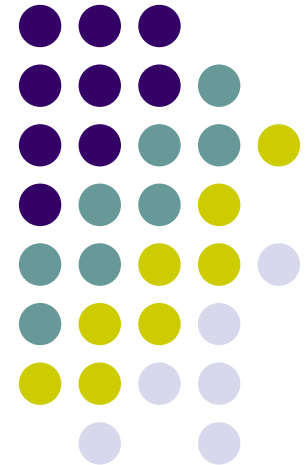
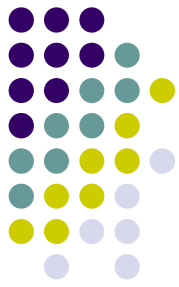


FLEXIBLE AIR PERMITS RULEMAKING

**Briefing
for
Clean Air Act Advisory Committee
William Harnett, EPA
July 28, 2005**

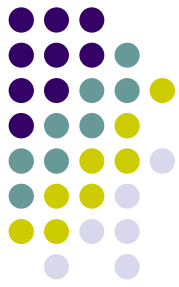




Purpose

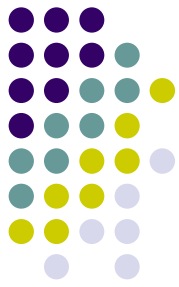
- Provide Background Information on Flexible Air Permit Pilots
- Discuss need for rulemaking on Flexible Air Permits

What Is A Flexible Air Permit?



- Permits that enable a source to make certain types of changes without requiring additional review or approval, provided the source meets the authorizing criteria contained in its permit. Changes can include:
 - Modification of existing equipment
 - Changes to a source's methods of operation
 - Addition of new equipment and/or emissions limits
 - Changes in raw materials used/use of pollution prevention
 - Changes in emissions factors or monitoring parameters
 - Modification or new pollution control equipment

Background



- Over last 12 years, OAR has worked in partnership with OPEI to develop a limited number of innovative air permits under current rules
- Draft WPN3 released for comment in August 2000
 - States supported policy if not mandatory
 - Industry supportive but wanted:
 - NO CEMS – equivalent monitoring
 - Close coordination with final NSR improvement rulemaking
 - Public Interest Groups were critical and concerned about legality of certain options
 - No need or basis for this policy
 - EPA must do rulemaking
- Detailed evaluation of pilots found substantial benefits
- Final NSR Improvement rulemaking established policy directions for PALs and flexible permits and these remain after recent decision from the D.C. Court of Appeals
- Current system without rulemaking still resistant to widespread use of flexible permitting approaches



Flexible Permits Are Beneficial

- Permitting Authorities
 - Significant administrative cost savings (2 - 3 year payback)
 - Enforceable permit with good monitoring
- Public
 - Although not required, additional emissions reductions (30 to 85% over the permit term)
 - Equivalent or greater information (longer term picture, more emissions points)
- Sources
 - Ability to make changes quickly in response to market
 - Significant administrative and opportunity cost savings

Case History: Lasco Bathware



- Source
 - Major emitter of VOC/styrene
 - Located in Yelm, WA with Mt. Rainer vistas
 - Needed more flexibility to reduce unit costs and improve product quality
- Olympic APCD
 - Held several public meetings in 1996 and 1997 (initial public meeting, environmental group meetings, public meeting on draft permit, public hearing)
 - Proactively notified community of meetings (fact sheets, newsletters)
 - Updated Board Members re status
- LASCO Permit
 - Reduced VOC emissions by 100 tpy (35%)
 - Allowed increase stack heights to reduce odors
 - Promoted increased pollution prevention
 - Reduced delays by up to 150 days per change
- Community Perceptions
 - Prior to permit, believed Lasco not a good neighbor (odor issues)
 - Strong concern voiced at initial public meeting
 - No adverse public comments on draft permit
 - Sierra Club wrote “Thank You” letter

Why Do Flexible Permitting Rulemaking?



- Pilots are not cost effective and rulemaking needed to facilitate mainstream use of flexible air permits
- Certain commenters on draft White Paper believed rulemaking was necessary
- Substantial cost savings and environmental benefits expected based on pilots study
- Assures necessary safeguards and promotes greater certainty in State and source actions