

May 18, 2015

Jessica Hartley
Environmental Specialist
Veolia Energy Philadelphia, Inc.
2600 Christian Street
Philadelphia, PA 19146

Re: Transport Rule Applicability Determination for the Veolia Energy Philadelphia, Inc., Schuylkill Station Facility (Facility ID (ORISPL) 50607)

Dear Ms. Hartley:

This letter is EPA's determination of applicability, under the EPA-administered trading programs under the Cross-State Air Pollution Rule (also known as CSAPR, Transport Rule, or TR) FIPs, for Boilers 23, 24, and 26 at Veolia Energy Philadelphia Inc.'s (Veolia) Schuylkill Station facility located in Philadelphia, Pennsylvania. This determination is made in response to Veolia's petition dated November 8, 2011 requesting that EPA issue a determination that the three boilers located at the Schuylkill Station are not subject to the trading programs under the TR FIPs.¹

Petition for Applicability Determination

In its November 8, 2011 petition, Veolia stated that the boilers at Schuylkill Station are not subject to the TR trading programs. According to Veolia, this is because the units produce only steam that is used for heating and process applications, the units have not served electrical generators at any time on or after January 1, 2005, and none of the steam produced from the boilers has served electrical generators at any time on or after January 1, 2005. See November 8, 2011 petition and supplemental information dated December 6 and 14, 2011.

EPA's Determination

Schuylkill Station consists of three oil-fired boilers firing #6 oil as the primary fuel (Boiler 26 also fires natural gas as a primary fuel), with #2 oil and natural gas firing used for ignition purposes, located in Philadelphia, Pennsylvania, and owned and operated by Veolia. The three boilers have maximum rated heat input capacities of 795, 795, and 761 mmBtu/hr respectively. See supplemental information dated December 14, 2011.

¹ The TR FIPs provide that sources may request applicability determinations by EPA, and the applicability provisions in the TR FIPs and any TR SIPs approved by EPA are the same (except for the limit on generator size in the TR NO_x ozone season program, which is not relevant here). Consequently, EPA's determination in this letter applies to the TR trading programs for 2015 and thereafter.

Applicability of TR trading programs.

Under the EPA-administered TR trading programs for annual NO_x, ozone season NO_x, and SO₂, a unit located in Pennsylvania that is a stationary fossil fuel-fired boiler or combustion turbine serving at any time on or after January 1, 2005, a generator with nameplate capacity of more than 25 MWe producing electricity for sale is generally a TR NO_x, TR Group 1 SO₂, and TR NO_x Ozone Season unit subject to the requirements of the TR trading programs. See 40 CFR 97.404(a)(1), 97.504(a)(1), and 97.604(a)(1). The Schuylkill Station units do not meet these criteria as the units have not at any time on or after January 1, 2005, produced steam that serves generators used to produce electricity.

EPA concludes that the Schuylkill Station units are not covered units under the TR trading programs. EPA notes that the Schuylkill Station units continue to be subject to the requirement, under Pennsylvania's SIP, to meet the monitoring, reporting, and recordkeeping requirements under 40 CFR part 75 with regard to the unit's NO_x emissions during the ozone season (May 1-September 30). 25 Pa. Code § 145.8.(d)(2).

TR allowances allocated, recorded, and deducted for the Schuylkill Station units

The TR trading program regulations include provisions concerning the treatment of allocations of TR allowances to units that are not actually covered units. See 40 CFR 97.411(c), 97.511(c), and 97.611(c). For the 2015 control periods, EPA has allocated and recorded a total of 201 TR NO_x Annual allowances, 39 TR NO_x Ozone Season allowances, and 353 TR SO₂ Group 1 allowances for Schuylkill Station. EPA will deduct these 2015 allowances from Schuylkill Station's compliance account and transfer them to the applicable new unit set-asides for Pennsylvania for the 2015 compliance year. EPA will make these deductions and transfers within 30 days after the issuance of this letter.

Likewise, for the 2016 control periods, EPA has allocated and recorded a total of 201 TR NO_x Annual allowances, 39 TR NO_x Ozone Season allowances, and 353 TR SO₂ Group 1 allowances for Schuylkill Station. EPA will deduct these 2016 allowances from Schuylkill Station's compliance account and transfer them to the applicable new unit set-asides for Pennsylvania for the 2016 compliance year. EPA will make these deductions and transfers within 30 days after the issuance of this letter.

Conclusion

EPA's determination concerning the applicability of the TR trading programs to the Schuylkill Station units and the disposition of TR allowances relies on the accuracy and completeness of the information provided by Veolia in the November 8, 2011 letter and the supplemental information dated December 6 and 14, 2011.

This determination is appealable under 40 CFR part 78. If you have any questions regarding this determination, please contact Charles Frushour at (202) 343-9847.

Sincerely,

/s/

Reid P. Harvey, Director
Clean Air Markets Division

cc: Marilyn Powers, EPA Region III
Randy Bordner, PaDEP