

On February 27, 2003, the U.S. Court of Appeals for the Second Circuit vacated EPA's denial of NYPIRG's petitions seeking objections to the draft Title V permits for the Kings Plaza Total Energy Plant, Action Packaging Corporation, and Yeshiva University's Albert Einstein College of Medicine. On August 26, 2004, the Administrator issued an Order responding to the court's remand.

BEFORE THE ADMINISTRATOR  
UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

|  |   |                           |
|--|---|---------------------------|
| IN THE MATTER OF                         | ) |                           |
| KINGS PLAZA                              | ) | ORDER RESPONDING TO       |
| TOTAL ENERGY PLANT                       | ) | PETITIONER'S REQUEST THAT |
|  | ) | THE ADMINISTRATOR OBJECT  |
| Permit ID: 2-6105-00301/00010            | ) | TO ISSUANCE OF A          |
| Facility DEC ID: 2610500301              | ) | STATE OPERATING PERMIT    |
| Issued by the New York State             | ) |                           |
| Department of Environmental Conservation | ) | Petition No.: II-2000-03  |
| Region 2                                 | ) |                           |
| _____                                    | ) |                           |

ORDER GRANTING IN PART AND DENYING IN PART  
PETITION FOR OBJECTION TO PERMIT

On May 5, 2000, the Environmental Protection Agency ("EPA") received a petition from the New York Public Interest Research Group, Inc. ("NYPIRG" or "Petitioner") requesting that EPA object to the issuance of a state operating permit, pursuant to title V of the Clean Air Act ("CAA" or "the Act"), 42 U.S.C. §§ 7661-7661f, CAA §§ 501-507, to Kings Plaza Total Energy Plant ("Kings Plaza"). The Kings Plaza permit was issued by the New York State Department of Environmental Conservation, Region 2 ("DEC"), and took effect on March 14, 2000, pursuant to title V of the Act, the federal implementing regulations, 40 CFR part 70, and the New York State implementing regulations, 6 NYCRR parts 200, 201, 616, 621, and 624. DEC issued a revised permit effective February 26, 2001.

The petition alleges that the Kings Plaza permit does not comply with 40 CFR part 70 in that: (1) DEC violated the public participation requirements of 40 CFR § 70.7(h) by inappropriately denying NYPIRG's request for a public hearing; (2) the permit is based on an incomplete permit application in violation of 40 CFR § 70.5(c); (3) the permit entirely lacks a statement of basis as required by 40 CFR § 70.7(a)(5); (4) the permit repeatedly violates the 40 CFR § 70.6(a)(3)(iii)(A) requirement that the permittee submit reports of any required monitoring at least every six months; (5) the permit distorts the annual compliance certification requirement of CAA § 114(a)(3) and 40 CFR § 70.6(c)(5); (6) the permit does not assure compliance with all applicable requirements as mandated by 40 CFR §§ 70.1(b) and 70.6(a)(1) because it illegally sanctions the systematic violations of applicable requirements during startup/shutdown, malfunction, maintenance, and upset conditions; (7) the permit does not require prompt reporting of all deviations from permit requirements as mandated by 40 CFR § 70.6(a)(3)(iii)(B); and (8) the permit does not assure compliance with all applicable requirements as mandated by 40 CFR §§ 70.1(b) and 70.6(a)(1) because many individual permit conditions lack adequate periodic monitoring and are not practically enforceable. The Petitioner has requested that EPA object to the issuance of the Kings Plaza Permit pursuant to § 505(b)(2) of

the Act and 40 CFR § 70.8(d) for any or all of these reasons.

Subsequent to receipt of the NYPIRG petition, the EPA performed an independent and in-depth review of the Kings Plaza title V permit. Based on a review of all the information before me, including the petition; the permit application; a January 19, 2000 letter from Elizabeth Clarke of DEC to Steven C. Riva of EPA regarding Responsiveness Summary/Proposed Final Permit [hereinafter, “Responsiveness Summary” or “response to comments document”]; the initial Kings Plaza permit of March 14, 2000; the revised permit that took effect on February 26, 2001; two letters dated July 18, 2000 and July 19, 2000 from Kathleen C. Callahan, Director, Division of Environmental Planning and Protection, EPA Region 2, to Robert Warland, Director, Division of Air Resources, DEC; a June 15, 2000 response to the petition provided by Richard G. Leland, attorney for Kings Plaza; and the facility’s annual compliance certification for the period March 14, 2000 through February 25, 2001; I deny in part and grant in part the Petitioner’s request that I object to this permit, for the reasons set forth in this Order. Petitioner has raised valid issues on the Kings Plaza permit, some of which DEC has addressed in the amended permit, and some of which has resulted in our granting portions of the petition. This petition also raised programmatic issues, some of which DEC has already addressed and others which DEC is in the process of addressing. Letter dated November 16, 2001 from Carl Johnson, Deputy Commissioner, DEC to George Pavlou, Director, Division of Environmental Planning and Protection, EPA Region 2 (“commitment letter” or “November 16 letter”).

## **I. STATUTORY AND REGULATORY FRAMEWORK**

Section 502(d)(1) of the Act calls upon each State to develop and submit to EPA an operating permit program to meet the requirements of title V. EPA granted interim approval to the title V operating permit program submitted by the State of New York effective December 9, 1996. 61 Fed. Reg. 57589 (Nov. 7, 1996); *see also* 61 Fed. Reg. 63928 (Dec. 2, 1996) (correction); 40 CFR part 70, Appendix A. Effective November 30, 2001, EPA granted full approval to New York’s title V operating permit program. 66 Fed. Reg. 63180 (Dec. 5, 2001). Major stationary sources of air pollution and other sources covered by title V are required to apply for an operating permit that includes emission limitations and such other conditions as are necessary to assure compliance with applicable requirements of the Act. *See* CAA §§ 502(a) and 504(a).

The title V operating permit program does not generally impose new substantive air quality control requirements (which are referred to as “applicable requirements”) but does require permits to contain monitoring, recordkeeping, reporting, and other conditions to assure compliance by sources with existing applicable requirements. 57 Fed. Reg. 32250, 32251 (July 21, 1992). One purpose of the title V program is to enable the source, EPA, States, and the public to better understand the applicable requirements to which the source is subject and whether the source is meeting those requirements. Thus, the title V operating permits program is a vehicle for ensuring that existing air quality control requirements are appropriately applied to facility emission units and that compliance with these requirements is assured.

Under §§ 505(a) and (b)(1) of the Act and 40 CFR §§ 70.8(a) and (c)(1), States are required to submit all operating permits proposed pursuant to title V to EPA for review and EPA will object to permits determined by the Agency not to be in compliance with applicable requirements or the requirements of 40 CFR part 70. If EPA does not object to a permit on its own initiative, § 505(b)(2) of the Act and 40 CFR § 70.8(d) provide that any person may petition the Administrator, within 60 days of the expiration of EPA's 45-day review period, to object to the permit. To justify exercise of an objection by EPA to a title V permit pursuant to § 505(b)(2), a petitioner must demonstrate that the permit is not in compliance with the requirements of the Act, including the requirements of part 70. Petitions must, in general, be based on objections to the permit that were raised with reasonable specificity during the public comment period.<sup>1</sup> A petition for review does not stay the effectiveness of the permit or its requirements if the permit was issued after the expiration of EPA's 45-day review period and before receipt of the objection. If EPA objects to a permit in response to a petition and the permit has been issued, the permitting authority or EPA will modify, terminate, or revoke and reissue such a permit consistent with the procedures in 40 CFR §§ 70.7(g)(4) or (5)(i) and (ii) for reopening a permit for cause.

## **II. ISSUES RAISED BY THE PETITIONER**

On April 13, 1999, NYPIRG sent a petition to EPA which brought programmatic problems concerning DEC's application form and instructions to our attention. NYPIRG raised those issues and additional program implementation issues in individual permit petitions, including the instant petition, and in a citizen comment letter, dated, March 11, 2001 that was submitted as part of the settlement of litigation arising from EPA's action extending title V program interim approvals. Sierra Club and the New York Public Interest Research Group v. EPA, No. 00-1262 (D.C.Cir.).<sup>2</sup> EPA has conferred with NYPIRG and DEC relative to these program implementation concerns.

EPA received a letter dated November 16, 2001, from DEC Deputy Commissioner Carl Johnson, committing to address various program implementation issues by January 1, 2002, and to ensure that the permit issuance procedures are in accord with state and federal requirements. DEC's fulfillment of the commitment set forth in the November 16, 2001 letter will resolve some administration problems. As a result, EPA has not issued a notice of deficiency at this time. EPA will monitor New York's title V program over the next three to six months to ensure that

---

<sup>1</sup> See CAA § 505(b)(2); 40 CFR § 70.8(d). Petitioner commented during the public comment period, raising concerns with the draft operating permit that are the basis for this petition. See Letter from Keri Powell, Esq. and Larry Shapiro, Esq., of NYPIRG to DEC (July 22, 1999) ("NYPIRG Comment Letter").

<sup>2</sup> EPA responded to NYPIRG's March 11, 2001 letter by letter dated December 12, 2001 from George Pavlou, Director, Division of Environmental Planning and Protection to Keri N. Powell, Esq., New York Public Interest Research Group, Inc. The response letter is available on the internet at <http://www.epa.gov/air/oaqps/permits/re spons/>.

the permitting authority is implementing the program consistent with its approved program, the CAA, and EPA's regulations. Failure to properly administer or enforce the program will result in issuance of a Notice of Deficiency pursuant to § 502(i) of the Act and 40 CFR § 70.10(b) and (c).

## A. Public Hearing

### 1. Flawed Public Notice

Petitioner alleges that DEC violated the public participation requirements of 40 CFR § 70.7(h) by inappropriately denying its request for a public hearing. Petition at page 3. Pursuant to 40 CFR § 70.8(c)(iii), failure to process the permit under procedures approved to meet § 70.7(h) may be grounds for objection.

Petitioner asserts that the public notice did not meet the requirement of 40 CFR § 70.7(h)(2) because it did not indicate the "time and place of any hearing that may be held, including a statement of procedures to request a hearing (unless a hearing has already been scheduled)." *See also* § 502(b)(6) of the Act. In this case, the DEC did not schedule a hearing and did not inform the public of how to request a hearing. Petitioner is correct that technically this is a defect in the DEC's public notice procedure for this permit. However, there is no allegation that NYPIRG was harmed as a result of DEC's failure to indicate the procedures that must be followed to request a hearing. To the contrary, Petitioner requested a hearing, this request was considered by DEC and responded to in the Responsiveness Summary. *See Cover Letter to Responsiveness Summary*. Moreover, no additional comments or hearing requests were received on this proposed permit and no other petitions have been filed concerning this permit.<sup>3</sup> Therefore, EPA finds this to be harmless error that did not hinder the Petitioner's ability to request a hearing on this draft permit. *See e.g. Massachusetts Trustees of Eastern Gas & Fuel Associates v. United States*, 377 U.S. 235, 248 (1964) (an error can be dismissed as harmless "when a mistake of the administrative body is one that clearly had no bearing on the procedure used or the substance of the decision reached"). Accordingly, EPA denies the petition on this point.

This determination, however, does not relieve DEC of its responsibility to provide all members of the public with an opportunity to participate in the title V process consistent with New York State and EPA regulations. 6 NYCRR § 621.6 and 40 CFR § 70.7(h). DEC's failure to provide in its public notice a procedure by which members of the public can request a hearing may be grounds for granting a petition. Therefore, EPA has determined that the failure to provide a clear statement as to how to request a public hearing must be corrected through a

---

<sup>3</sup> In the July 18, 2000, letter, from Kathleen C. Callahan, Director, Division of Environmental Planning and Protection, EPA Region 2, to Robert Warland, Director, Division of Air Resources, DEC, EPA pointed out to the DEC that the failure to provide directions for requesting a hearing is a programmatic failure. DEC reiterated its understanding of the public hearing process in its November 16, 2001 commitment letter at page 5.

programmatic correction and has so advised the DEC.<sup>4</sup> In a letter dated November 16, 2001 DEC committed to revise the language in the public notice, to indicate whom the public should contact to request a public hearing. *See* Commitment letter at p. 5. Failure to consistently adhere to the requirements of 40 CFR § 70.7(h)(2) and § 502(b)(6) of the Act will result in a program deficiency.<sup>5</sup> Furthermore, EPA retains the authority to review the need for public hearings for all permits and may object to any permit in the future that is not properly noticed. 40 CFR § 70.8(c)(3)(iii).

## 2. Application of Improper Standard

Petitioner also contends that the DEC applied the wrong standard in reaching the decision to deny the Petitioner's request for a public hearing. Petition at page 4. Petitioner points out that in denying the public hearing, DEC asserted in the Responsiveness Summary that a public hearing would be appropriate if DEC determined that "there are substantive and significant issues because the project, as proposed, may not meet statutory or regulatory standards." Petitioner argues that DEC applied the standard that governs when DEC can hold a hearing on its own initiative, rather than the standard that governs when DEC receives a request from a member of the public for a hearing.<sup>6</sup>

40 CFR § 70.7(h) provides that "all permit proceedings, including initial permit issuance...shall provide adequate procedures for public notice including offering an opportunity for public comment and a hearing on the draft permit." Part 70 does not provide specific guidance on when, or under what circumstances, a hearing should be held. Accordingly, permitting authorities have considerable discretion when determining whether to hold a public hearing. A review of New York's regulations finds that the requirements of 6 NYCRR § 621.7 are in accord with the provisions of 40 CFR § 70.7(h) and closely parallel the language of 40 CFR § 71.11(f)(1).<sup>7</sup>

---

<sup>4</sup> Part 70 does not require permitting authorities to hold a public hearing each time one is requested. Members of the public seeking to participate in the permitting process should not expect that a hearing will always be held on a draft permit and should also submit any comments or concerns in writing.

<sup>5</sup> Pursuant to 40 CFR § 70.10(b)(1) if EPA determines that a permitting authority is not adequately administering a part 70 program, EPA will notify the permitting authority of the determination and publish such notice in the Federal Register.

<sup>6</sup> Petitioner points out that 6 NYCRR § 621.7 defines two types of hearings: adjudicatory and legislative. Under 6 NYCRR § 621.7(b), DEC determines to hold an adjudicatory public hearing when "substantive and significant issues relating to any findings or determinations the [DEC] is required to make" or where "any comments received from members of the public or other interested parties raise substantive and significant issues relating to the application, and resolution of any such issue may result in denial of the permit application, or the imposition of significant conditions thereon." Under 6 NYCRR § 621.7(c), DEC must determine to hold a legislative public hearing based on whether a significant degree of public interest exists.

<sup>7</sup> Pursuant to 40 CFR § 71.11(f)(1) EPA will hold a public hearing "whenever it finds, on the basis of  
(continued...)

DEC acknowledges that the correct standard for the permitting authority to apply when carrying out the title V function is whether there is a significant degree of public interest in the permit. In this instance, however, DEC's denial of a hearing is at most harmless error and does not warrant EPA objection to the Kings Plaza permit. Part 70 requires an opportunity for a hearing but does not specify what standard a permitting authority must apply when a member of the public requests a hearing. *See* 40 CFR § 70.7(h). In response to NYPIRG's request for a public hearing on the draft permit, DEC wrote: "Based on a careful review of the subject application and comments received thus far, the [DEC] has determined that a public hearing concerning this permit is not warranted." Cover letter to Responsiveness Summary. In addition DEC noted that it received detailed comments on the permit from Petitioner, who was the only commenter, and responded to those comments in writing. Given the nature of the source and the fact that the Petitioner was the only commenter, DEC could have reasonably concluded that there was not sufficient public interest to hold a hearing on this permit.<sup>8</sup> Furthermore, EPA disagrees with the implication that DEC is simply nullifying its own rule. The DEC has held hearings on draft permits, especially where there was a significant degree of public interest,<sup>9</sup> so it appears that DEC is not simply nullifying its own rule as implied by the petitioner. Accordingly, EPA denies the petition on this issue.

This determination does not mean that DEC may be inconsistent in the application of its own regulations. As previously discussed, New York's regulations provide that when a member of the public requests a hearing on a draft title V permit, the determination to hold such hearing shall be based on whether "a significant degree of public interest exists."<sup>10</sup> 6 NYCRR § 621.7(c)(1). Thus, to ensure a consistent approach and to prevent further confusion as to what standard applies to public hearing requests, DEC has agreed to express the proper standard in its

---

<sup>7</sup>(...continued)

requests, a significant degree of public interest in the draft permit." Section 71.11(f)(2) provides that EPA "may also hold a public hearing at its discretion, whenever, for instance, such a hearing might clarify one or more issues involved in the permit decision."

<sup>8</sup> It is not EPA's position that under all circumstances a request from only one citizens' group, no matter how many people it represents, automatically constitutes insufficient public interest. The permitting authority must independently analyze each request and make a reasonable judgment as to whether the facts before it warrant granting a particular request.

<sup>9</sup> *E.g.*, Village of Freeport (DEC Permit No. 1-2820-00358/00002); Orange Recycling and Ethanol Production Facility, Pencor Masada Oxynol, LLC (Permit ID: 3-3309-00101/00003); Poletti Power Project (DEC Permit No. 2-6301-00084/00015).

<sup>10</sup> DEC's legislative type of public hearing meets the title V program requirement and sets forth a standard consistent with the EPA standard at 40 CFR part 71: "a significant degree of public interest" rather than the "substantive and significant issues" standard which was applied by the DEC. The significant difference is that the public need only express an interest to be informed and need not try to establish that they have specific issues relating to the findings or determinations of the DEC. The DEC can provide for hearings in addition to those required by the title V program but it is not correct to grant or deny a public hearing only on the basis of the substance and significance of the issues presented.

public notices. *See* Commitment letter at p. 5. Failure to express the proper standard and procedure in the public notices after January 1, 2002, will result in a finding of program deficiency pursuant to 40 CFR § 70.10(b). Furthermore, where EPA concludes that there is appropriate grounds for objecting to a permit on the grounds of inadequate public notice or improper denial of a public hearing, EPA may order a timely objection to any permit. 40 CFR § 70.8(c)(3)(iii); *see also* letter from Steven Riva, Chief, Permitting Section, EPA Region 2, to Roger Evans, DEC Region 1, dated August 29, 2001, concerning Village of Freeport, Power Plant Number 2 (advising DEC to hold a public hearing based on the degree of public interest and indicating that a failure to do so will result in an objection by EPA).

#### B. Incomplete Permit Application

Petitioner's second claim alleges that the applicant did not submit a complete permit application in accordance with the requirements of the Clean Air Act, 40 CFR § 70.5(c) and 6 NYCRR § 201-6.3(d), especially as these provisions incorporate provisions of CAA § 114(a)(3)(C). Petition at page 5. In making this claim, Petitioner incorporates a petition that it filed with the Administrator on April 13, 1999, contending that the DEC's application form is deficient because even a properly completed form would not include specific information required by both the EPA regulations and the DEC regulations. This earlier petition asks EPA to require corrections to the DEC program.

Petitioner's concerns regarding the DEC's application form are summarized as follows:

- The application form lacks an unequivocal initial compliance certification with respect to all applicable requirements;
- The application form lacks a statement of the methods for determining compliance with each applicable requirement upon which the compliance certification is based;
- The application form lacks a description of all applicable requirements that apply to the facility. That is, the form only requires applicants to supply numerical citations to regulations, unaccompanied by any description; and
- The application form lacks a description of or reference to any applicable test method for determining compliance with each applicable requirement.

EPA agrees with Petitioner that the compliance certification process in the DEC's application form enables an applicant to avoid revealing noncompliance in some circumstances. Contrary to EPA and DEC regulations, the DEC form allows an applicant to certify that it expects to be in compliance with requirements when the permit is issued rather than make a concrete statement as to its compliance status at the time of permit application. If the facility is not in compliance and in fact achieves compliance before the permit is issued, it may be possible to conceal any previous noncompliance. As provided in 40 CFR § 70.5(c)(9)(i), permit

applicants are required to submit “a certification of compliance with all applicable requirements by a responsible official consistent with...section 114(a)(3) of the Act.” EPA interprets this language as requiring that sources certify their compliance status as of the time of application submittal. Where certifications do not address compliance status as of the time of permit application, the State, EPA and the public have been deprived of meaningful information on compliance status which may have a negative effect on source compliance and could impair permit development. Compliance certifications are public documents. Thus, one purpose of the initial compliance certification is to provide an incentive for sources to come into compliance with applicable requirements before they complete their applications. Another purpose is to alert the permitting authority to compliance issues in advance so that it can work with the source on such problems and develop an appropriate schedule of compliance in the title V permit. *See* 40 CFR §§ 70.5(c)(8) and 70.6(c)(3) and (4).

Accordingly, defects in the application process can provide a basis for objecting to a title V permit when flaws in the application could result in a defective permit. There is no evidence that in this case problems with the application caused defects in the final permit. Section 70.5(c)(8)(i)-(iii) provides, in part, that a standard application form shall include “a compliance plan that contains . . . a description of the compliance status of the source with respect to all applicable requirements.” This provision also requires that the plan contain a compliance schedule and “a statement that the source will continue to comply” with the applicable requirements described in the plan. *Id.* DEC’s rules at § 201-6.3(d)(9) track these part 70 requirements. Thus, the only consequence for the permit of the absence of a compliance certification is that it fails to include a compliance schedule for any applicable requirements for which the source might be out of compliance at the time of submission of the application. That cannot harm petitioner here, as the permit requires immediate compliance with all its terms and conditions. Thus, the absence of a compliance certification that might have led to a schedule of compliance giving the permittee additional time to comply with applicable requirements is at most harmless error.

In any event, the permit provides adequate means of assuring that the permittee does in fact comply with applicable requirements. The issuance of the permit triggers various attendant compliance requirements including the six-month report [70.6(a)(3)(iii)(A)], the annual report [70.6(c)(5)], and the requirement to promptly report permit deviations [70.6(a)(3)(iii)(B)]. Whether the permittee has complied with all these requirements -- which are enforceable by petitioner through citizen suit under Sec. 304 of the CAA -- is not a basis for objection to the permit itself. Accordingly, EPA denies the petition with respect to this issue.

As previously discussed, the purpose of the initial compliance certification is to glean certain information from the source in advance of issuing a final permit. However, this permit was first issued almost two years ago. In May 2001, Kings Plaza submitted an annual compliance certification for the reporting period of March 14, 2000 to February 25, 2001. In this certification, Kings Plaza outlines some activities related to an identified incidence of noncompliance. According to the report, in November 2000, Kings Plaza notified DEC promptly upon becoming aware of noncompliance. In January 2001, DEC issued a notice of violation to

Kings Plaza for this noncompliance. If this notice results in enforcement activities that create obligations on the part of Kings Plaza, the DEC must amend the permit to include these obligations. Therefore, EPA believes the compliance certification served its purpose. Accordingly, EPA denies the petition with respect to this issue.<sup>11</sup>

Although in this case EPA finds no basis for objection on this issue, the State and EPA agree that the application form submitted by Kings Plaza does not properly implement the EPA or the State regulations. Therefore, as detailed in the November 16, 2001 commitment letter, the State is changing its forms and instructions accordingly.<sup>12</sup>

The other three deficiencies in the application noted by Petitioner similarly do not demonstrate that the process leading to the development of this permit could have resulted in a deficient permit. The first of these is that the regulations require the statements in the permit application regarding the compliance status of the facility to include “a statement of methods used for determining compliance.” 40 CFR § 70.5(c)(9)(ii). Although the application form completed by Kings Plaza did not specifically require the facility to include a statement of methods used to determine initial compliance, in this case, the applicant did refer, on page 17 of the application, to a November 1995 stack test that had been performed to determine compliance with the Reasonably Available Control Technologies (RACT) requirements for nitrogen oxide emissions (NO<sub>x</sub>) at 6 NYCRR part 227. Thus, even if the DEC forms did not unequivocally require this information, the applicant submitted it anyway. Accordingly, EPA denies the petition on this point.

Petitioner’s next point is that EPA regulations call for the legal citation to the applicable requirement accompanied by the applicable requirement expressed in descriptive terms. EPA has developed guidance, in the form of “White Papers” which were issued in order to enable States to take immediate steps to reduce the costs of preparing and reviewing initial part 70 permit applications. In “White Paper for Streamlined Development of Part 70 Permit Applications” dated July 10, 1995 (“White Paper 1”), EPA clarified that citations may be used to streamline how applicable requirements are described in an application, provided the cited requirement is readily available. The permitting authority may allow the applicant to cross-reference previously issued preconstruction and part 70 permits, State or local rules and regulations, State laws, Federal rules and regulations, and other documents that affect the applicable requirements to

---

<sup>11</sup> Noncompliance with an applicable requirement specifically addressed in the permit application should be addressed in the permit but issuance of a title V permit connotes no finding regarding compliance or noncompliance with any other applicable requirement.

<sup>12</sup> In summary, in accordance with the DEC’s November 16, 2001 commitment letter, the DEC permit application form was changed to clearly require the applicant to certify as to compliance with all applicable requirements at the time of application submission. The application form and instructions were changed to clearly require the applicant to describe the methods used to determine initial compliance status. With respect to the citation issue, the application instructions were revised to require the applicant to attach to the application copies of all documents (other than published statutes, rules and regulations) that contain applicable requirements.

which the source is subject, provided the referenced materials are currently applicable and available to the public (e.g., regulations printed in the Code of Federal Regulations or its State equivalent). The Kings Plaza permit application contains codes or citations associated with applicable requirements that are readily available; that is, these codes refer to federal and state regulations that are printed in rule compilations and also are available on-line. The one applicable requirement that would not be readily available is that corresponding to the facility's NO<sub>x</sub> RACT compliance plan. The applicant references their initial plan at page 21 of the application, "Supporting Documentation." However, the modified permit incorporates the applicant's currently approved NO<sub>x</sub> RACT plan, dated August 25, 2000. As stated below in section H.10., we are granting the petition to require that this plan be specifically referenced in the permit. Nonetheless, it does not follow that the alleged flaw in the application form caused this omission.

This issue regarding citations also was addressed in detail in the July 18, 2000, letter from Kathleen C. Callahan, Director, Division of Environmental Planning and Protection to Robert Warland, Director, Division of Air Resources, DEC. ("July 18, 2000 letter") The letter explained that the DEC application form and/or instructions for its operating permits program should be clarified with respect to the "non-codified" documents that include applicable requirements, such as NO<sub>x</sub> RACT plans, pre-construction and operating permits, etc. EPA pointed out that the application and instructions should make it clear that all supporting information is required in the application with clear cross-referencing to the emission point and applicable requirement cited in the printed form. Accordingly, in its November 16 commitment letter the DEC agreed to amend the application instructions to ensure that applicants include all documents that contain applicable requirements (other than published statutes, rules and regulations), with appropriate cross-referencing. The DEC is aware that the documentation necessary to insure the adequate public participation called for in 40 CFR § 70.7(h) must be available with the application during the public comment period.

Petitioner's final point is that the application form lacks a description of or reference to any applicable test method for determining compliance with each applicable requirement. In Section IV of DEC's application form there is a block labeled Monitoring Information that asks applicants to provide test method information as well as other monitoring information such as work practices and averaging methods. On pages 16 and 17 of the application, Kings Plaza did complete this section for the NO<sub>x</sub> requirements applicable to the diesel generators. Although Kings Plaza did not complete this section for all other applicable requirements, DEC is responsible for obtaining additional information from the source, as needed to determine the appropriate test method. Although DEC did not include all necessary methods in the initial permit, the revised permit does include all applicable test methods. Thus, Petitioner's fourth issue regarding the application form is without merit.

### C. Statement of Basis

Petitioner's third claim alleges that the proposed permit entirely lacks a statement of

basis, as required by 40 CFR § 70.7(a)(5), that sets forth the legal and factual basis for the draft permit conditions. Petition at page 7. Petitioner notes that, subsequent to the public comment period for the Kings Plaza permit, the permitting authority commenced incorporating a “Permit Description” in all draft permits being issued.

The provision for the “statement of basis” is found in § 70.7(a)(5) which states:

The permitting authority shall provide a statement that sets forth the legal and factual basis for the draft permit conditions (including references to the applicable statutory or regulatory provisions). The permitting authority shall send this statement to EPA and to any other person who requests it.

The statement of basis is not a part of the permit itself. It may, and often must be, a separate document which is to be sent to EPA and to interested persons upon request. This requirement for the statement of basis is not contained in § 70.6 which sets forth the required contents of the permit. In fact, § 70.6(a) requires that the permit contain all the explanation that ordinarily would be necessary to determine whether the permit conditions have been accurately expressed. For example, the permit must contain the references to the applicable statutory or regulatory provisions forming the legal basis of the applicable requirements on which the conditions are based. 40 CFR § 70.6(a)(1)(i).

A statement of basis ought to contain a brief description of the origin or basis for each permit condition or exemption. However, it is more than just a short form of the permit. It should highlight elements that EPA and the public would find important to review. Rather than restating the permit, it should list anything that deviates from simply a straight recitation of requirements. The statement of basis should highlight items such as the permit shield, streamlined conditions, or any monitoring requirements that are not otherwise required or are intended to fill in monitoring gaps in existing rules, especially the SIP rules. The statement of basis should draw attention to items that would be the highest priority for EPA or any other person to review because they represent new conditions rather than mere recitation of applicable requirements. In a December 22, 2000 Order responding to petition for objection to the Fort James Camas Mill permit, EPA interpreted 40 CFR § 70.7(a)(5) to require that the rationale for selected monitoring method be documented in the permit record. In re In the Matter of Fort James Camas Mill, (“Fort James”), Petition No. X-1999-1, at page 8 (December 22, 2000).

40 CFR § 70.8(c)(3)(ii) requires that the permitting authority submit any information necessary to review adequately the proposed permit. Accordingly, EPA may object to the issuance of a permit simply because of the lack of necessary information. The missing information could be a statement of basis or any other information deemed necessary to review adequately the draft permit in question. Since the statement of basis can serve a valuable purpose in directing EPA’s attention to important elements of the permit and since it is important that EPA perform any reviews as quickly as possible, it is a required element of an approved program that EPA receive an adequate statement of basis with each proposed permit.

While EPA agrees with Petitioner that a statement of basis was not made available with the draft permit, we conclude that its absence does not, in this case, warrant objection to the permit. There is no evidence that the petitioner was harmed by the absence of a statement of basis. NYPIRG provided extensive, detailed and thoughtful comments on this draft permit establishing that they had a basic understanding of the terms and conditions of this permit. Furthermore, NYPIRG was the only member of the public who filed comments on this draft permit.

It should be noted that while Kings Plaza's draft permit did not include a "Permit Description," such a description was incorporated as part of the final Kings Plaza permit issued on March 14, 2000. The revised permit of February 26, 2001 refined this description further. This description includes the nature of the "business" (providing heating, cooling, and electricity to a shopping center, using small fossil-fuel fired combustion units); a discussion of the equipment and operations at the facility; and air permit applicability. While this discussion does not fully satisfy the requirements of § 70.7(a)(5), it does provide needed information on the permit and attendant requirements. As such, EPA believes that the permit description provided with the February 26, 2001 revised permit is adequate but for the requirement to provide the rationale for the selected monitoring methods. Given the simplicity of this source, a more detailed explanatory document as sought by Petitioner is not necessary to understand the legal and factual basis for the draft permit conditions. However, EPA recognizes that the contents of such a statement also aid the public in its review of draft permits, and therefore, later in this decision, we explain the applicable requirements and monitoring issues in the permit as raised by the Petitioner, consistent with EPA's direction from the Fort James decision.

While failure to include a statement of basis with the draft permit does not, in this case, constitute a reason to object to this permit, it can be such a hindrance to carrying out EPA's responsibilities that EPA can object to a permit on such grounds. In this instance, however, EPA is able to address the remaining substantive permit issues because of the relative simplicity of the source, the subsequent changes to the permit, the additional information provided in the permit description and the DEC's response to comments.

EPA has recently provided guidance to permitting authorities that addresses the contents of a "statement of basis" in terms that aid both EPA and the public.<sup>13</sup> As a result, the DEC has incorporated certain elements into its "permit review reports."<sup>14</sup> In the cited letters, EPA

---

<sup>13</sup> See letter dated December 12, 2001 from George Pavlou, Director, Division of Environmental Planning and Protection to Keri N. Powell, Esq., New York Public Interest Research Group, Inc., responding to NYPIRG's March 11, 2001; November 16, 2001 DEC commitment letter; letter dated December 20, 2001, from EPA Region V to the Ohio EPA (available on the internet at <http://www.epa.gov/region07/programs/artd/air/title5/t5memos/sbguide.pdf>); see also Notice of Deficiency for the State of Texas, 62 Fed. Reg. 732, 734 (Jan. 7, 2000).

<sup>14</sup> In order to comply with the requirements of 40 CFR § 70.7(a)(5), DEC has committed to prepare and  
(continued...)

explains the “statement of basis” is to be used to highlight significant decisions or interpretations that were necessary to issuing the permit. These reports are intended not simply to be redundant to the permit but to assist in reviewing what is in the permit. In the case of this permit, such a statement would not have added significantly to EPA’s review of the permit. However, as previously discussed, EPA recognizes that a statement of basis may have added to the public’s ability to review the draft permit. Accordingly, EPA is providing the following explanation to aid the public’s understanding of the Kings Plaza permit conditions.

As a result of NYPIRG’s petition on the Kings Plaza’s permit, EPA identified instances where the monitoring contained therein was not sufficient to assure compliance. As a result, the EPA Region 2 office held discussions with the DEC and, subsequently, DEC revised Kings Plaza’s permit to incorporate additional monitoring to assure compliance (the revised permit was effective on February 26, 2001). Monitoring is included in the permit for three groups of emissions units: (1) two boilers, each rated at 16.7 million British thermal units per hour (mmBtu/hr), which can burn either natural gas or distillate fuel oil, and provide steam heat to the shopping center; (2) three internal combustion engines (chillers), each rated at 7.65 mmBtu/h, which burn only natural gas and provide cooling to the shopping center; and (3) five engines (generators) each rated at 24 mmBtu/h, which can burn either distillate fuel oil or dual fuel at a mix of 95% natural gas and 5% distillate fuel oil. These engines generate electricity for the shopping center.

The applicable requirements listed in this permit as applying to these units include several regulations contained in the New York State Implementation Plan (SIP) as follows: (1) the opacity requirements of 6 NYCRR § 227-1; (2) the NO<sub>x</sub> RACT requirements of 6 NYCRR § 227-2; and (3) the limit of the sulfur content of the fuel oil to 0.20 percent by weight pursuant to the requirements of 6 NYCRR part 225. The monitoring that has been incorporated into Kings Plaza’s permit to assure compliance is as follows:

1. All three groups of emissions units are subject to the same opacity standard. For the boilers when firing natural gas and the chillers, the permit requires a “Method 9” test to be performed once during the term of the permit. No additional monitoring is warranted because natural gas is a very clean fuel. For the boilers when firing oil and the generators, daily observations of the stacks will be made, in addition to the “Method 9” test once per permit term. The results of these observations will be recorded. If the observer notes any visible emissions, other than steam, for two consecutive days when firing oil, then a Method 9 test must be conducted within two business days of such an occurrence. This monitoring methodology was developed based on discussions between the DEC and EPA Region 2 during the early stages of New York’s title V program, and is

---

<sup>14</sup>(...continued)

make available at time of issuance of draft permits, a “permit review report,” which will serve as DEC’s statement of basis. The contents of this permit review report are described in DEC’s November 16, 2001 commitment letter.

appropriate for these types of emission units.

2. The NO<sub>x</sub> RACT requirement for the boilers is only a work practice standard, with no emissions limit. Therefore, the monitoring incorporated into the permit, requiring annual tune-ups, comes directly from the SIP. No additional monitoring is necessary. The NO<sub>x</sub> RACT standard for the chillers is 2.0 grams per brake horsepower-hour, as specified in 6 NYCRR § 227-2.4(f)(1) for rich burn internal combustion engines. The applicable standard for the generators is 9.0 grams per brake horsepower-hour, as specified in 6 NYCRR § 227-2.4(f)(2) for lean burn internal combustion engines. The monitoring for both groups of units is twofold: (a) to perform a stack test once during the permit term, and (b) to perform a tune-up annually, during which adjustments are made to the combustion process in order to optimize the combustion efficiency, thus minimizing emissions. This monitoring is sufficient to assure compliance with the NO<sub>x</sub> RACT requirements of 6 NYCRR part 227-2 for this type of small emissions unit. The generators have a site-specific NO<sub>x</sub> RACT plan, which creates special applicable requirements. The permit requires Kings Plaza to keep daily records of the fuels used in each generator. This monitoring is sufficient to assure compliance with this plan, because firing on dual fuel produces much less NO<sub>x</sub> than firing solely on distillate oil.
3. The sulfur in fuel requirements of 6 NYCRR part 225 apply at a facility-wide level to the owner of Kings Plaza, because the source includes emissions units that can fire oil. The permit requires Kings Plaza to keep records of the sulfur content in each batch of oil received. This is sufficient to assure compliance because fuel-oil vendors are subject to standards of uniformity, and the expense of testing for sulfur content is too great a burden for this type of small source.

Accordingly, we do not believe that the circumstance of this case warrant an objection to this permit. Objection to this permit is granted on other grounds. *See* Section H. DEC's permit issuance process now provides that a permit may not be issued unless it is accompanied by a statement of basis. Therefore, when the DEC revises the permit in response to the objection, it must also submit a complete statement of basis (permit review report) meeting the requirements of § 70.7(a)(5).

#### D. Reporting of Monitoring

Petitioner's fourth claim alleges the proposed permit repeatedly violates the 40 CFR § 70.6(a)(3)(iii)(A) requirement that the permittee submit reports of any required monitoring at least every six months. Petition at page 9. Petitioner identified contradictory language in the permit with regard to the submittal of monitoring reports. Petitioner asserts that while the general conditions section requires that monitoring reports be submitted at least every six months, the emission unit section of the permit contains individual conditions that require

monitoring reports only upon request by the regulatory agency. The Petitioner asserts: “Unless this proposed permit is modified to clearly identify the monitoring results that must be included in Kings Plaza’s six-month monitoring reports, the reports are unlikely to be useful in assuring the facility’s compliance with applicable requirements.” Petition at page 10.

In DEC’s response to Petitioner’s comments, DEC described the general condition entitled, “Monitoring, Related Recordkeeping and Reporting Requirements” as the “default” condition which applies unless a more frequent reporting period is required by a rule. The original Kings Plaza permit included Condition 18 (Condition 1-2 of the revised permit), entitled, “Monitoring, Related Recordkeeping and Reporting Requirements,” that required, among other things, that the permittee submit required monitoring reports every six months from the date of permit issuance, include all instances of deviations from permit requirements and be certified by the facility’s responsible official. However, as Petitioner correctly notes, other conditions incorporated into the original permit could be read as conflicting with Condition 18. For example, condition 40, compliance certification, required daily stack observances for the applicable opacity requirement. While observations must be recorded and such records must be retained for five years, reporting was only required “upon request by the regulatory agency.”

On February 26, 2001, DEC amended the permit<sup>15</sup> to change “upon request of the permitting authority” to “semi-annually.” Conditions 1-6 through 1-49, inclusive, addressing stack testing, opacity monitoring, and sulfur in fuel content now require semi-annual reporting. Two conditions were amended to change “upon request of the permitting authority” to “annually.” Conditions 1-18 and 1-34, addressing annual tune-ups, now require annual reporting. In addition, the amended permit incorporated a new condition, Condition 1-3, that clarifies the six-month reporting requirement. As such, DEC has clarified the reporting of monitoring provisions in its revised permit to ensure that the individual permit conditions and the general provisions of the permit requiring semi-annual reporting are consistent. Accordingly, EPA finds that there is no basis to object to the permit regarding this issue.<sup>16</sup>

#### E. Annual Compliance Certification

Petitioner’s fifth claim alleges that the proposed permit distorts the annual compliance

---

<sup>15</sup> EPA Region 2 met with DEC in the Spring of 2000 to discuss the NYPIRG petition and the Kings Plaza permit and, as a result, DEC subsequently revised the Kings Plaza title V permit, effective February 26, 2001. Upon EPA’s receipt of the revised permit, a copy was transmitted by EPA Region 2 to NYPIRG on April 25, 2001. The revision was processed by DEC via “administrative amendment” procedures. Although EPA takes no position in this Order regarding the adequacy of the process DEC employed to revise this permit, it is clear that a permit may not be revised via the “administrative amendment” process [40 CFR § 70.7(d)] to add periodic monitoring where the original permit condition contained no monitoring. Such a modification must be accomplished through the significant modification procedures. *See* 40 CFR § 70.7(e)(4).

<sup>16</sup> EPA does not intend to limit the states from providing for more frequent but less formal reports such as “upon request” as long as the reports necessary for title V purposes are clearly expressed and required by the permit and are in writing.

certification requirement of the Clean Air Act § 114(a)(3) and 40 CFR § 70.6(c)(5). Petitioner alleges that the proposed permit does not require the facility to certify compliance with all permit conditions, but rather just requires that the annual compliance certification identify “each term or condition of the permit that is the basis of the certification.” Petition at page 10. Specifically, Petitioner is concerned with the language in the permit that labels certain permit terms as “compliance certification” conditions. NYPIRG notes that requirements that are labeled “compliance certification” are those that identify a monitoring method for demonstrating compliance. NYPIRG asserts that the only way of interpreting the compliance certification designation is as a way of identifying which conditions are covered by the annual compliance certification. Finally NYPIRG asserts that permit conditions that lack periodic monitoring are excluded from the annual compliance certification.

EPA notes, first, that the language in the Kings Plaza permit follows directly the language in 6 NYCRR § 201-6.5(e) which in turn, follows the language of 40 CFR § 70.6(b)(5) and (6). Section 201-6.5(e) requires certifications with terms and conditions contained in the permit, including emission limitations, standards, or work practices. Section 201-6.5(e)(3) requires the following in the annual certification: (i) the identification of each term or condition of the permit that is the basis of the certification; (ii) the compliance status; (iii) whether compliance was continuous or intermittent; (iv) the methods used for determining the compliance status of the facility, currently and over the reporting period; (v) such other facts the Department shall require to determine the compliance status; and (vi) all compliance certifications shall be submitted to the Department and to the administrator and shall contain such other provisions as the Department may require to ensure compliance with all applicable requirements. Kings Plaza’s original permit included this language at Condition 26, item 26.2. In the revised permit this language is found in Condition 1-4.

EPA disagrees with Petitioner that “the basis of the certification” should be interpreted to mean that facilities are *only* required to certify compliance with the permit terms labeled as “compliance certification.” “Compliance certification” is a data element in New York’s computer system that is used to identify terms that are related to monitoring methods used to assure compliance with specific permit conditions. Condition 1-4 delineates the requirements of 40 CFR § 70.6(c)(5) and 6 NYCRR § 201-6.5(e), which require annual compliance certification with the terms and conditions contained in the permit.

The references to “compliance certification” found in the permit terms do not appear to negate the DEC’s general requirement for compliance certification of all terms and conditions. Because the permit and New York’s regulation require the source to certify compliance or noncompliance, annually for each permit term, EPA is denying the petition on this point.

Nonetheless, EPA has conferred with DEC in an effort to minimize confusion on this point. DEC has agreed, by letter dated November 16, 2001, to include language regarding the revised annual compliance certification in draft permits issued on or after January 1, 2002, and in all future renewals. DEC will add language from 40 CFR § 70.6(c)(5) to the current provision

for the annual compliance certification, as follows:

“Requirements for compliance certification with terms and conditions contained in this facility permit include the following:

- i. Compliance certifications shall contain:  
the identification of each term or condition of the permit that is the basis of the certification;”

To clarify the annual reporting requirements, DEC will also add the following language to the annual compliance certification provision:

“The responsible official must include in the annual certification report all terms and conditions contained in this permit, including emission limitations, standards, or work practices. That is, the provisions labeled herein as “Compliance Certification” are not the only provisions of this permit for which an annual certification is required.”

Although this issue does not present grounds for objecting to the Kings Plaza permit, the DEC has nonetheless elected to take the appropriate steps to improve the administration of its program in this regard.

#### F. Startup, Shutdown, Malfunction

Petitioner’s sixth claim is that the permit does not assure compliance with all applicable requirements as mandated by 40 CFR §§ 70.1(b) and 70.6(a)(1) because it sanctions the systematic violations of applicable requirements during startup/shutdown, malfunction, maintenance, and upset conditions. Petition at page 11. Petitioner asserts that 6 NYCRR § 201-1.4 conflicts with EPA guidance and must be removed from the SIP and federally enforceable permits as soon as possible. In addition, Petitioner asserts that the permit lacks proper limitations on when a violation may be excused and lacks sufficient public notice of when a violation is excused.

Permit condition 6, states, in part, “At the discretion of the commissioner a violation of any applicable emission standard for necessary scheduled equipment maintenance, start-up/shutdown conditions and malfunctions or upsets may be excused if such violations are unavoidable.” Petitioner argues that condition 6 is so expansive that it makes emission limits very difficult to enforce and departs from EPA guidance that requires facilities to make every reasonable effort to comply with emission limitations even during startup/shutdown, maintenance and malfunction conditions.<sup>17</sup> Accordingly, Petitioner asserts, the Administrator

---

<sup>17</sup> See Memorandum from Kathleen M. Bennett, Assistant Administrator for Air, Noise and Radiation, EPA, to Regional Administrators, Regions I-X, titled “Policy on Excess Emissions During Startup, Shutdown,

(continued...)

must object to the proposed permit because it does not include conditions to assure compliance with all applicable requirements as required by 40 CFR § 70.6(a)(1).

With respect to enforcement discretion, EPA recognizes and approves such provisions in State SIPs in accordance with EPA guidance, and Condition 6 is modeled upon a provision in the New York SIP. It sets forth the notification requirements that a facility owner and/or operator must follow in the case of excess emissions caused by start-up, shutdown, malfunctions, or upsets. The conditions provide a detailed and thorough procedure to report such violations. These notice requirements are included in the approved SIP and must be adhered to. Moreover, failure to notify the DEC of the emission violation on a timely basis precludes consideration of the reason for the emission violation in order to mitigate the enforcement response. This procedure is required for occurrences where a source hopes to avail itself of enforcement discretion, but does not establish any right to be excused for the excess emission occurrence.

It is EPA's view that the Act, as interpreted in EPA policy, does not allow for automatic exemptions from compliance for periods of excess emissions and that improper operation and maintenance practices do not qualify as malfunctions under EPA policy. *See In re Pacificorp's Jim Bridger and Naughton Electric Utility Steam Generating Plants*, Petition No. VIII-00-1, Nov. 16, 2000 ("Pacificorp"), at page 22, available on the internet at <http://www.epa.gov/region07/programs/artd/air/title5/t5memos/woc020.pdf>. To the extent that a malfunction provision, or any provision giving substantial discretion to the state agency broadly excuses sources from compliance with emission limitations during periods of malfunction, EPA believes it should not be approved as part of the federally approved SIP. *See Pacificorp* at 23.

EPA is not aware of, and the petitioner has provided no evidence of, any instances where the DEC relied on these rules to provide blanket exceptions for non-compliance merely because the incidents were reported. Moreover, DEC's response to comment letter to EPA and NYPIRG on the draft title V permit for the Kings Plaza facility<sup>18</sup> demonstrates to EPA that the DEC's

---

<sup>17</sup>(...continued)

Maintenance, and Malfunctions," (Bennett Memo September 1982); memorandum from Kathleen M. Bennett, Assistant Administrator for Air, Noise and Radiation, EPA, to Regional Administrators, Regions I-X, titled "Policy on Excess Emissions During Startup, Shutdown, Maintenance, and Malfunctions," dated February 15, 1983 (Bennett Memo February 1983); Memorandum from Steven A. Herman, Assistant Administrator for Enforcement and Compliance Assurance and Robert Perciasepe, Assistant Administrator for Air and Radiation to Regional Administrators, Regions I - X, titled "State Implementation Plans: Policy Regarding Excess Emissions During Malfunctions, Startup, and Shutdown," dated September 20, 1999 ("September 1999 Guidance"); and Memorandum from Eric Schaeffer, Director, Office of Regulatory Enforcement, and John S. Seitz, Director, Office of Air Quality Planning and Standards to Regional Administrators, titled "Clarification - State Implementation Plans (SIPs): Policy Regarding Excess Emissions During Malfunctions, Startup, and Shutdown," dated November 8, 2001 ("November 2001 Clarification").

<sup>18</sup> Letter from Elizabeth Clarke, Environmental Analyst, DEC, Region 2, to Steven C. Riva, Chief, Permitting Section, EPA Region 2, dated December 17, 1999, Responses to NYPIRG Comments re: General Permit (continued...)

interpretation and application of section 201-1.4 is not inconsistent with the Act, as interpreted by EPA in its guidance.

In any event, as explained in the Pacificorp decision, “even if the provision were found not to satisfy the Act, EPA could not properly object to a permit term that is derived from a provision of the federally approved SIP. Such a provision is inherently a part of the ‘applicable requirement’ as that term is defined in 40 CFR § 70.2, and the Administrator may not, in the context of reviewing a potential objection to a title V permit, ignore or revise duly approved SIP provisions.” Pacificorp at 23-24.

The position set forth in Pacificorp was reiterated in the November 2001 Clarification which confirms that the September 1999 Guidance provides guidance to States and EPA regarding SIP provisions related to excess emissions during malfunctions, startups, and shutdowns. It was not intended to alter the status of any existing malfunction, startup or shutdown provision in a SIP that has been approved by EPA. Similarly the September 1999 Guidance was not intended to affect existing permit terms or conditions regarding malfunctions, startups and shutdowns that reflect approved SIP provisions including opacity provisions, or to alter the emergency defense provisions at 40 CFR § 70.6(g). Existing SIP rules and 40 CFR § 70.6(g) may only be changed through established rulemaking procedures and existing permit terms may only be changed through established permitting processes. Thus, EPA did not intend the September 1999 Guidance to be legally dispositive with respect to any particular proceedings in which a violation is alleged to have occurred. Rather, it is in the context of future rulemaking actions, such as the SIP approval process, that EPA will consider the September 1999 Guidance and the statutory principles on which this Guidance is based. *See* November 2001 Clarification at p. 1.

In sum, Condition 6 merely restates requirements for reporting certain excess emissions and does not, itself reduce the effectiveness of any applicable requirements derived from State requirements. The DEC’s unavoidable non-compliance and emergency requirements are part of the approved SIP. Whether the SIP meets the guidance is not an appropriate subject for an objection to a specific permit and is not a reason to object to the permit. Accordingly, the petition is denied on this point.

NYPIRG further asserts that the requirement of 40 CFR § 70.6(a)(1), that permits contain monitoring sufficient to assure compliance, also applies to the excuse provision of 6 NYCRR § 201-1.4 to assure that the provision is not abused. EPA agrees with this general proposition. However, since the DEC Commissioner has discretion to excuse certain violations, any abuse of

---

<sup>18</sup>(...continued)

Conditions, number 10, Unavoidable Noncompliance and Violations, page 4 of 7. The response reads, “This condition is as explicit as necessary and does not excuse or diminish, in any way, the accountability of a source for pollution exceedances. It sets forth a practical procedure for notifying the agency....[T]he agency uses engineering judgment on a case-by-case basis to make a determination as to the unavoidable status of an exceedance. The department also cannot exercise more discretion than federal requirements allow.”

the excuse provision would be by DEC and not by the source for simply asking for the excuse. In accordance with the provisions of the title V permit, the source is required to monitor compliance, and any violation for which an excuse is sought will show up in deviation reports, semi-annual reports and annual reports. Petitioner has not demonstrated that any additional monitoring of the source is required to assure proper exercise of the excuse provision by DEC.

As previously discussed, 6 NYCRR §§ 201-1.4 and 201-1.5(e) provide the Commissioner with a discretionary authority to excuse unavoidable non-compliance and violations when certain conditions are met. Moreover, 6 NYCRR § 201-6.5(c)(3)(ii), as amended, clarifies that the DEC's own rules did not attempt to authorize expansion of the Commissioner's discretion by expressly providing that violations of a federal regulation expressed as permit terms may not be excused unless the specific federal regulation provides for an affirmative defense during start-up, shutdowns, malfunctions or upsets. *See* 6 NYCRR § 201-6.5(c)(3)(ii). In DEC's Response to Comments Document, DEC acknowledges that it "cannot exercise more discretion than federal requirements allow." Responsiveness Summary re: General Permit Conditions, No. 10, Page 4 of 7. While the DEC may recognize the limits of its discretion, the permit term as written may be misleading to the permit recipient and should be revised to be consistent with requirements of the Act and the applicable scope of 6 NYCRR § 201-1.4. Accordingly, for permits issued after January 1, 2002, DEC has committed to move this condition to the state side of the permit. While a source operator may be misled into seeking the Commissioner's action on a violation during start-ups, shutdowns, malfunctions or upsets, EPA believes that the Commissioner is aware of the limits on the authority to excuse emission exceedances existing under the DEC's own regulations, and believes that it is unlikely that the Commissioner will exceed the discretion allowed under the state regulations. Accordingly, the petition is denied with respect to this issue.

Petitioner raised several additional points on the issue of start-up, shutdown and malfunction which warrant further discussion.

1. Petitioner states that New York's regulation 6 NYCRR § 201-1.4 and the corresponding language in the permit do not conform to EPA's September 20, 1999 guidance entitled "State Implementation Plans: Policy Regarding Excess Emissions During Malfunctions, Startup, and Shutdown" ("September 1999 Guidance"). The petitioner generally alleges that the New York regulation has created a loophole for facilities complying with emission limits because facilities routinely use the excuse provision without proving the violation was unavoidable. The petitioner, however, does not provide any specific examples of sources relying on the excuse provision improperly nor does petitioner allege that any abuses of the excuse provision or commissioner discretion provision occurred in this case. Rather, the petitioner suggests that terms addressed in the September 1999 Guidance should be added to the permit. We conclude that it is not necessary for the DEC to restate the September 1999 Guidance in the permit as the guidance is policy and does not constitute an applicable requirement. *See* November 2001 Clarification. In addition, in its November 16, 2001 Commitment letter DEC agreed that effective January 1, 2002, it would include the provision of 6 NYCRR § 201-1.4 on the state side of all permits.

2. Petitioner asserts the permit apparently allows the DEC Commissioner to excuse the violation of any federal requirement by deeming the violation “unavoidable.” As discussed in section F, above, the commissioner discretion conditions apply only to State requirements and cannot apply to federally promulgated requirements. In its November 16, 2001 Commitment letter DEC agreed that effective January 1, 2002, it would include the revised provision of 6 NYCRR § 201-6.5(c)(3)(ii) on the federal side of all permits.

3. Petitioner states that all significant terms must be defined in the permit. The petitioner alleges that the permit is not practically enforceable because the permit lacks definitions for “malfunction,” “upset,” and “unavoidable.” EPA disagrees with the Petitioner on this issue. The purpose of the permit is to ensure that a source operates in compliance with all applicable requirements. To the extent Petitioner argues that this requirement extends to compliance with the SIP-based commissioner discretion provision, EPA agrees. However, the lack of definitions for the terms “malfunction,” “upset” or “unavoidable” does not, on its face, render the permit unenforceable. These are commonly used regulatory terms. Moreover, Petitioner has not demonstrated that DEC has improperly interpreted them in practice so as to broaden the scope of the excuse provision. In addition, in its November 16, 2001 Commitment letter DEC agreed that effective January 1, 2002, it will include the provision of 6 NYCRR § 201-1.4, which has not been approved into the SIP, on the state side of all permits. This will help further assure that the excuse provision is not expanded beyond its proper bounds.

4. Petitioner also states that the permit must define reasonably available control technology (RACT). 6 NYCRR § 201-1.4(d) and 6 NYCRR § 201-5 require facilities to use RACT during any maintenance, startup/shutdown, or malfunction condition. The petitioner claims that the proposed permit does not define what constitutes RACT or how the government or public knows whether RACT is being utilized at those times. As explained above, EPA cannot properly object to a permit term that is derived from a provision of the federally approved SIP. Such a provision is inherently a part of the “applicable requirement” as that term is defined in 40 CFR § 70.2, and the Administrator may not, in the context of reviewing a potential objection to a title V permit, ignore or revise duly approved SIP provisions. Pacificorp at 23-24; *see also* November 2001 Guidance at p.1.

5. Petitioner next asserts that any title V permit issued to Kings Plaza must require prompt written reporting of all deviations from permit requirements including those due to startup, shutdown, malfunction, and maintenance as required under 40 CFR § 70.6(a)(3)(iii)(B). Petitioner states that the permit must require written reports of all deviations.

As written, the permit only requires the permittee to inform DEC of an exceedance when seeking to exercise the excuse provision of 6 NYCRR § 201-1.4. Otherwise, the permit provides that written notifications be provided when requested to do so by the Commissioner. Prompt reporting of deviations is required by 40 CFR § 70.6(a)(3)(iii)(B) which states,

Prompt reporting of deviation from permit requirements, including those

attributable to upset conditions as defined in the permit, the probable cause of such deviations, and any corrective actions or preventive measures taken. The permitting authority shall define “prompt” in relation to the degree and type of deviation likely to occur and the applicable requirements.

Reporting so as to preserve the claim that the deviation should be excused is not a required report. Deviations from an applicable requirement are required to be reported regardless of the cause of the deviation and these reports are required by other provisions of the permit. *See* Discussion in Part G *infra*. For a violation to be properly excused, the DEC must properly apply the regulation authorizing such discretion and must properly document its findings to ensure the rule was reasonably applied and interpreted. As discussed below, EPA denies the petition on this point.

### G. Prompt Reporting of Deviations

Petitioner’s seventh claim is that the proposed permit does not require prompt reporting of all deviations from permit requirements as mandated by 40 CFR § 70.6(a)(3)(iii)(B). Petition at p. 16. The petitioner states that the only prompt reporting of deviations is that required by 6 NYCRR § 201-1.4, which governs unavoidable noncompliance and violations during necessary scheduled equipment maintenance, start-up/shutdown conditions and upsets or malfunctions. *See* Condition 18.2 of the March 14, 2000 version (deleted from the modified permit of February 26, 2001). Thus, petitioner argues, any other deviations, including situations where the permittee could have avoided a violation but failed to do so, will not be reported until the six-month monitoring report. The petitioner alleges that six months cannot be considered “prompt reporting” in all cases.

EPA agrees with Petitioner’s comment. EPA raised this issue with DEC in the July 18, 2000 letter at Attachment III, item 2. While Condition 18.2 refers only to unavoidable violations, prompt reporting of violations is required by other portions of the Kings Plaza permit, as amended.

The DEC may adopt prompt reporting requirements for each condition on a case-by-case basis, or may adopt general requirements by rule, or both. In any case, States are required to consider prompt reporting of deviations from permit conditions in addition to the reporting requirements of the explicit applicable requirements. As discussed above, EPA does not consider the type of reporting involving preserving potential claims of an excuse to be prompt reporting requirements because they are reports not of deviations but reports of potentially unavoidable violations that the source seeks to have excused. All deviations must be reported regardless of whether the source qualifies for the excuse. Whether the DEC has sufficiently addressed prompt reporting in a specific permit is a case-by-case concern under the rules applicable to the approved program, although a general provision applicable to various situations

may also be applied to specific permits as EPA has done in 40 CFR § 71.6(a)(3)(iii)(B).<sup>19</sup>

In Kings Plaza's amended permit, there are two examples of prompt notifications that are required. One is for an exceedance of the 30-day NO<sub>x</sub> RACT limit for the diesel generators (condition 1-28), and one is for certified readings of opacity in exceedance of the standard (multiple conditions). This is an appropriate use of the prompt reporting mechanism as it gives discretion to the DEC representative whether to require a written timely report be filed within a relatively short time frame (in cases where the contravention is significant) or whether to defer the written report until the six-month monitoring report (in either case, the source is required to provide a written report of the incident). With respect to the other applicable requirements that relate to emission limitations, reporting deviations more frequently than every six months, or the frequency specified in the underlying applicable requirement, whichever is more frequent, is not necessary. Where stack tests are required for NO<sub>x</sub> emissions, the test protocols will set forth the reporting requirements of the test results. Normally, test results must be reported within 30-days of the test. This is also the case for the once-per-permit-term Method 9 test. Each boiler will also undergo annual tune-ups pursuant to NO<sub>x</sub> RACT requirements, during which adjustments will be made to optimize boiler combustion efficiency and thereby minimize emissions. Requiring the source to report the results of such tune-ups more frequently than the six-month reporting requirement would provide no measurable environmental benefit yet may be unnecessarily burdensome to the source. Finally, the sulfur content of the fuel-oil must be monitored by maintaining a log for each fuel-oil delivery. Because it is highly unlikely that fuel oil outside of the specifications would be delivered and used, deferring the monitoring reports to the six-month report is also appropriate in this case. Thus, EPA denies the petition on this issue.

EPA has addressed the prompt reporting requirement with the DEC in order to clarify how the DEC will properly exercise this discretion in such a large program. In the November 16 commitment letter, DEC agreed that for all permits issued on and after January 1, 2002, it will include a requirement for reporting deviations consistent with 6 NYCRR § 201-6.5(c)(3)(ii). While this regulation requires *inter alia* that deviations be reported at least every six months, DEC stated that it will specify less than six months for "prompt" reporting of certain deviations that result in emissions of, for example, a hazardous or toxic air pollutant that continues for more than an hour above permit limits. DEC has scrutinized the procedures for prompt reporting contained in 40 CFR § 71.6(a)(3)(iii)(B), from the federal operating permit program regulations, and finds these procedures to be reasonable and compatible with what is provided for in DEC regulations. Therefore, DEC intends to utilize these provisions to define "prompt" reporting in permit conditions. When prompt reporting of deviations is required, the reports will be submitted to the DEC, in writing, certified by a responsible official, in the time frame established in the permit condition.

Whether or not the state has adopted a general policy on prompt reporting, the specific application of the prompt reporting requirement is a matter of discretion and is subject to review

---

<sup>19</sup> Prompt reporting requirement applicable to sources under the federal operating permit program.

and objection by EPA.

#### H. Monitoring

Petitioner's eighth claim is that the proposed permit does not assure compliance with all applicable requirements as mandated by 40 CFR §§ 70.1(b) and 70.6(a)(1) because many individual permit conditions (1) lack adequate periodic monitoring and (2) are not practically enforceable. The Petitioner addresses individual permit conditions that allegedly either lack periodic monitoring or are not practically enforceable.<sup>20</sup> Petition at page 17. The specific allegations for each permit condition are discussed below.

As noted above, DEC amended the permit effective February 26, 2001. Many of the changes in the revised permit address periodic monitoring and in many instances remedy the problems identified by NYPIRG. EPA is denying Petitioner's request that the Administrator object to issuance of the permit for ten of the eleven allegations, and granting Petitioner's request for one of the allegations, as delineated below.

Section 504 of the Act makes it clear that each title V permit must include "conditions as are necessary to assure compliance with applicable requirements of [the Act], including the requirements of the applicable implementation plan" and "inspection, entry, monitoring, compliance certification, and reporting requirements to assure compliance with the permit terms and conditions." 42 U.S.C. § 7661c(a) and (c). In addition, Section 114(a) of the Act requires "enhanced monitoring" at major stationary sources, and authorizes EPA to establish periodic monitoring, recordkeeping, and reporting requirements at such sources. 42 U.S.C. § 7414(a).

The regulations at 40 CFR § 70.6(a)(3) specifically require that each permit contain "periodic monitoring sufficient to yield reliable data from the relevant time period that are representative of the source's compliance with the permit" where the applicable requirement does not require periodic testing or instrumental or noninstrumental monitoring (which may consist of recordkeeping designed to serve as monitoring). In addition, 40 CFR § 70.6(c)(1) requires that all part 70 permits contain, consistent with 40 CFR § 70.6(a)(3), "compliance certification, testing, monitoring, reporting, and recordkeeping requirements sufficient to assure compliance with the terms and conditions of the permit." These requirements are also incorporated into New York's regulations at 6 NYCRR § 201-6.5(b).

Recent decisions by the U.S. Court of Appeals for the District of Columbia Circuit shed light on the proper interpretation of these requirements. Specifically, the court addressed EPA's

---

<sup>20</sup> With respect to lack of adequate periodic monitoring, the Petitioner cites 40 CFR § 70.6 (a)(3) which requires monitoring sufficient to yield reliable data from the relevant time period that are representative of the source's compliance; and § 70.6 (c)(1) which requires permits to contain testing, monitoring, reporting and recordkeeping requirements sufficient to assure compliance with the terms and conditions of the permit. With respect to practical enforceability, the Petitioner cites the U.S. EPA's Periodic Monitoring Guidance, September 15, 1998, at 16 which has since been vacated. Appalachian Power Co. v. EPA, 208 F.3d 1015 (D.C. Cir. 2000).

compliance assurance monitoring (“CAM”) rulemaking (62 Fed. Reg. 54940 (1997) (promulgating, *inter alia*, 40 CFR part 64) in Natural Resources Defense Council v. EPA, 194 F.3d 130 (D.C. Cir. 1999), and reviewed EPA’s periodic monitoring guidance under title V in Appalachian Power Co. v. EPA, 208 F.3d 1015 (D.C. Cir. 2000).

EPA summarized the relationship between Natural Resources Defense Council and Appalachian Power and described their impact on monitoring provisions under the Clean Air Act in two recent orders responding to petitions under title V requesting that the Administrator object to certain permits. See In re Pacificorp’s Jim Bridger and Naughton Electric Utility Steam Generating Plants, Petition No. VIII-00-1, Nov.16, 2000 (“Pacificorp”) (available on the internet at: <http://www.epa.gov/region07/programs/artd/air/title5/t5memos/woc020.pdf>), and In re Fort James Camas Mill, December 22, 2000. Please see pages 16-19 of the Pacificorp order for EPA’s complete discussion of these issues. In brief, EPA concluded that in accordance with the D.C. Circuit decisions, where the applicable requirement does not mandate any periodic testing or monitoring, the requirement of § 70.6(c)(1) that monitoring be sufficient to assure compliance will be satisfied by establishing in the permit “periodic monitoring sufficient to yield reliable data from the relevant time period that are representative of the source’s compliance with the permit.” 40 CFR § 70.6(a)(3)(i)(B). EPA also pointed out that where the applicable requirement already requires periodic testing or instrumental or non-instrumental monitoring, the court of appeals has ruled that the periodic monitoring rule in § 70.6(a)(3) does not apply even if that monitoring is not sufficient to assure compliance. In such circumstances, EPA found, the separate regulatory standard at § 70.6(c)(1) applies instead. The factual circumstances of Pacificorp and Fort James Camas Mill are analogous to this case. Accordingly, the reasoning of those decisions is being followed in this case as well.

#### Facility-Specific Petition Issues

1. Petitioner alleges that general permit Condition 4, item 4.1, citing 6 NYCRR § 200.7, should not be included in the Kings Plaza permit unless Kings Plaza actually operates such equipment. This condition states that pollution control equipment should be maintained according to ordinary and necessary practices, including manufacturer specifications. The original permit did not specify whether Kings Plaza employs control equipment. The Petitioner alleges that if there is control equipment, such condition must be supplemented with monitoring. In DEC’s Response to Comments, DEC stated that this condition is a general requirement that is applied to all air permits. DEC responded that the condition is included even where no applicable requirement necessitates the use of control equipment since many facilities voluntarily opt to have control equipment. DEC further stated that control equipment maintenance plans are typically submitted as part of the application, but do not become enforceable parts of the permit. Responsiveness Summary re: General Permit Conditions, No. 8, page 3 of 7.

EPA agrees with DEC. Many SIPs contain generic requirements for facilities to maintain all equipment in proper condition. These generic requirements are typically provided in the general permit conditions section of the title V permit. EPA agrees with petitioner that it may be

confusing to include such general conditions when a facility does not have control equipment. Nonetheless, EPA finds that permitting authorities have discretion to develop general permit conditions that apply to all title V sources. EPA also agrees that some facilities maintain control equipment although not subject to any specific applicable requirement; thus, including the general SIP condition is proper.

Furthermore, EPA disagrees with Petitioner that monitoring must be added to this provision. Where control equipment is installed pursuant to an applicable requirement, DEC includes such requirement under the emission units section of the title V permit, not the general permit condition section. To support such a requirement, DEC would then include monitoring sufficient to assure compliance. In this particular case, because Kings Plaza is not subject to any requirements to operate and maintain a control device, no specific monitoring for control equipment is necessary. For other permits, where a control device is maintained, monitoring should be provided under the emissions unit section as the DEC deems necessary, and not under the general permit condition section of title V permit.

However, EPA agrees with Petitioner that DEC should include in the facility description, or the statement of basis, a brief description of any controls at a facility. EPA has advised DEC that the statement of basis should describe the control devices that are installed at the facility. *See* July 18, 2000 letter, Attachment II, item 7. The revised permit of February 26, 2001 includes a facility description that states that no pollution control devices are operated at Kings Plaza. This satisfies EPA's requirements. Therefore, EPA denies the petition on this point.

2. Petitioner also raises concern about Condition 5, Item 5.1, relating to unpermitted emission sources. The condition, restating 6 NYCRR § 201-1.2 (adopted March 20, 1996), provides that if an existing emission source was subject to the permitting requirements of 6 NYCRR part 201 at the time of construction or modification and the owner or operator failed to apply for a permit, then the owner or operator must now apply for a permit. The condition further states that the emission source or facility is subject to all regulations that were applicable to it at the time of construction or modification and any subsequent requirements applicable to existing sources or facilities. Petitioner asserts that the condition is confusing because if the facility is subject to NSR or PSD, such condition should be in the permit. Petitioner argues that it is unclear from the permit or the application whether the facility is subject to a pre-existing permit. Petitioner is also concerned that a source may not be subject to penalties if it applies for a permit as required by Condition 5, Item 5.1(a).

EPA notes that this provision does not relieve the permitting authority or permittee from including applicable construction permit conditions in the permit. In addition, if the facility is in violation for not having proper construction permits, the permit must include a compliance schedule. 40 CFR § 70.6(c)(3). Condition 5 expands on what is required by the SIP at 6 NYCRR § 201.2(a) – that no person shall commence construction or proceed with a modification of an air contamination source without having a valid permit - by naming some additional terms for those who violate permitting requirements.

NYPIRG's specific concern that the permit shield could preclude the imposition of penalties is unfounded. The permit shield provides that compliance with the conditions of the permit is deemed to be compliance with those applicable requirements specifically identified in the permit or those requirements that the State specifically identifies as not applicable. 40 CFR § 70.6(f). Therefore, the permit shield does not exonerate a facility that fails to have any proper construction permits. Furthermore, there is no determination in the permit that NSR is not applicable to Kings Plaza. Therefore, if a violation were later discovered, the permittee would need to apply for the proper construction permits, the title V permit would be reopened, and the facility would be liable for any other appropriate enforcement actions. Condition 5 directs what the permittee must do to achieve compliance; it does not address the penalties that may result from non-compliance. Therefore, the condition does not preclude the public, DEC or EPA from bringing an enforcement action and seeking penalties from the facility. Accordingly, EPA denies the petition on this point.

3. Petitioner alleges that the two permit conditions addressing the handling of air contaminants collected in an air cleaning device should not be included if Kings Plaza does not operate control devices. If Kings Plaza does have control devices, then the Petitioner alleges that the condition should include record keeping requirements. Petition at page 20. DEC responded that the condition is in all permits regardless of whether the facility has air pollution control devices. Responsiveness Summary re: General Permit Conditions, No. 13, page 4 of 7.

EPA denies the petition on this point. As stated in response to issue H.1 above, States have discretion to include as general permit conditions, language from the general provisions of the SIP. For facilities where an applicable requirement specifies a control device, then appropriate monitoring requirements must be included under the emissions unit section of the title V permit.

4. Petitioner asserts that facility level Condition 13, Item 13.1, which says the facility shall operate in accordance with any accidental release plan, response plan or compliance plan, is problematic because the requirements in these documents should be incorporated into the permit as permit terms. If not incorporated, the Petitioner asserts that such documents should be clearly cross referenced in the permit. Petitioner also suggests that this general condition should be deleted from the permit altogether since it adds nothing to the permit.

EPA disagrees with Petitioner that all types of plans must be part of a title V permit. For instance, risk management plans under 112(r) are not incorporated into a title V permit. However, EPA does agree that certain documents should be properly cross-referenced in title V permits. Startup/shutdown plans under a maximum achievable control technology (MACT) standard are not fully incorporated into title V permits, but if a facility is required to have one of these plans, it must be incorporated by reference into the title V permit. 40 CFR § 63.6(e)(3)(i).

In certain cases a facility must comply with a plan that is not part of the title V permit. Thus, DEC's general condition is essential to the title V permit since it also serves to remind the

source and the public of those plans that are not part of the title V permit. Where the facility is subject to plans such as NO<sub>x</sub> RACT or MACT start-up, shut-down, and malfunction plans, the permit must specifically say so. However, the general condition can serve only as a reminder to the permittee to comply with and apply for requisite permit amendments on a timely basis. In this case, there is no allegation that this facility requires such plans.

Because the Petitioner does not allege any specific plans that should have been, but were not, included in the permit as an applicable requirement, EPA denies the petition on this issue.

5. The Petitioner alleges that the general permit condition, Condition 15, Item 15.3 in the initial March 14, 2000 permit (Condition 1-1, Item 1-1.2 in the modified permit) which states “[r]isk management plans must be submitted to the Administrator if required by Section 112(r)” should state whether the facility is or is not subject to 112(r).

While EPA agrees with petitioner that this provision is a very general and it does not provide information regarding the applicability of § 112(r) to this particular source, we do not believe that the absence of such a determination provides a basis for EPA to object to this particular permit. Kings Plaza did not submit a Risk Management Plan (RMP) to EPA under § 112(r) of the Act and 40 CFR part 68,<sup>21</sup> and given what we know about this source, EPA does not believe that Kings Plaza is in fact subject to these statutory and regulatory requirements. Accordingly, at most it was harmless error in this case that the permit does not specify the applicability of § 112(r) and part 68 to this facility.

DEC did not take delegation of § 112(r), and therefore, EPA is responsible for implementing such requirements in New York. However, it is understood that all applicable requirements must be included in title V permits. As such, during the early stages of implementation of New York’s title V program, EPA asked DEC to include a general requirement regarding § 112(r) in all permits (based on language prepared by EPA). New York has included such general language on § 112(r) in all title V permits as requested by the EPA, and although we agree with petitioner that this condition is not optimal, as discussed above, the circumstances of this case do not warrant objecting to the permit on this issue. Therefore, EPA denies the petition on this point.

6. The Petitioner alleges that the permit lacks any kind of periodic monitoring to assure compliance with the applicable opacity limitation found in the SIP at 6 NYCRR § 211.3. Petition at page 21. The Petitioner specifically points to condition 30 which prohibits the emissions units at Kings Plaza from exceeding 20% opacity over a six minute average, and 57% in any single six minute period during each hour. Condition 30 is a facility level condition. DEC responded that this condition is in the SIP and applies to all sources. In the Response to Comments DEC also presented an alternate way of listing this rule in the permit, breaking down

---

<sup>21</sup> All Risk Management Plans are filed with EPA and EPA can verify the submission of an RMP by contacting the RMP Reporting Center at (703) 816-4434.

the requirement into two parts. Responsiveness Summary re: General Permit Conditions, No. 21 page 7 of 7.

In the February 26, 2001 modification, DEC added conditions 1-6 and 1-7, requiring Kings Plaza to conduct daily observations of visible emissions from all nonexempt emissions units. It should be noted that this monitoring requirement, as written, applies whether a unit is burning natural gas or fuel oil. Although EPA believes that these conditions are unnecessary when a unit is burning natural gas, the conditions are not objectionable because permitting authorities may provide for more stringent monitoring in their title V permits than EPA would otherwise recommend.

Accordingly, EPA disagrees with the Petitioner that the permit needs to include monitoring for the requirement listed in Condition 30. This condition applies at a facility-wide level. Because of the ambiguity of applying monitoring at a facility-wide level, it is more appropriate to create monitoring in the Emission Unit Level section of the permit. Below in H.7., the adequacy of the monitoring for specific emissions units is discussed.

7. Petitioner alleges two flaws in the conditions that incorporate the opacity standard for the steam boilers and the electrical generators. First, petitioner alleges that the periodic monitoring is not adequate. As part of this allegation, the Petitioner states that the DEC must explain why continuous opacity monitors (COMs) are not required. The Petitioner likewise asserts that if DEC concludes COMs are not necessary because the facility is not likely to violate opacity standard, or COMs are not technically or economically feasible, then the permit must require the facility to employ a person at all times who is trained in Method 9 readings, to conduct a reading within one hour after visible emissions are observed. Secondly, Petitioner asserts that the permit illegally limits the type of evidence that can be used to demonstrate compliance. These issues are addressed individually below.

(a) Petitioner raises these opacity monitoring issues with respect to conditions 39, 40 and 59 to 73 of the original permit. Petition at page 23. In these conditions, the opacity requirement from the SIP regulation at 6 NYCRR § 227-1.3(a) is incorporated. These original permit conditions required daily observations of visible emissions as well as an official Method 9 test upon request by DEC. In the amended permit, the corresponding conditions are 1-13, 1-14 and 1-35 to 1-49. In amending the permit, DEC changed the frequency of the Method 9 test to once per permit term, and the frequency of monitoring to semiannually.

The requirement for daily observations is a condition that was developed by DEC in consultation with EPA Region 2, for facilities of this type. Given the type of emissions units that comprise Kings Plaza's facility, and the clean fuel that is burned, EPA believes this monitoring is both appropriate and sufficient to assure compliance with the applicable opacity limit.

Some additional discussion on this provision is warranted to address the Petitioner's concerns. Generally, the use of low-sulfur distillate fuel-oil helps to reduce emissions of

particulate matter and opacity. Also, Kings Plaza is required to implement an annual tune-ups program for its boilers and generators to ensure proper operation.

With respect to continuous opacity monitors, or COMs, this type of monitoring is more widely used in coal-fired applications or where higher sulfur fuel-oil is burned and where control equipment such as fabric filters (baghouses) or electrostatic precipitators are employed. Monitoring less frequently than “continuous” is appropriate where there exists a reasonable assurance of compliance over all operating conditions; that is, when there is a low variability of emissions and an ample margin of compliance.

The Petitioner also raised detailed concerns about this type opacity monitoring, including the qualifications of the observer and the timing of notifying DEC. First, only a certified visible emission “reader” can definitively determine the percent opacity emanating from a stack. It is understood that the facility observer would not be so certified. It is the duty of this facility observer to identify any visible emissions from the stack, whether or not such emissions would constitute an opacity violation. Once two consecutive days of visible emissions are observed, then the facility is required to make arrangements to have a Method 9 evaluation performed by a certified smoke reader. It is the EPA’s belief that the two-day time frame for this next step to occur is reasonable and appropriate. Similarly, EPA believes that the next step of the process is also reasonable. If an opacity violation has been documented, then the facility must notify the DEC within one business day of the Method 9 opacity test. It must be noted that the observances by the facility employee are not Method 9 readings and, therefore, the requirements of the Method 9 do not apply. In the absence of using COMs, which in the case of Kings Plaza do not appear to be economically appropriate or reasonable based on the reasons discussed above, the monitoring procedure delineated in the permit is appropriate.

In conclusion, daily visible inspections are appropriate. There is no applicable requirement that requires Kings Plaza to install and maintain COMs. Nor does title V require the installation of COMs. Additionally, neither title V nor any applicable requirement to which this facility is subject requires that the facility have on the premises at all times a person trained in Method 9 readings who can conduct a reading within one hour after visible emissions are observed. Not all facilities have environmental or plant managers who are trained in Method 9 readings. Therefore, DEC’s decision to require a Method 9 reading two days after observing visible emissions over a two-day period is acceptable. This time frame is necessary for the facility to hire a trained Method 9 reader. Furthermore, the permit requires that the facility maintain a logbook of all readings. Therefore, conducting daily visible inspections and logging the results of such inspection is adequate to assure that the facility complies with the 20% opacity standard.

Because EPA finds that the periodic monitoring for opacity is adequate, EPA denies the petition on this issue. It should be reiterated that the adequacy of monitoring is always a case-by-case decision and the permit writer must evaluate the specific situation and account for individual circumstances as appropriate.

(b) The Petitioner also alleges that the permit includes “credible evidence buster” language by stating “compliance is ‘based upon the six minute average in reference test Method 9 in Appendix A of 40 CFR 60.’” Petition at page 25. The Petitioner alleges that such language makes Method 9 the exclusive benchmark for demonstrating compliance, and precludes the use of other credible evidence in demonstrating noncompliance.

EPA disagrees with the Petitioner. Nothing in the permit limits EPA, DEC or citizens from using any credible evidence to bring an enforcement action for opacity violations. The permit does not say Method 9 is the sole or exclusive method used to determine compliance. Rather, the permit condition states that the “Compliance Certification shall include the following monitoring” and thus, does not preclude the use of any other method for determining compliance. In addition, the recently approved SIP regulation at 6 NYCRR § 227-1 states, in part, that, “Compliance with the opacity standard may be determined by....or, (3) *considering any other credible evidence.*” 6 NYCRR § 227-1.3(b) (emphasis added). Therefore, EPA denies the petition regarding the alleged use of credible evidence buster language.

8. The Petitioner also alleges that the title V permit lacks periodic monitoring with regard to the NO<sub>x</sub> RACT limit for the three identical 7.65 mmBtu/hr internal combustion engines firing natural gas and the five Nordberg diesel generators. Petition at page 25. In the March 14, 2000 permit, DEC required a once per permit term stack test. The Petitioner asserts that this is not adequate, and some form of surrogate monitoring needs to be added to the permit to assure ongoing compliance. The Petitioner further asserts that DEC must explain in a statement of basis the reason why its chosen monitoring is sufficient to assure compliance. *Id.*

DEC revised the permit on February 26, 2001 to include annual tune-ups for each of the three engines and five diesel generators, at conditions 1-18 and 1-34, respectively. EPA finds that there is now sufficient monitoring to assure compliance with the NO<sub>x</sub> RACT emissions limit for these units. For engines of this size where there is no add-on control, an annual tune-up plus a stack test every five years is an appropriate monitoring scheme. The annual tune-up is an enhanced form of monitoring beyond what is required by the underlying standard. Therefore, EPA denies the petition on this issue. However, as discussed in section C. *supra*, because DEC will provide a new and complete statement of basis when the Kings Plaza permit is reopened, amended, and reissued, DEC should also explain why including annual tune-ups for each of the three engines and five diesel generators is sufficient to assure compliance with the NO<sub>x</sub> RACT emission limits for these units.

During its review of the modified permit, EPA identified a new flaw that is repeated in conditions 1-18 and 1-34 that warrants reopening. Because the public did not have an opportunity to review and comment on this amended permit, EPA is taking this opportunity to require DEC to correct the defect. The current citation of authority for the requirement to perform tune-ups refers to a definition in the NO<sub>x</sub> RACT regulations at 6 NYCRR § 227-2.2(b)(19). DEC has stated that this citation refers to the definition of a tune-up. Depending on the version of these regulations that you read, you may find that paragraph (b)(19) defines a

variety of terms. However, it would not be proper to cite the definition of a tune-up as the authority for requiring tune-ups. DEC should amend conditions 1-18 and 1-34 to cite either 201-6.5(b)(2), or 201-6.5(d)(3), which discuss circumstances where DEC has the authority to supplement regulatory monitoring requirements. Alternatively, DEC could include the requirement to perform a tune-up as a monitoring provision within the condition that states the requirement at 6 NYCRR § 227-2.4 with which this monitoring is intended to demonstrate compliance.

9. The Petitioner next asserts that the EPA must object to the permit because DEC failed to explain why additional monitoring is not required to assure compliance with the opacity requirement for the three small engines when burning natural gas.

The EPA agrees with the Petitioner that when the State decides no monitoring is necessary, the State should explain its rationale in the statement of basis. It is EPA's engineering judgment that, in most cases, no additional monitoring is necessary for natural gas fired combustion units to assure compliance with the opacity standard. As the EPA Regions have been consistent in this view, and the States as a normal course have not included additional monitoring for assuring compliance with the opacity standard for natural gas fired combustion units, EPA does not find this to be an objection issue. Natural gas is a very clean fuel, and opacity is not normally associated with its combustion. Because the norm is not to include additional monitoring for showing compliance with the opacity standard for natural gas fired units, the State is not obligated, in this limited circumstance, to provide a rationale for its decision.

10. The Petitioner alleges that the 30-day rolling average incorporated into the permit as part of the NO<sub>x</sub> RACT plan for the five similar Nordberg diesel generators is a sham. Petition at page 27. Petitioner also alleges that the terms of condition 53 (condition 1-28 of amended permit effective February 26, 2001) do not reflect the source's NO<sub>x</sub> RACT plan, and the permit should explain that this plan is a negotiated agreement between DEC and Kings Plaza. *Id.* Petitioner also asserts that the plan is too lenient, allowing the source to violate the SIP. *Id.*

6 NYCRR § 227-2.4(f)(2)(ii) requires the diesel generators to comply with 9.0 grams of NO<sub>x</sub> per brake horsepower-hour. The rule also states that compliance with the emission limit must be determined using a one hour averaging period. The Petitioner asserts that there is no legal basis for the DEC to provide a 30-day rolling average, nor does the permit cite any technical or regulatory basis for this average. Petition at page 26. In addition, the Petitioner alleges that the monitoring is inadequate, particularly because there is no requirement for the permittee to record or report its fuel usage. Petition at page 30.

EPA agrees with Petitioner that the initial permit of March 14, 2000 was seriously flawed. However, the modified permit addresses some of Petitioner's concerns. Condition 1-28 of the revised permit now correctly states that 6 NYCRR § 227-2.5(a) applies to Kings Plaza.

This condition also correctly implements the DEC's 1994 memorandum on fuel switching,<sup>22</sup> otherwise known as Air Guide 45. Further, Condition 1-28 now requires Kings Plaza to keep daily fuel use logs.

Nonetheless, EPA finds that the modified permit is flawed in two respects, and EPA is objecting to the permit and ordering DEC to fix these flaws. First, the permit does not properly cite Kings Plaza's approved NO<sub>x</sub> RACT plan. The plan approved on August 25, 2000 is drastically different than the May 1996 plan referenced in the permit application. The permit must be reopened to properly incorporate by reference the current NO<sub>x</sub> RACT plan. As discussed above in sections B. and H.4, this reference is necessary to clearly communicate to the public what the source's obligations are, and to make the permit practically enforceable. DEC must also clearly state that both conditions 1-22 and 1-28 are derived from the current NO<sub>x</sub> RACT plan.

Second, the permit has inadequate periodic monitoring for NO<sub>x</sub> for the diesel generators. Although the permit contains requirements for stack tests each permit term, condition 1-28 appears to trump those conditions, stating that compliance will be based on the results of the 1995 stack test. DEC must modify the permit to require the results of the most recent stack test to be used for emissions calculations, recognizing that further testing will occur during the permit term and subsequent permit terms.

Although Petitioner is concerned about the legality of a 30-day average, the justification for this average comes from EPA guidance on economic incentive programs, on which Air Guide 45 is based. EPA does not object to DEC's use of a 30-day rolling average outside the ozone season. In general, the compliance options presented to states through the EPA's economic incentive program guidance are designed to achieve, over the course of a year, average NO<sub>x</sub> emissions reductions at least equivalent to those that would result from unit-by-unit compliance with the presumptive NO<sub>x</sub> RACT limit. Long term averaging is described as permissible if short term (read daily) limits apply during the ozone season. For any New York facility wishing to employ the fuel switching compliance option, their source-specific NO<sub>x</sub> RACT plan and title V permit must be consistent with the provisions described in Air Guide 45. These provisions are: (1) the emissions units, on an annual basis, must achieve reductions at least equivalent to the reductions achieved by a facility complying with the presumptive RACT limit in the base year; (2) cleaner fuel must be burned during the ozone season; (3) a short term average, such as daily, must be employed during the ozone season; and (4) the plan must have credible and enforceable procedures for demonstrating compliance. Kings Plaza's permit is consistent with this guidance. Accordingly, EPA denies the petition on this point.

---

<sup>22</sup> See DEC's memorandum of March 9, 1994, "Fuel Switching Option in NO<sub>x</sub> RACT", also known as Air Guide 45, from Tom Allen to Regional Air Pollution Control Engineers, Bureau Chiefs and Section Chiefs. This document is based on an EPA memorandum of July 30, 1993, entitled "Fuel Switching to Meet the Reasonably Available Control Technology (RACT) Requirements for Nitrogen Oxides (NO<sub>x</sub>)," from Michael H. Shapiro, Acting Asst. Administrator for Air and Radiation to Regional Air Directors.

11. The Petitioner alleges that the permit includes a certain provision as a State-only requirement that should actually be labeled as a federally enforceable condition. Petitioner alleges that the 0.20 percent by weight sulfur in fuel limit originates from 6 NYCRR Subpart 225.1, which is in the SIP. Petitioner also asserts that the monitoring for this requirement should be amended to require the facility to maintain records of the sulfur content for each fuel delivery, and submit reports of this information to DEC at least semiannually.

EPA agrees with Petitioner that sulfur in fuel should be identified as a federal applicable requirement and, therefore, be placed on the federal side of the permit. The original SIP limit regulating sulfur in fuel, 6 NYCRR § 225.1(a)(3), although no longer a current NY State rule, is still in the SIP and federally enforceable. In their February 26, 2001 permit revision, the DEC moved the sulfur in fuel requirement to condition 1-8, on the federally enforceable side, and amended it to require Kings Plaza to maintain a log of sulfur content in oil, for each fuel delivery. The reporting requirement was also changed to semiannually. Because the petitioner's concerns have been addressed by the amended permit, EPA denies the petition on this basis.

## **CONCLUSION**

For the reasons set forth above and pursuant to section 505(b)(2) of the Clean Air Act, I grant issue H.10, regarding NO<sub>x</sub> RACT for diesel engines, objecting to the issuance of the February 26, 2001 Kings Plaza permit on that point, and deny the balance of NYPIRG's petition. Further, I order DEC to amend the permit as described in section H.8 to rectify other errors or omissions in this permit, discovered through this review process. This decision is based on a thorough review of the original permit and the February 26, 2001 amendment to the permit which EPA has concluded corrects other objectionable conditions of the original permit.

January 16, 2002

\_\_\_\_\_  
Dated:

/ S /

\_\_\_\_\_  
Christine Todd Whitman  
Administrator