterioration Areas and Permits for Major Stationary Sources Locating in Nonattainment Areas or the Ozone Transport Region

AGENCY: Environmental Protection Agency (EPA).

ACTION: Proposed rule.

SUMMARY: EPA is proposing to approve State Implementation Plan (SIP) revisions submitted by the Virginia Department of Environmental Quality (VADEQ). These revisions propose to allow the terms and conditions of various elements of the preconstruction program in Virginia to be combined into a single permit, establish limitations for issuance of Plantwide Applicability Limits (PALs), and provide an exemption to Virginia's New Source Review (NSR) Program for the use of alternate fuels. This action is being taken under the Clean Air Act (CAA).

DATES: Written comments must be received on or before [insert date 30 days from date of publication].

ADDRESSES: Submit your comments, identified by Docket ID Number **EPA-R03-OAR-2011-0926** by one of the following methods:

- A. www.regulations.gov. Follow the on-line instructions for submitting comments.
- B. E-mail: cox.kathleen@epa.gov.
- C. Mail: **EPA-R03-OAR-2011-0926**, Kathleen Cox, Associate Director, Office of Permits and Air Toxics, Mailcode 3AP10, U.S. Environmental Protection Agency, Region III, 1650 Arch

Street, Philadelphia, Pennsylvania 19103.

D. Hand Delivery: At the previously-listed EPA Region III address. Such deliveries are only accepted during the Docket's normal hours of operation, and special arrangements should be made for deliveries of boxed information.

Instructions: Direct your comments to Docket ID No. **EPA-R03-OAR-2011-0926**. EPA's policy is that all comments received will be included in the public docket without change, and may be made available online at www.regulations.gov, including any personal information provided, unless the comment includes information claimed to be Confidential Business Information (CBI) or other information whose disclosure is restricted by statute. Do not submit information that you consider to be CBI or otherwise protected through www.regulations.gov or e-mail. The www.regulations.gov website is an "anonymous access" system, which means EPA will not know your identity or contact information unless you provide it in the body of your comment. If you send an e-mail comment directly to EPA without going through www.regulations.gov, your e-mail address will be automatically captured and included as part of the comment that is placed in the public docket and made available on the Internet. If you submit an electronic comment, EPA recommends that you include your name and other contact information in the body of your comment and with any disk or CD-ROM you submit. If EPA cannot read your comment due to technical difficulties and cannot contact you for clarification, EPA may not be able to consider your comment. Electronic files should avoid the use of special characters, any form of encryption, and be free of any defects or viruses.

Docket: All documents in the electronic docket are listed in the www.regulations.gov index. Although listed in the index, some information is not publicly available, i.e., CBI or other

information whose disclosure is restricted by statute. Certain other material, such as copyrighted material, is not placed on the Internet and will be publicly available only in hard copy form.

Publicly available docket materials are available either electronically in www.regulations.gov or in hard copy during normal business hours at the Air Protection Division, U.S. Environmental Protection Agency, Region III, 1650 Arch Street, Philadelphia, Pennsylvania 19103. Copies of the Virginia submittal are available at the VADEQ Office, 629 East Main Street, Richmond, Virginia 23218.

FOR FURTHER INFORMATION CONTACT: Gerallyn Duke, (215) 814-2084, or by e-mail at duke.gerallyn@epa.gov.

SUPPLEMENTARY INFORMATION: Throughout this document, whenever “we,” “us,” or “our” is used, we mean EPA. On September 27, 2010, VADEQ submitted revisions to its SIP that would allow terms and conditions from multiple preconstruction permits issued to a single stationary source to be combined into a single permit. The SIP revision also establishes state operating permits for major sources as the mechanism for issuing PAL permits. It also provides an exemption in Virginia’s Prevention of Significant Deterioration (PSD) and nonattainment NSR programs for the use of alternate fuels, and makes certain minor administrative revisions to the current SIP.

I. Background

Section 110(a)(2)(C) of the CAA requires SIPs to have a a preconstruction permit program for both major and minor sources. More specifically, SIPs must have the permit programs required under subparts C and D of title I (i.e., PSD and nonattainment NSR) and the SIP must have a

minor preconstruction program that assures that the national ambient air quality standards (NAAQS) are achieved. The current Virginia SIP implements these requirements by issuing separate permits under each program. Consequently, a single project at a stationary source may require multiple permits depending on the type and amount of pollutants to be emitted. Virginia has found that maintaining multiple permits for major stationary sources has resulted in a significant workload burden and causes confusion as to where permit conditions reside, leading to compliance issues.

The proposed SIP revisions will allow preconstruction permits for major stationary sources to be combined into one permit with certain restrictions and conditions. Permit terms and conditions at major sources may be combined into one permit at the request of the Virginia State Air Pollution Control Board or by the permittee. Actions to combine permit terms and conditions must include a statement referencing the origin of the term or condition, its effective date and whether it is state and/or federally enforceable. All terms and conditions of contributing permits must be included in the combined permit without change and the combined permit will supercede the contributing permit. Redundant terms and conditions may be removed from the combined permit but the regulatory basis of the removed term or condition must be included. The state may also streamline permit conditions where two or more terms or conditions apply to the same unit and one is substantially more stringent.

On December 31, 2002 (67 FR 80186), EPA published final rule changes to 40 CFR parts 51 and 52 regarding the CAA's PSD and nonattainment NSR programs that are collectively known as NSR Reform. These changes included provisions that would allow major stationary sources to comply with a PAL to avoid having a significant emissions increase that triggers the

requirements of the major NSR program. EPA granted limited approval of Virginia's NSR Reform regulations on October 22, 2008 (73 FR 62897). In the current version of the Virginia SIP, PALs may be implemented through a major NSR permit, a minor NSR permit or a state operating permit. This is consistent with the federal rules at 40 CFR 51.165(f)(2)(ix) and 51.166(w)(2)(ix) with respect to the definition of "PAL permit." All three permitting mechanisms in the Virginia SIP are acceptable means for establishing a PAL. The proposed SIP revision would limit establishing PALs to state operating permits. States have discretion in choosing among the enforceable mechanisms provided in the definition of "PAL permit" and Virginia's selection of a state operating permit is consistent with the options provided in the federal rules.

In 2008, the Virginia General Assembly amended Va. Code Sec. 10.1322.4 to allow exemptions for alternative fuels and raw materials from permit requirements. The proposed SIP revision is intended to ensure that there are no conflicts between the Virginia Code and Federal regulations, including the SIP. On March 24, 2011, the Director of the Air Division at VADEQ issued Air Guidance Memo No. APG-308 which clarified that the exemption from permitting for the use of alternative fuels does not allow a source to bypass NSR for major sources or any other federal law or regulation. This document is included in the docket for this proposed rulemaking action.

II. Summary of SIP Revision

The amendments submitted by VADEQ for approval into the SIP were adopted by the State Air Pollution Control Board on June 8, 2009 and became effective on July 23, 2009. They include revisions to the VADEQ regulations at 9VAC5 Chapter 80, Article 8 (Permits for Major

Stationary Sources and Major Modifications Locating in Prevention of Significant Deterioration Areas) and Article 9 (Permits for Major Stationary Sources and Modifications Locating in Nonattainment Areas or the Ozone Transport Region). The following regulations under Article 8 are revised: Regulation 5-80-1615 (Definitions), Regulation 5-80-1625 (General), Regulation 5-80-1695 (Exemptions), Regulation 5-80-1925 (Changes to permits), Regulation 5-80-1935 (Administrative permit amendments), Regulation 5-80-1945 (Minor permit amendments), Regulation 5-80-1955 (Significant amendment procedures), and Regulation 5-80-1965 (Reopening for cause). Under Article 9, Regulation 5-80-2010 (Definitions), Regulation 5-80-2020 (General), Regulation 5-80-2140 (Exception), Regulation 5-80-2200 (Changes to permits), Regulation 5-80-2210 (Administrative permit amendments), Regulation 5-80-2220 (Minor permit amendments), and Regulation 5-80-2230 (Significant amendment procedures) are amended. Under Article 8, Regulation 5-80-1915 (Actions to combine permit terms and conditions) is added and under Article 9, Regulation 5-80-2195 (also called “Actions to combine permit terms and conditions”) is added.

We are proposing approval of Virginia’s SIP submission dated September 27, 2010 that consists of the following actions that pertain to Virginia’s PSD and nonattainment NSR Programs: (1) Adding provisions to allow the terms and conditions of the various elements of the NSR Program to be combined into a single permit; (2) limiting the issuance of PALs to the state operating permit program; (3) providing certain exemptions from permitting for alternative fuels unless required by federal law or regulation; and (4) making minor administrative amendments.

III. General Information Pertaining to SIP Submittals from the Commonwealth of Virginia

In 1995, Virginia adopted legislation that provides, subject to certain conditions, for an environmental assessment (audit) “privilege” for voluntary compliance evaluations performed by a regulated entity. The legislation further addresses the relative burden of proof for parties either asserting the privilege or seeking disclosure of documents for which the privilege is claimed.

Virginia's legislation also provides, subject to certain conditions, for a penalty waiver for violations of environmental laws when a regulated entity discovers such violations pursuant to a voluntary compliance evaluation and voluntarily discloses such violations to the Commonwealth and takes prompt and appropriate measures to remedy the violations. Virginia's Voluntary Environmental Assessment Privilege Law, Va. Code Sec. 10.1-1198, provides a privilege that protects from disclosure documents and information about the content of those documents that are the product of a voluntary environmental assessment. The Privilege Law does not extend to documents or information: (1) that are generated or developed before the commencement of a voluntary environmental assessment; (2) that are prepared independently of the assessment process; (3) that demonstrate a clear, imminent and substantial danger to the public health or environment; or (4) that are required by law.

On January 12, 1998, the Commonwealth of Virginia Office of the Attorney General provided a legal opinion that states that the Privilege law, Va. Code Sec. 10.1-1198, precludes granting a privilege to documents and information “required by law,” including documents and information “required by law to maintain program delegation, authorization or approval,” since Virginia must “enforce Federally authorized environmental programs in a manner that is no less stringent

than their Federal counterparts. . . .” The opinion concludes that “[r]egarding § 10.1-1198, therefore, documents or other information needed for civil or criminal enforcement under one of these programs could not be privileged because such documents and information are essential to pursuing enforcement in a manner required by Federal law to maintain program delegation, authorization or approval.”

Virginia’s Immunity law, Va. Code Sec. 10.1-1199, provides that “[t]o the extent consistent with requirements imposed by Federal law,” any person making a voluntary disclosure of information to a state agency regarding a violation of an environmental statute, regulation, permit, or administrative order is granted immunity from administrative or civil penalty. The Attorney General’s January 12, 1998 opinion states that the quoted language renders this statute inapplicable to enforcement of any Federally authorized programs, since “no immunity could be afforded from administrative, civil, or criminal penalties because granting such immunity would not be consistent with Federal law, which is one of the criteria for immunity.”

Therefore, EPA has determined that Virginia’s Privilege and Immunity statutes will not preclude the Commonwealth from enforcing its PSD and NSR programs consistent with the Federal requirements. In any event, because EPA has also determined that a state audit privilege and immunity law can affect only state enforcement and cannot have any impact on Federal enforcement authorities, EPA may at any time invoke its authority under the CAA, including, for example, sections 113, 167, 205, 211 or 213, to enforce the requirements or prohibitions of the state plan, independently of any state enforcement effort. In addition, citizen enforcement under section 304 of the CAA is likewise unaffected by this, or any, state audit privilege or immunity law.

IV. Proposed Action

Based upon EPA's review of the September 27, 2010 submittal, we find the regulations are consistent with their Federal counterparts. EPA is proposing to approve the Virginia SIP revisions which add provisions to allow the terms and conditions of the various elements of the PSD and nonattainment NSR Programs to be combined into a single permit; limit the issuance of PALs to the state operating permit program; provide exemptions from permitting for alternative fuels; and make minor administrative changes. EPA is soliciting public comments on the issues discussed in this document. These comments will be considered before taking final action.

V. Statutory and Executive Order Reviews

Under the CAA, the Administrator is required to approve a SIP submission that complies with the provisions of the CAA and applicable Federal regulations. 42 U.S.C. 7410(k); 40 CFR 52.02(a). Thus, in reviewing SIP submissions, EPA's role is to approve state choices, provided that they meet the criteria of the CAA. Accordingly, this action merely proposes to approve state law as meeting Federal requirements and does not impose additional requirements beyond those imposed by state law. For that reason, this proposed action:

- is not a "significant regulatory action" subject to review by the Office of Management and Budget under Executive Order 12866 (58 FR 51735, October 4, 1993);
- does not impose an information collection burden under the provisions of the Paperwork Reduction Act (44 U.S.C. 3501 et seq.);
- is certified as not having a significant economic impact on a substantial number of small entities under the Regulatory Flexibility Act (5 U.S.C. 601 et seq.);

- does not contain any unfunded mandate or significantly or uniquely affect small governments, as described in the Unfunded Mandates Reform Act of 1995 (Public Law 104-4);
- does not have Federalism implications as specified in Executive Order 13132 (64 FR 43255, August 10, 1999);
- is not an economically significant regulatory action based on health or safety risks subject to Executive Order 13045 (62 FR 19885, April 23, 1997);
- is not a significant regulatory action subject to Executive Order 13211 (66 FR 28355, May 22, 2001);
- is not subject to requirements of Section 12(d) of the National Technology Transfer and Advancement Act of 1995 (15 U.S.C. 272 note) because application of those requirements would be inconsistent with the CAA; and
- does not provide EPA with the discretionary authority to address, as appropriate, disproportionate human health or environmental effects, using practicable and legally permissible methods, under Executive Order 12898 (59 FR 7629, February 16, 1994).

In addition, this proposed rule related to Virginia permits for major stationary sources and major modifications locating in PSD or Nonattainment Areas or the Ozone Transport Region does not have tribal implications as specified by Executive Order 13175 (65 FR 67249, November 9, 2000), because the SIP is not approved to apply in Indian country located in the state, and EPA notes that it will not impose substantial direct costs on tribal governments or preempt tribal law.

List of Subjects in 40 CFR Part 52

Environmental protection, Air pollution control, Carbon monoxide, Intergovernmental relations, Lead, Nitrogen dioxide, Ozone, Particulate matter, Reporting and recordkeeping requirements, Sulfur oxides, Volatile organic compounds.

Authority: 42 U.S.C. 7401 et seq.

Dated: August 23, 2012.

W. C. Early,
Acting Regional Administrator,
Region III.

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