



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
REGION 6  
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DALLAS, TX 75202-2733

March 21, 2012

Mr. Steve Hagle, P.E.  
Deputy Director, Office of Air (MC 122)  
Texas Commission on  
Environmental Quality (TCEQ)  
P.O. Box 13087  
Austin, TX 78711-3087

Re: Title V Pilot Permits to Remove 'Incorporation by Reference' (IBR)

Dear Mr. Hagle:

We have reviewed the restructured Title V permits that contain tables that list requirements from Prevention of Significant Deterioration (PSD) and non-attainment new source (NNSR) permits that were previously incorporated by reference (IBR) in Title V permits. These permits were submitted to us in response to the Title V pilot project outlined in our August 24, 2011, letter.

The restructured Title V permits remove IBR of PSD and NNSR permits, by specifying PSD and NNSR emission limits in a table, and including applicable PSD and NNSR permits in an appendix to the Title V permit. This approach will resolve our concerns regarding IBR of PSD and NNSR permits provided the table listing PSD/NNSR requirements includes at a minimum: 1) emission point ID No.; 2) PSD/NNSR permit number and permit date; 3) pollutant short term emission limitation; 4) pollutant long-term emission limitation; and 5) footnotes to or summaries of monitoring, recordkeeping, and reporting requirements in appended PSD/NNSR permits (see Enclosure for an example). As an alternative, we believe that an approach that directly incorporates underlying applicable requirements into the existing Title V "Applicable Requirements Summary" and other tables that TCEQ is already using for requirements that derive from regulations such as NSPS, MACT, NESHAP, and nonattainment SIPs, would also resolve our concerns.

It is important that the Title V permits be clear. Please ensure the consistency in emission point ID numbers and other descriptors across the Title V permit and in any new tables listing PSD/NNSR requirements. TCEQ should also ensure the emission points identified in the Title V and underlying PSD permits have the same name. For example, the Occidental PSD permit labeled the gas turbines as Units CG-1 and CG-2. The Title V permit labels them as No. 1 Gas Turbine (Unit 1) and No. 2 Gas Turbine (Unit 2). Emission limits in a PSD/NNSR table in the Title V permit should be cross-checked against underlying NSR permits and updated as necessary at the time of Title V permit renewal and at the time of any Title V permit modifications.

We recognize that restructuring the existing operating permit universe may be a long process and that practical resource constraints likely prevent immediate reissuance of all permits in a new

format. As a potential guide to Title V restructuring, we are aware that TCEQ developed a gradual schedule, based on Standard Industrial Classification (SIC) code, for modifying PSD and NNSR permits to include new requirements for startup and shutdown emissions. If TCEQ chooses to restructure permits on a gradual schedule, EPA will work with TCEQ to develop a commitment and a schedule, based on the SIC code model, the Title V renewal schedule, or another reasonable basis, for gradually but deliberately working through the Title V permit inventory on a time period that aligns with resources, but one that is not overly long or open ended. Now that the format for restructuring permits has been agreed to, we encourage TCEQ to begin using the new structure on upcoming permits, and to also send a proposal to EPA that includes a commitment and restructuring schedule that we can review in coming weeks. We would also like to discuss opportunities for creating a template for how the Title V statement of basis will explain the basis for newly listed PSD/NNSR requirements.

On a related issue, EPA indicated in its response to the petitions on the Citgo and Premcor permits in 2009 and in subsequent communications to TCEQ, that we are evaluating the practice of IBR of minor NSR emission limitations. Although EPA has not yet completed its evaluation, TCEQ may wish to consider the benefits and potential efficiencies of including minor NSR emission limits and associated terms and conditions in Title V permits using the same format we have now agreed upon for incorporation of PSD/NNSR terms.

We appreciate working with you and your staff on the issue of ending the use of IBR of PSD and NNSR permits in Title V permits. We look forward to working with you in a collaborative manner on any future Title V issues. Please contact me at (214) 665-7200 or Jeff Robinson of my staff at 214-665-6435 if you have any questions concerning this matter.

Sincerely yours,



Carl Edlund, P.E.

Director

Multimedia Planning  
and Permitting Division

Enclosure

cc: Mark Vickery, Executive Director, TCEQ  
Stephanie Bergeron-Perdue, TCEQ  
Mike Wilson, TCEQ

