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TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
Protecting Texas by Reducing and Preventing Pollution

June 30, 2010

MR CARL E EDLUND PE
DIRECTOR
MULTIMEDIA PLANNING AND PERMITTING DIVISION
US ENVIRONMENTAL PROTECTION AGENCY REGION 6
1445 ROSS AVE STE 1200
DALLAS TX 75202-5766

Re: Executive Director's Response to EPA Objection
Renewal
Permit Number: O2506
DCP Midstream, LP
Port Arthur Gas Plant
Port Arthur, Jefferson County
Regulated Entity Number: RN101062032
Customer Reference Number: CN601229917

Dear Mr. Edlund:

On November 13, 2009, the U.S. Environmental Protection Agency (EPA) Region 6 office signed a letter identifying objections to the issuance of the proposed federal operating permit for the above referenced site. In accordance with Title 30 Texas Administrative Code § 122.350 (30 TAC § 122.350), the Texas Commission on Environmental Quality (TCEQ) may not issue the permit until the objections are resolved. In addition, the letter identifies certain additional concerns. The TCEQ understands that the additional concerns are provided for information only, and do not need to be resolved in order to issue the permit.

The TCEQ has completed the technical review of your objections and offers the enclosed responses to facilitate resolution of the objections. In addition, the attached responses to the objections describe the changes, if applicable, that have been made to the revised proposed permit and supporting statement of basis (SOB). The revised proposed permit and SOB are attached for your review.

Mr. Carl E. Edlund, P.E.
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Consistent with 30 TAC §122.350, please provide an indication of your acceptance or assessment of the responses and resolutions to the objections as soon as possible. After receipt of your acceptance to the responses and resolutions to the objections, TCEQ will issue the proposed permit. Thank you for your cooperation in this matter. Please contact Ms. Cynthia Scoggins at (512) 239-3776 if you have any questions concerning this matter.

Sincerely,



Steve Hagle, P.E., Director
Air Permits Division
Office of Permitting and Registration
Texas Commission on Environmental Quality

SH/CS/kw

cc: Mr. Richard S. Rehm, Vice President, Operations, Southern Division, DCP Midstream, LP,
Houston
Ms. Lynn Ward, Senior Environmental Specialist, DCP Midstream, LP, Denver, CO
Air Section Manager, Region 10 - Beaumont

Enclosures: TCEQ Executive Director's Response to EPA Objection
Proposed Permit
Statement of Basis

Project Number: 12811

EXECUTIVE DIRECTOR'S RESPONSE TO EPA OBJECTION

Permit Number O2506

The Texas Commission on Environmental Quality (TCEQ) Executive Director provides this Response to EPA's Objection to the renewal of the Federal Operating Permit (FOP) for DCP Midstream, LP, Port Arthur Gas Plant, Permit No. O2506, Jefferson County, Texas.

BACKGROUND

Procedural Background

The Texas Operating Permit Program requires that owners and operators of sites subject to 30 Tex. Admin. Code (TAC) Chapter 122 obtain a Federal Operating Permit (FOP) that contains all applicable requirements to facilitate compliance and improve enforcement. The FOP does not authorize construction or modifications to facilities, and it does not authorize emission increases. To construct or modify a facility, the responsible party must have the appropriate new source review authorization. If the site is subject to 30 TAC Chapter 122, the owner or operator must submit a timely FOP application for the site and ultimately must obtain the FOP to operate. DCP Midstream, LP applied to the TCEQ for a renewal of the FOP for the Port Arthur Gas Plant located in Port Arthur, Jefferson County on November 21, 2008, and notice was published on September 18, 2009 in *Beaumont Enterprise*. The public comment period ended on October 18, 2009. TCEQ received an objection to the permit from EPA on November 13, 2009.

In accordance with state and federal rules, the permit renewal may not be issued until TCEQ resolves EPA's objections.

Description of Site

DCP Midstream, LP, owns and operates the Port Arthur Gas Plant, located at 1051 Highway 365 in Port Arthur, Jefferson County, Texas 77640. The site is a gas treatment and compressor facility. The Port Arthur Gas Plant, Title V Permit No. O2506 contains requirements for storage tanks, boilers, engines and sulfur recovery operations.

The following responses follow the references used in EPA's objection letter.

EPA OBJECTION: Pursuant to 40 CFR § 70.8(c)(1), EPA objects to the issuance of the Title V permit since the recordkeeping requirements of NSR Permit No. 46332 are not in compliance with the requirements of 40 CFR § 70.6(a)(3)(ii)(B). Under the *General Terms and Conditions* provision of the draft Title V permit, reference is made to 30 TAC § 122.144 of the Texas FOP program which requires records be kept for 5 years; however, 30 TAC § 106.620(e)(8) of Standard Permit for Oil and Gas Production Facilities Permit No. 46332 (revised November 13, 2008) only requires records be kept for two years. EPA states this condition is inconsistent with the 5 year recordkeeping requirements of 40 CFR § 70.6(a)(3)(ii)(B) and cannot be carried forward into the Title V permit. In response to this objection, TCEQ must revise the Title V permit to include a condition that states that records of monitoring data and supporting information must be maintained for a minimum of five years

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from the date of monitoring, notwithstanding the requirements of any other permit condition or applicable requirements.

TCEQ RESPONSE: The TCEQ requires five year recordkeeping for all FOPs. Pursuant to 30 TAC §122.144(1), all records of required monitoring data and other permit support information must be kept for a period of five years from the date of the monitoring report, sample, or application unless a longer data retention period is specified in an applicable requirement. This is consistent with the recordkeeping requirements of 40 CFR § 70.6(a)(3)(ii)(B). The requirements of 30 TAC § 122.144(1) have been and will continue to be incorporated for all FOPs through the general terms and conditions of the FOP, which specifically require "The permit holder shall comply with all terms and conditions contained in 30 TAC § 122.143 (General Terms and Conditions), 30 TAC § 122.144 (Recordkeeping Terms and Conditions), and 30 TAC § 122.146(Compliance Certification Terms and Conditions)." These requirements were (and still are) also reiterated on the cover page of the FOP.

As all terms and conditions of preconstruction authorizations issued under 30 TAC Chapter 106, Permits by Rule (PBR) and 30 TAC Chapter 116, New Source Review (NSR) are applicable requirements and enforceable under the FOP, the five year record retention requirement of 30 TAC § 122.144(1) supersedes any less stringent data retention schedule that may be specified in a particular PBR or NSR permit. To further clarify the five year recordkeeping retention schedule for the FOP, the following text will be added to the General Terms and Conditions of the FOP.

"In accordance with 30 TAC § 122.144(1), records of required monitoring data and support information required by this permit, or any applicable requirement codified in this permit, are required to be maintained for a period of five years from the date of the monitoring report, sample, or application unless a longer data retention period is specified in an applicable requirement. The five year record retention period supersedes any less stringent retention requirement that may be specified in a condition of a permit identified in the New Source Review Authorization attachment."

EPA OBJECTION: EPA objected to the *Special Terms and Conditions* provisions of the draft Title V permit, Condition 3 requiring stationary vents with certain flow rates to comply with identified provisions of 30 TAC Chapter 111 of Texas SIP. However, there is no identification of the specific stationary vents that are subject to those requirements. As such, this condition fails to meet the requirement of 40 CFR § 70.6(a)(1), in that the condition lacks the specificity to ensure the compliance with the applicable requirements associated with those unidentified emission units. In addition, the Statement of Basis document for the draft Title V permit does not provide the legal and factual basis for Condition 3, as required by 40 CFR § 70.7(a)(5). Pursuant to 40 CFR § 70.8(c)(1), EPA objects to the issuance of the Title V permit since Condition 3 is not in compliance with the requirements of 40 CFR § 70.8(c)(1) and 70.7(a)(5).

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In response to this objection, TCEQ must revise Condition 3 of the draft Title V permit to list the specific stationary vents that are subject to the specified requirements of 30 TAC Chapter 111 and provide an explanation in the Statement of Basis for the legal and factual basis for Condition 3.

TCEQ RESPONSE: The EPA has supported the practice of not listing emission units in the permit that only have site-wide or "generic" requirements. See *White Paper for Streamlined Development of Part 70 Permit Applications*, July 10, 1995. The ED documented in the draft FOP that the Chapter 111 visible emission requirements for stationary vents were site-wide requirements - applying uniformly to the units or activities at the site. Because the applicant indicated in its application that only the Chapter 111 site-wide requirements apply to these stationary vents and other sources, the applicant is not required to list these smaller units individually in the unit summary, and therefore, these emission units did not appear in the applicable requirements summary table in the draft FOP.

With regard to stationary vents, there are three basic opacity requirements in 30 TAC § 111.111 that may apply, depending upon specific applicability criteria. Stationary vents constructed on or before January 31, 1972 must meet the requirements of 30 TAC § 111.111(a)(1)(A), which states that opacity shall not exceed 30% averaged over a six-minute period. Stationary vents constructed after January 31, 1972 must meet the requirements of 30 TAC § 111.111(a)(1)(B), which states that opacity shall not exceed 20% averaged over a six-minute period. Lastly, stationary vents where a total flow rate is greater than or equal to 100,000 actual cubic feet per minute (acfm) may not exceed 15% opacity averaged over a six minute period, unless that source has an installed optical instrument capable of measuring opacity that meets specified requirements, specified in 30 TAC § 111.111(a)(1)(C). Subsection 111.111(b) merely states that any of the emission units subject to section 111.111 (for this permit area, this would include all stationary vents and gas flares) shall not include contributions from uncombined water in determining compliance with this section.

However, the ED does agree that the FOP could be revised to more clearly group stationary vents according to which opacity limit applies. The site does not have any vents constructed prior to January 31, 1972, therefore, no vents are subject to the 30% opacity requirement of 30 TAC § 111.111(a)(1)(A). All other vents at the site are subject to 20% opacity, as noted in the revised Special Condition 3, which is a site-wide term and condition, as allowed in the *White Paper for Streamlined Development of Part 70 Permit Applications*, July 10, 1995.

A determination of the legal and factual basis for Condition 3 was added to the Statement of Basis document for the draft Title V permit and is enclosed.

ADDITIONAL CONCERNS: TCEQ acknowledges the additional concerns EPA has with the Port Arthur Gas Plant FOP and will address these issues as appropriate.