



**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY**  
REGION 2  
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**NOV 26 2012**

The Honorable Bob Martin  
Commissioner  
New Jersey Department of Environmental Protection  
401 E. State Street, 7<sup>th</sup> Floor, East Wing  
P.O. Box 402  
Trenton, NJ 08625-0402

Dear Commissioner Martin:

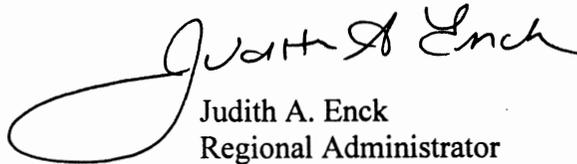
This is to provide you of the results of EPA's audit of New Jersey's title V Operating Permit Program. EPA routinely conducts an audit of New Jersey's program every four years. The most current audit focused on the progress New Jersey has made in addressing issues and concerns EPA identified in the 2008 audit and to determine if new implementation issues have surfaced in the past few years. The bases for EPA's evaluation are the requirements of title V of the federal Clean Air Act, EPA's regulations implementing the Clean Air Act which are codified at 40 CFR part 70 and New Jersey's Operating Permit Program as approved on November 28, 2001.

As always, EPA's audit focuses on both the implementation component and the funding component of the Operating Permit Program. With regard to program implementation, EPA is pleased to inform you that no new issues were found since the 2008 audit although we are requesting that New Jersey keep EPA informed of changes to be made in the State's Operating Permit Rule. However, two of the five implementation issues previously identified in our 2008 audit are still in need of follow-up actions. My staff will continue to keep track of the progress towards that end and will work closely with your staff to bring those issues to closure.

With regard to the funding component of the program, EPA notes that revenues collected through permit fees have not kept pace with expenses resulting in an annual deficit in the title V fund from 2008 to 2011, with the most severe short fall occurring in FY 2011. Although the \$12 million surplus from FY 2003 to 2007 was sufficient to cover the permit fee short fall of the last four years, EPA is concerned by implications of a 50 percent deficit in FY 2011. In your response to this audit report, please provide an explanation to the short fall and New Jersey's plan to ensure that future permitting expenses will be covered by permit fee revenues as required by the federal Clean Air Act.

We wish to thank your staff, especially Bachir Bouzid, for their cooperation in the course of our audit. They made the audit process a pleasant experience. If you have any questions, please do not hesitate to call me or have your staff contact Steven Riva at (212) 637-4074.

Sincerely yours,



Judith A. Enck  
Regional Administrator

Enclosure

cc: William O'Sullivan  
New Jersey Department of Environmental Protection

The Environmental Protection Agency's (EPA's) 3rd Audit of the  
New Jersey Department of Environmental Protection (NJDEP)  
Title V Operating Permits Program

July 17, 2012

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## **I. Introduction**

On July 17, 2012, EPA Region 2 conducted the 3<sup>rd</sup> audit of NJDEP's Operating Permits Program in accordance with 40 CFR §70.10. EPA Region 2 conducts an audit of each state program every 4 years. The last NJDEP program audit was conducted in 2008. Some of the issues identified in these findings were resolved and some of them were not, primarily because of the need for regulatory changes to New Jersey's Operating Permit Rule codified at N.J.A.C. 7:27-22. The periodic program audit coupled with EPA's on-going oversight review of select permit actions provides a reasonable assessment of the state program.

For the first program audit, Region 2 used program review guidance provided by EPA's national program office; in this case a questionnaire dated February 27, 2003. For subsequent program audits, Region 2 focused on three main areas of concerns: 1) ensure that the program continues to be administered as approved and in conformance with federal mandates; 2) determine if state shares the same permitting issues identified in other states; and 3) determine if issues were resolved in manners consistent with other states. In addition, subsequent audits provide EPA the opportunity to evaluate how well new federal requirements and policies such as those associated with the Greenhouse Gases are being implemented. In this audit, Region 2 reviewed the process by which NJDEP implements the Tailoring Rule, permitting issues that surfaced since the last audit, regulatory changes since last program revision, etc.

This audit began with a letter to NJDEP dated June 15, 2012, detailing the scope of the audit and listing the issues from the last audit that needed follow up. See Attachment A. In this letter, Region 2 identified 4 areas for evaluation which included regulatory changes, GHG permitting, permit reviews, and title V fees accounting. Issues from the last audit that required follow up included supersession language in NJDEP's Operating Permits Rule, unique accounting codes for title V expenditures, rule clarification for permit modifications, statement of basis and renewal permit applications. An on-site visit was conducted on July 17, 2012, to review facility files and to meet with NJDEP personnel to go over the information requested in our June 2012 letter.

This audit report is developed based on information obtained during the July 17, 2012 on-site visit, EPA's review of select permits and information subsequently received.

## **II. Follow-up on 2008 Audit Issues**

### **A. Supersession**

This is an old issue dating back to 2000 that remains outstanding in the 2012 audit. New Jersey's Operating Permit Rule provisions at N.J.A.C. 7:27-22.33(b) and (c) state that part 70 permits will supersede preconstruction permits and/or operating certificates upon approval. Language suggesting that the operating permit will replace or supersede a previously issued preconstruction permit (often referred to as "supersession language") is unacceptable in a state operating permit program. NJDEP claims that in practice, the preconstruction permit conditions are transferred to the operating permit upon approval and the preconstruction permit itself is not replaced or superseded. However, NJDEP acknowledges that the word "supersede" needs to be removed from the rule context to eliminate any ambiguity it may suggest regarding the relationship between the preconstruction permit and the title V operating permit. NJDEP has agreed to revise these rule provisions in 2000 and as part of the 2008 audit. However, this

revision has yet to take place. NJDEP is reminded that this issue must be resolved in its next rule revision.

#### B. Title V Expenditures Accounting Codes

This is one of the three issues that have been resolved. During the 2008 program audit, NJDEP was asked to either designate a special account in the State Treasury for title V permit fee transactions or propose some other methods of accounting that would easily distinguish title V transactions from non-title V transactions. NJDEP agreed to use a unique accounting code to accomplish this effort. The special accounting codes will help NJDEP keep track of its title V fee revenues and expenses. NJDEP has since updated its cost accounting procedures to provide the requisite unique codes that cover all title V purchases, complementing the existing coding system for staff time, contractor fees, and major purchases in the title V program. The new accounting code satisfies our concerns identified in the last audit.

#### C. Permit Modification

This issue was identified in the 2008 audit and is still outstanding. In the 2008 audit, EPA found inconsistencies between NJDEP's Operating Permit Rule at N.J.A.C. 7:27-22.24(a) and N.J.A.C. 7:27-22.33(e) as they relate to significant modifications and made suggestions for rule revisions.

When NJDEP submitted its Operating Permit Program to EPA for approval, NJDEP opted to have an integrated program where the existing preconstruction permit and the new operating permit are merged. Upon issuance of the initial title V permit which houses the preconstruction permit conditions in its entirety, subsequent permit modifications are processed in a merged program fashion. That is, one application would be submitted to NJDEP for review under both the preconstruction permit and title V permit programs. The draft permit to be issued at the end of this "merged review" is subject to a 30-day public comment. One benefit of a merged program is the option to hold one public comment period instead of two for the merged draft preconstruction/operating permit. If the source is not subject to the PSD or NSR regulations and barring any adverse comments on the merged draft permit during the public comment period, NJDEP has the option of issuing the final preconstruction permit approval at the end of the public review period while the proposed title V permit is sent to EPA for a 45-day review. Alternately, NJDEP could withhold issuance of the preconstruction permit approval until the title V permitting process is complete, at which time the final title V permit constitutes both the preconstruction permit and title V permit approvals. NJDEP is free to choose the permit issuance option that best suits the situation; however, NJDEP must be sure that the option it takes is not prohibited by other provisions of its own rule. In the case of significant modifications, EPA found discrepancies between two sections of NJDEP's Operating Permit Rule, namely "Significant Modifications" at N.J.A.C. 7:27-22.24(a) and "Preconstruction Review" at N.J.A.C. 7:27-22.33(e). Although EPA suggested language to resolve the discrepancies in its 2008 audit report, NJDEP disagrees with EPA's findings and asserts that no rule revision is needed.

In the discussion below, EPA attempts to characterize once more the inconsistency issue that exists in N.J.A.C. 7:27-22. In the "Significant Modifications" section of NJDEP's Operating Permit Rule codified at N.J.A.C. 7:27-22.24(a), the following provision addresses the issuance of approvals to significant modifications:

“Approval of the significant modification shall also constitute preconstruction approval. The permittee shall not make the change proposed in a significant modification of the operating permit until the Department has approved the significant modification.”

In the “Preconstruction Review” section of NJDEP’s Operating Permit Rule codified at N.J.A.C. 7:27-22.33(e), the following provision addresses the issuance of approvals to significant modifications:

“For a significant modification of the operating permit, the permittee may begin construction of a significant modification, but may not operate the modified facility until final issuance of the significant modification.”

As shown above, N.J.A.C. 7:27-22.24(a) clearly requires issuance of the operating permit approval before the proposed changes (i.e., construction and operation) of the significant modification can be take place. However, N.J.A.C. 7:27-22.33(e) allows construction of the significant modification upon issuance of the preconstruction permit approval and operation upon issuance of the title V approval for the significant modification. There would have been no issues if the preconstruction permit approval is issued simultaneously with the title V approval as any merged process would normally take. These two sections of the rule are in conflict when facilities request for issuance of the preconstruction permit approval before the title V significant modification approval. In its 2008 audit report, EPA suggested rule language to resolve the discrepancy. However, NJDEP disagrees with EPA’s comments and asserts that NJDEP is free to choose either provision to handle significant modifications as appropriate. EPA disagrees with NJDEP’s position and NJDEP’s decision to ignore the inconsistency that exists in its Operating Permit Rule.

The 2008 issue relating to permit modifications remains outstanding and needs to be resolved. Since N.J.A.C. 7:27-22.24(a) is located in the section of the rule that addresses significant modifications, this provision should be followed when there is ambiguity relating to issuance of significant modification approvals. Therefore, the language in N.J.A.C. 7:27-22.33(e) should be revised to be consistent with N.J.A.C. 7:27-22.24(a). NJDEP is free to suggest other ways to address this issue but is reminded that the discrepancy between these two provisions of the NJDEP Operating Permit Rule cannot be left unattended.

There is another issue with the language at N.J.A.C. 7:27-22.33(e) that concerns issuance of the draft permit. This provision states that “the Department will issue the preconstruction approval simultaneously with the draft permit...” As written, this statement allows the NJDEP to issue the preconstruction approval to a minor or significant modification before the public comment period ends. Pursuant to federal requirements, draft permits issued to title V significant modifications and some title I modifications must undergo a full 30-day public review. The language in N.J.A.C. 7:27-22.33(e) that alludes to the issuance of the preconstruction approval simultaneously with the draft permit without specifying that it is limited to minor modifications suggests that preconstruction approvals can be issued to title V significant modifications and title I modifications before conclusion of the 30-day public comment period. This is inconsistent with federal mandates. NJDEP must revise N.J.A.C. 7:27-22.33(e) to clarify that public review will not be compromised for significant modifications.

#### D. Statement of Basis

This is one of the three issues that have been resolved. In the 2008 audit report, NJDEP was asked to provide more information in the statement of basis to justify certain monitoring provisions. NJDEP's past practice was to list only the factors that were considered in determining a gap-filling (source specific) monitoring option in its statement of basis. In the last audit, NJDEP was instructed to keep the public informed of NJDEP's decision-making process by providing the reasons for each gap-filling monitoring condition it establishes. During the 2012 audit, NJDEP informed EPA that certain guidelines have been put in place to ensure that relevant information relating to the monitoring decision is presented in the statement of basis. The guidelines direct the permit writer to consider the pollutant's impact on public health and environment, type and age of control device, compliance history, process rates, amount of materials processed and quantity of emissions in making the source specific monitoring decision. An explanation is also included in the statement of basis giving the reasons for selecting alternative methodologies for compliance demonstration as appropriate. An updated statement of basis boilerplate (see Attachment B) was presented during the July 17, 2012 on-site visit which illustrates the improved instructions for permit writers in justifying source specific or gap-filling monitoring decisions. EPA is satisfied with the improvements made in the statement of basis; therefore, this issue is considered closed.

#### E. Renewal Applications

This is one of the three issues that have been resolved. NJDEP's rule requires that minor and significant modifications to a facility's title V permit are incorporated into the permit as the modifications are approved. However, other changes (7-day notice changes, off-permit changes and administrative amendments) are not incorporated until the permit is renewed. Facilities are required to keep track of these other changes and submit them with the renewal application pursuant to N.J.A.C. 7:27-22.30(d). Given that the title V permit application is voluminous, EPA requested that information pertaining to the other permit changes be attached to the statement of basis for easier public access. NJDEP responded during the July 2012 on-site visit that the requested information is a fairly long document (40-50 pages) that applicants submit as part of their renewal application. It is redundant to duplicate this information in the statement of basis as the entire renewal application and all of its supporting documents are part of the public record and is available for public review upon request. Information regarding accessibility is published in the public notice for renewals so the public is informed of where to go to obtain additional information. EPA agrees with NJDEP that such lengthy document need not be included in the public docket twice. This issue is considered closed.

In the 2008 audit, EPA suggested adding a provision as N.J.A.C. 7:27-22.30(l) to ensure that applicable requirements inadvertently omitted from the renewal application will be added back via permit reopening. NJDEP responded that N.J.A.C. 7:27-25(e)(3), although not in the permit renewal section of the rule, can be applied to address EPA's concerns. N.J.A.C. 7:27-25(e)(3) authorizes the EPA or NJDEP to reopen a permit that contains a material mistake or inaccurate statements that resulted from emissions standards, limitations or other provisions/conditions developed for the permit. NJDEP believes omitted requirements can be added back to the permit via this authority. EPA agrees with NJDEP that N.J.A.C. 7:27-25(e)(3) addresses EPA's concerns.

### III. 2012 Audit Review Findings

#### A. Regulatory Changes

NJDEP has not kept EPA informed of changes made to its Operating Permit Rule (N.J.A.C. 7:27-22). The version of N.J.A.C. 7:27-22 that is posted on NJDEP's website under "Rules Currently in Effect" looks different from the 2006 version that EPA has been using for oversight reviews. It is understandable that amendments and clarifications are necessary at times to better program implementation. However, EPA can only use the version of the rule that is part of the approved Operating Permit Program in performing oversight reviews of NJDEP's proposed operating permits. Although NJDEP is not required to receive prior EPA approval for changes to N.J.A.C. 7:27-22 before completing the state rulemaking process, EPA's early involvement would prove helpful in various ways. Revisions to the Operating Permit Rule may or may not need to be incorporated into the approved program immediately depending on the types of changes being made; early EPA involvement will facilitate this determination. When NJDEP elects to do otherwise, EPA will not see the changes until they are submitted as the final rule. Should EPA find the revised rule deviates from the requirements of title V of the CAA or its implementing regulations at 40 CFR §70, the revised rule would render the NJDEP program unapprovable and steps will need to be taken to bring the NJDEP program back into compliance with federal requirements. This may involve yet another revision to the rule.

To ensure that EPA has the current version of its rule, NJDEP agrees to submit a copy of the up-to-date version of N.J.A.C. 7:27-22 to EPA with a request to incorporate it into NJDEP's Operating Permit Program. Upon receipt of this request, EPA will proceed with a program revision as appropriate. To better future communication on program changes, NJDEP has agreed during the on-site visit to keep EPA informed of all future changes considered for Subchapter 22 and share drafts of rule revisions prior to the formal state rulemaking process.

#### B. GHG Permitting

One of the goals of this audit is to ascertain NJDEP's ability to implement the newly promulgated Tailoring Rule for Greenhouse Gases (GHG). NJDEP is one of the States that asserts adequate authority to implement the Tailoring Rule. No legislative or regulatory changes are necessary to carry out the steps of this new rule. Pursuant to Step 2 of the Tailoring Rule, NJDEP has already advised new sources and existing sources seeking modifications to quantify and address GHG emissions in their title V applications. For existing sources that have GHG emissions, seven were initially identified as probably requiring title V permits for their GHG emissions. After a more thorough assessment, only one of the seven sources, Global Landfill, is determined to require further applicability review under Step 2 of the Tailoring Rule. Based on EPA's file review during the on-site visit, NJDEP informed Global Landfill of their initial findings and directed the source to quantify its GHG emissions and address them in accordance with the Tailoring Rule (see Attachment C). The source was also encouraged to schedule a pre-application meeting with NJDEP to discuss permit application procedures. For new PSD sources that are also subject to title V review, EPA is involved in the technical review of each along with NJDEP since New Jersey has a delegated PSD program. EPA finds the permit conditions that NJDEP includes in the PSD/title V permit for GHG emissions are in line with those utilized in other parts of the country. EPA does not have any issues with NJDEP's implementation of the GHG program at this time.

## C. Permit Review Issues

### i. MACT Sources

During EPA's routine oversight review of permit modifications, EPA noticed a number of sources sought to "reverse" their MACT applicability determinations. A number of minor sources that are subject to title V due solely to MACT standards wanted to reduce their emissions to below the MACT applicability thresholds by accepting emission limits or permanently removing emission units from the existing source. During the on-site visit, EPA evaluated the process by which NJDEP review these requests. EPA reviewed the file for DSM, a source opting to limit its PTE to become not subject to MACT requirements. EPA found NJDEP's protocol for handling these requests satisfactory. The NJDEP permit writer who received the permit modification request informed his/her supervisor and communicated with EPA Region 2's title III contact throughout the review process. The permit writer kept EPA informed of the status of the review via electronic mail and sought EPA guidance where needed. The permit writer consulted EPA on the final decision before issuing it to the source. EPA appreciates the effort NJDEP staff exercises in seeking EPA input prior to making its final decisions on these permit modification requests. EPA does not have any issues with NJDEP's handling of these requests.

### ii. Turbine Replacement

EPA is concerned about permit language that allows replacement of turbines without permit revisions. During EPA's oversight review of the PSEG Kearny permit, EPA notes permit language that allows turbine replacement without a permit modification. Specifically, the provision on page 23 at Reference 7 of the PSEG Kearny permit states, "Replacement of the combustion turbine can occur provided that such replacement does not constitute construction, reconstruction or modification of a significant source operation as those terms are defined in N.J.A.C. 7:27-22.1." A 1999 agreement between EPA Region 2 and NJDEP allows for replacement of turbines without review under certain limited circumstances. The 1999 agreement was intended only for the then existing 12 generating stations and the initial fleet of 24 turbines that existed prior to 1999 ("the 24 pre-existing turbines"). While the 24 pre-existing turbines may be utilized as a replacement for each other at any of the 12 generating stations listed on the agreement, any construction or installation to replace one of these pre-existing turbines with a turbine outside of the original fleet of 24 must undergo the normal permit modification review process. EPA needs confirmation from NJDEP that the 1999 agreement is not being applied to turbines that were not listed. The language cited above should be clarified to state that the "turbines replacement agreement" only applies to the original fleet of 24 turbines in existence prior to 1999 and that new generating stations or turbines cannot opt into this agreement. In its response to this issue, NJDEP assures EPA that any turbine replacement not undergoing the normal review process is limited to the original fleet of 24 turbines that were part of the agreement that existed prior to 1999. Any other construction or installation intended to replace existing turbines will undergo the normal permit review process. Any exception to this practice will be shared with EPA prior to approval. NJDEP monitors PSEG's turbine replacement program very closely.

To illustrate the mechanics of PSEG's turbine replacement program, during the on-site visit, NJDEP provided a copy of the quarterly turbine replacement log they use to monitor PSEG's turbine replacement activities (see Attachment D). EPA appreciates NJDEP's cooperation in upholding this agreement for what it was originally intended. EPA no longer has concerns about the turbine replacement language.

### iii. Presumptive Norm

At the initial stage of program implementation, NJDEP established minimum monitoring requirements (known as the "presumptive norm") for certain combustion sources in consultation with EPA Region 2. This is part of NJDEP's effort to streamline the title V permit review process when source specific monitoring decisions need to be made for combustion sources. During its recent routine oversight reviews, EPA notes a few cases of deviation from the presumptive norm. NJDEP is not bound by the presumptive norm previously established and is free to make case-by-case monitoring decisions as appropriate within the confines of 40 CFR §70.6(a)(3) and N.J.A.C. 7:27-22.16(o). NJDEP assures EPA that NJDEP will continue to use presumptive norms as a starting point for establishing monitoring requirements given the history of their successful utilization in expediting title V permit reviews. However, NJDEP will also entertain alternate testing and monitoring plans submitted by applicants as long as they are sufficient to assure compliance with applicable requirements. Factors that are considered in determining source specific monitoring decisions for combustion sources include protection of public health, protection of the environment, public and/or EPA comments, compliance history, variability of emissions, margin of compliance, and proximity of a facility to overburdened communities and at-risk populations. EPA concurs that the pre-established presumptive norm has to a large extent expedited EPA's proposed permit reviews. EPA will continue to work with NJDEP to establish additional presumptive norm in the future as appropriate.

### iv. General Permits

EPA would like to find out whether the use of General Permits has successfully streamlined NJDEP's permit issuance process. Over the past several years, NJDEP has issued four General Operating Permits as another strategy to streamline the title V permit review process for certain emission units. EPA was involved in the review of these General Permits prior to issuance. In this audit, EPA inquired about the success of utilizing these permits to expedite the title V permitting process for the intended emission units. NJDEP responded that although available, these General Permits have not been widely used by title V sources. Therefore, their effectiveness in streamlining the title V process has yet to be determined.

However, NJDEP believes the fifth General Permit, which is being developed for emergency generators, will be met with more enthusiasm upon issuance given that facilities are already inquiring about it. EPA has reviewed the draft General Permit for emergency generators and found it acceptable except for the lack of a limit on the annual hours of operation. The requirement to have an annual limit on the hours of operation on the emergency generator for purposes of calculating the PTE for applicability determinations stems from the September 6, 1995, EPA guidance memorandum issued by

John S. Seitz, Director of the Office of Air Quality Planning and Standards (OAQPS) entitled "Calculating Potential to Emit (PTE) for Emergency Generators." Contrary to the directives of the memorandum, NJDEP intends to place a limit only on the number of hours allowed for testing the emergency generator but not for emergency operation. This is inconsistent with EPA's guidance and may very well result in an EPA veto to the proposed General Permit for Emergency Generators. EPA and New Jersey have a fundamental disagreement over this issue and it warrants further discussion between the two agencies.

D. Title V Fees Accounting Reports

Pursuant to 40 CFR §70.9(d), EPA is charged with overseeing the state's use of its title V fee revenue. A state must collect sufficient fees to cover exclusively the costs of implementing the title V program in its jurisdiction; non-title V related activities cannot be funded with this fee revenue. In its June 15, 2012 letter, EPA requested submittal of a report delineating the total revenues and expenditures of NJDEP's title V program for FY 2008 – 2011. The report should verify that adequate fees have been collected from subject sources and properly dispersed for title V program implementation and enforcement. EPA received the requested reports via electronic mail from Francis Steitz of NJDEP on October 19, 2012 (see Attachment E). The report shows that NJDEP did not collect sufficient fee revenues to cover title V expenses from FY 2008 to 2011. In fact, the short fall was over \$300,000 in 2008 and increased to over \$5 million in 2011 (represents only 50% funding for FY 2011) resulting in a cumulative total deficit of about \$7.5 million as of FY 2011. Although this short fall does not pose an immediate threat to the title V program since it is covered by the \$12 million surplus remaining from FY 2003 to 2007, it certainly signals potential fiscal issues that warrant further examination. In its response to this audit report, NJDEP needs to provide reasons and factors that contributed to the continuing short fall in fee revenue from FY 2008 to 2011. NJDEP must also provide a plan to correct the fiscal impediments to a sustainable title V program for future years. Your response will be critical in determining if revisions to NJDEP's title V fee program are necessary. Please submit your response within 60 days of this audit report.

Although 40 CFR §70.9(d) authorizes EPA to require more frequent accounting reports of a state's title V fee program, EPA has only been requiring NJDEP to submit these reports every four years during the program audit. To enhance EPA's oversight effort, EPA will change this title V accounting report requirement to an annual exercise beginning in fiscal year 2013. In accordance with 40 CFR §70.9(d), NJDEP needs to provide an annual report on the amount of title V fee revenue collected and an accounting of how the fee revenue are solely used to cover the costs of meeting the various functions of the permitting program for each fiscal year. The report for the previous fiscal year must be submitted by no later than June 30th of each calendar year. For example, the financial report for fiscal year 2012 should be submitted by June 30, 2013. Since NJDEP's fiscal year ends on June 30<sup>th</sup>, EPA believes one calendar year would provide NJDEP sufficient time to coordinate a response with its budget office.

**IV. Summary of Action Items**

From 2008 Audit	Action Items
Supersession	NJDEP needs to revise N.J.A.C. 7:27-22.33(b) and (c) to eliminate ambiguity.
Title V Expenditures Accounting Codes	None
Permit Modifications	NJDEP needs to revise N.J.A.C. 7:27-22.33(e) to assure conformance with EPA guidance and regulations and eliminate inconsistencies with N.J.A.C. 7:27-22.24(a).
Statement of Basis	None.
Renewal Application	None.

Issues from 2012 Audit:	Action Items
Regulatory Changes	NJDEP has agreed to submit its current rule in effect for incorporation into its approved Operating Permit Program. NJDEP needs to make a commitment to keep EPA informed of future changes to N.J.A.C. 7:27-22.
GHG Permitting	None.
MACT sources	None.
Turbine Replacement	None.
Deviation from Presumptive Norm	None.
General Permits	The General Permit for Emergency Generators needs further discussion between EPA and NJDEP.
Title V Fees Accounting Report	NJDEP needs to provide a response to address the short fall for FY 2008 – 2011 within 60 days of the audit report. NJDEP needs to submit annual accounting reports beginning FY 2013.

**VIII. Attachments**

- A. June 15, 2012, letter from Steven C. Riva to Francis Steitz
- B. July 3, 2012, Statement of Basis Boilerplate
- C. June 25, 2012, letter from Bachir Bouzid to Richard Ricci
- D. PSEG’s Combustion Turbine Repair/Maintenance/Parts Replacement Log
- E. “Air Major Cost Analysis” dated October 3, 2012 from Francis Steitz to Suilin Chan (via electronic mail)