

FACT SHEET

Prevention of Significant Deterioration (PSD) and Nonattainment New Source Review (NNSR): Project Emissions Accounting - Final Rule

Action

- On October 22, 2020, the Environmental Protection Agency (EPA) finalized a rule to clarify the process for evaluating whether the New Source Review (NSR) permitting program would apply to a proposed modification of a source of air emissions. This final rule clarifies that both emissions increases and decreases from a major modification are to be considered during Step 1 of the two-step NSR applicability test, This process is known as project emissions accounting.
- An existing major stationary source proposing a physical change or a change in its method of operation must determine whether that project is a major modification subject to the NSR preconstruction permitting requirements by following a two-step test. The first step is to determine if there is a “significant emission increase” of a regulated NSR pollutant from the proposed modification. If there is, the second step is to determine if there is a “significant net emission increase” of that pollutant.
- This final rule revises the NSR applicability regulations that apply to projects that include a combination of new and existing units and makes it clear that project emissions accounting is allowed as part of Step 1 of the two-step NSR major applicability test.
- This final rule applies to EPA and permitting authorities that have been delegated federal authority from EPA to issue NSR permits on behalf of EPA.
- State and local air agencies that implement the NSR program through EPA-approved State Implementation Plans (SIPs), are not required to modify their programs to account for this final rule and may continue to implement their current program without change. EPA has concluded that permitting authorities that do not allow for project emissions accounting have at least as stringent applicability requirements as those required by the Act or EPA’s implementing regulations and, therefore, are not required to submit SIP revisions or stringency determinations to EPA as a result of this action.

Background

- Congress established the NSR program as part of the 1977 Clean Air Act Amendments. NSR is a preconstruction permitting program that serves two important purposes:
 1. It ensures the maintenance of air quality standards when major stationary sources such as factories, industrial boilers and power plants are constructed.
 - In areas that meet the standards, including pristine areas like national parks, NSR’s Prevention of Significant Deterioration (PSD) program ensures that new emissions will not cause air quality to deteriorate significantly and will continue to attain air quality standards.

- In areas that do not meet the air quality standards, nonattainment NSR (NNSR) ensures that new emissions do not slow progress toward cleaner air.
 - 2. It ensures that state of the art control technology is installed at new plants or at existing plants while they undergo a major modification.
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- In March 2018, EPA Administrator issued a memorandum titled “Project Emissions Accounting Under the New Source Review Preconstruction Permitting Program.” In the memorandum, the Administrator explained that the agency interprets the NSR regulations to allow emissions decreases as well as increases to be considered at Step 1 of the NSR applicability process.
 - This final rule revised the NSR regulations to make it clear that for projects that involve a combination of new and existing emissions units, emissions increases and decreases that result from a given proposed project are to be considered at Step 1 of the NSR major modification applicability test.

Additional Information

- Interested parties can download today's final rule from EPA's website at: <https://www.epa.gov/nsr/nsr-regulatory-actions>.
- For general information about this final rule, contact Jessica Montanez at (919) 541-3407 and montanez.jessica@epa.gov, of EPA's Office of Air Quality Planning and Standards.