



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 10
1200 Sixth Avenue
Seattle, WA 98101

December 14, 1999

Reply To
Attn Of: OAQ-107

Michael J. Frank
Staff Attorney
Trustees for Alaska
1026 West 4th Avenue, Suite 201
Anchorage, AK 99501

Dear Mr. Frank:

This letter provides the Environmental Protection Agency (EPA) responses (enclosed) to your comments on the draft Final Project Agreement (FPA) for the Elmendorf Air Force Base (EAFB) ENVVEST/XL Project. EPA appreciates the interest that Trustees has shown on this ENVVEST/XL Project. As I indicated in our phone conversations, your comments have helped us improve the language of the FPA, ensuring that it will indeed result in reductions of carbon monoxide and hazardous air pollutant (HAP) emissions from EAFB. And as we discussed, I encourage the Trustees to participate in the public meeting(s) on the implementation of the Project to ensure that your concerns and ideas about HAP reductions, such as the assessment of jet aircraft emissions, are seriously considered.

Again, thank you for your comments on this ENVVEST/XL Project. If you have any questions, or would like to discuss any aspects of this project further, please don't hesitate to give me a call at (206) 553-4253.

Sincerely,

David C. Bray
Senior Air Pollution Scientist
Office of Air Quality

DB
Enclosure

cc: Bill MacClarence, ADEC (Anchorage)
 David Bennett, Elmendorf AFB

RESPONSE TO COMMENTS

The notice of availability of the draft Final Project Agreement (FPA) for public comment was published on November 5, 1999. 64 FR 60443. EPA received one comment in response to the notice. The commenter was Trustees for Alaska (Trustees). Trustees indicated that it was opposed to the FPA in its current form for six reasons. We will address each of these reasons in turn. However, before discussing the specifics we would first like to express our appreciation for the interest shown by Trustees in improving the project. We would also like to note that, in subsequent discussions with Trustees regarding its comments and our proposed changes to the FPA, it appears that Trustees no longer opposes the project. Rather, Trustees expressed an interest in seeing Elmendorf Air Force Base (EAFB) evaluate other potential hazardous air pollutant problems, such as emissions from jet engines, as part of this project. We encouraged Trustees to participate in the upcoming public meetings to provide its perspectives regarding the types of hazardous air pollutant reduction projects that EAFB should pursue.

To begin, we would like to explain the broad benefits that we envision from this project. Project XL projects are designed to test new approaches to environmental protection. If a pilot is successful, the new approach (and the superior environmental benefits it achieves) may be transferred to other facilities. EPA hopes that the lessons learned from EAFB's project can be applied to other military installations, and can result in greater environmental benefits being achieved at installations nationwide.

In addition, most of the flexibility provided by this project could have been obtained without Project XL through the imposition of limits on EAFB's potential-to-emit and the application of EPA's policy document, entitled "Major Source Determinations for Military Installations under the Air Toxics, New Source Review, and Title V Operating Permit Programs for the Clean Air Act", dated August 2, 1996. However, by participating in this XL Project, EAFB obtains the flexibility to redirect money that would have been spent on Title V costs into pollution prevention projects. EAFB has agreed to invest \$1.5 million into projects that will result in actual emission reductions that likely would not have otherwise occurred. EPA views this project as providing actual environmental benefits with modest regulatory relief.

Trustees first expresses concern that the FPA "commits the State of Alaska to exempting Elmendorf AFB from the Title V permitting process without any enforceable commitment from the AFB to reduce emissions." While there are no numerically enforceable emission reductions, as discussed above portions of the EAFB can be exempted from Title V permitting only after the EAFB applies for, and obtains, enforceable potential-to-emit limits. And while it is true that the voluntary pollution prevention measures, and the resulting carbon monoxide and hazardous air pollutant emission reductions, are not enforceable through conventional means, they are spelled out as commitments in the FPA. As a result, if EAFB failed to live up to its commitments, EPA or the State would terminate the FPA and the additional flexibility that it provides.

Second, Trustees argues that “the agreement makes a special case out of the AFB, exempting it from the EPA applicability criteria for aerospace NESHAP.” Trustees is correct that the agreement gives EAFB special treatment; that is the result of every XL project. However, the treatment that EPA is providing EAFB in this project is substantially similar to that which it has provided to numerous other sources under EPA’s “Potential to Emit Transition Policy” (dated January 25, 1995). The purpose of the “Potential to Emit Transition Policy” is to allow certain sources to have additional time to obtain practicably enforceable potential-to-emit limits in order to avoid being considered a “major source,” provided they maintain their emissions below 50% of the applicable major source thresholds. Because of the unusual circumstances surrounding the delay in reviewing EAFB’s Title V permit application and the requested potential-to-emit limits as a result of the ENVVEST/XL negotiations, EAFB and the State of Alaska were unable to get potential-to-emit limits in place before the compliance date for the Aerospace NESHAP. However, actual hazardous air pollutant emissions from EAFB are substantially below the major source thresholds. In order to allow for the completion of this project, EPA decided to grant EAFB a narrow exception to the recordkeeping requirements in the “Potential to Emit Transition Policy.” This allows EAFB to be treated as a non-major source of hazardous air pollutants under the Potential to Emit Transition Policy and to have additional time to obtain practicably enforceable potential-to-emit limits.

Third, Trustees is concerned that “the savings of \$1.5 million has not been documented and could simply be compliance avoidance costs.” The savings achieved through this project are not from reducing “compliance costs” but rather from changing the major source status of EAFB, and therefore reducing the Title V requirements that would otherwise apply to the EAFB. The EAFB has estimated the costs of applying for, maintaining, and complying with Title V for the entire EAFB. By applying EPA’s guidance for military installations, and by obtaining potential-to-emit limits, most of EAFB will not be subject to Title V, thereby saving the EAFB approximately \$1.5 million over the next 6 years. By providing EAFB with the flexibility described above, the project will facilitate the use of the \$1.5 million for such environmentally-beneficial projects as the use of compressed natural gas (CNG) vehicles and the implementation of projects that reduce hazardous air pollutant emissions.

Fourth, Trustees is concerned that “the state’s and AFB’s expressed ‘preference for hazardous contaminant reduction projects’ is not framed as an enforceable commitment.” As discussed in the response to Trustees’ first point, if EAFB failed to live up to its commitments, EPA or the State would terminate the FPA and the additional flexibility that it provides. However, in response to Trustees’ comment, the FPA has been revised to more clearly state the EAFB’s commitment to pursue hazardous air contaminant reduction projects and not just reflect a “preference for” such projects. In addition, the revised FPA makes clear that input from EAFB’s stakeholders and the public will be considered in the selection of such projects.

Fifth, Trustees expresses opposition to the project because “the CNG project does not involve[] dedicated fuel vehicles.” We assume that this concern stems from the possibility that some converted vehicles and some dual-fueled vehicles could actually emit more carbon monoxide than dedicated fuel

vehicles. The EAFB understands the concerns associated with vehicle conversions and dual-fueled vehicles and has committed to ensuring that all of the CNG-fueled vehicles are indeed less polluting. The FPA has been revised in response to this comment to ensure that emission testing and evaluation will occur so that the conversion and purchase of vehicles actually results in lower carbon monoxide emissions. By including both the conversion and purchase of vehicles in the project, the Parties are able to achieve greater environmental benefits. Instead of purchasing only new vehicles with the savings from the project, EAFB will convert a number of its current fleet vehicles to be capable of using CNG as an alternative fuel. This enables EAFB to ultimately have more vehicles capable of using CNG than it could afford if it were only purchasing new vehicles. It also enables EAFB to invest in other environmentally-beneficial projects. This does not preclude EAFB from using other funds to purchase additional dedicated fuel vehicles or dual-fueled vehicles. In fact, in the future, EAFB plans to purchase new dual-fueled vehicles and new dedicated fuel vehicles to replace older vehicles as they are retired.

Finally, Trustees states that “CO emissions will increase, not decrease, under the agreement as proposed.” As with the previous comment, we assume that this concern stems from the possibility that some converted vehicles and some dual-fueled vehicles could actually emit more carbon monoxide than dedicated fuel vehicles. As noted above, the FPA has been modified to clarify EAFB’s commitment to test the converted vehicles and to evaluate emissions of the new vehicles. Thus, only conversions that reduce carbon monoxide emissions will be used, and EAFB’s increased reliance on CNG and concomitant decrease in the use of regular fuel will reduce carbon monoxide emissions in the Anchorage area.