



**FINAL Report:
Southwest Clean Air Agency
Title V Program Review**

EPA Region 10
September 28, 2007

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Attachment

- I. Completed Questionnaire

Introduction

This report documents the Title V program review for Southwest Clean Air Agency (SWCAA) located in southwestern Washington.

Overview and Program Review Objective

In response to recommendations in a 2002 Office of Inspector General audit, EPA has set an aggressive national goal of reviewing all state and local Title V programs. Specifically, EPA has developed an action plan for performing reviews of state and local Title V programs and has committed to continuing the Title V fee reviews begun in 1998. The objective of the broader program reviews is to identify good practices that other agencies can learn from, document areas needing improvement, and learn how EPA can help improve state and local Title V programs and expedite permitting.

EPA Region 10 has completed a review of 8 Title V programs including Idaho Department of Environmental Quality, Oregon Department of Environmental Quality, Lane Regional Air Pollution Authority (located in west-central Oregon), Spokane County Air Pollution Control Agency (located in eastern Washington), Northwest Clean Air Agency (located in northwestern Washington), Puget Sound Clean Air Agency (located in Western Washington), Washington Department of Ecology (WDOE) and Alaska Department of Environmental Conservation. In addition, EPA Region 10 is in the process of completing a Title V program review for Olympic Region Clean Air Agency (located in western Washington).

We would like to acknowledge and express EPA's appreciation for the cooperation and patience of SWCAA management and staff throughout all stages of our review of their Title V program. Receiving the timely and complete questionnaire response in advance of the on-site interviews was very helpful, allowing EPA to narrow the focus of our on-site interviews. SWCAA's efforts to make management, staff, and space available to EPA for the interviews also helped make the on-site time very productive.

General SWCAA Title V Program Background

SWCAA is a local air pollution control agency with jurisdiction in five counties located in western Washington: Clark, Cowlitz, Lewis, Skamania and Wahkiakum. Exceptions to SWCAA's authority in those counties include: EPA regulates sources in Indian Country; WDOE is the Title V authority for all chemical pulp mills and aluminum smelters; and the Washington Energy Facility Site Evaluation Council (EFSEC) regulates all thermal electric energy projects that are 350 megawatts or more in size.

SWCAA has its own Title V fee regulation but requires sources to comply with the WDOE Title V regulation found in Washington Administrative Code (WAC) 173-401. EPA granted SWCAA, along with WDOE, six other local agencies and EFSEC, interim approval of its Title V program effective December 9, 1994, and full approval effective September 12, 2001, 66 FR 42439 (August 13, 2001).

SWCAA issues Title V permits to approximately 11 sources. There are 5 permit engineers and an engineering manager at SWCAA that divide their time between several duties including Title V permits, construction approvals and compliance work.

Program Review Basis

EPA's review of SWCAA's Title V program, which began in July 2007, is based on answers SWCAA provided to an EPA questionnaire, review of a selection of issued permits and statements of basis and interviews with SWCAA representatives during a site visit on August 22 and 23, 2007. This information was analyzed with regard to Part 70 regulations and policies and SWCAA and WDOE state regulations.

A questionnaire, developed by EPA Headquarters with input from the Regions and revised by Region 10 to include a table titled State/Local Title V Program Fiscal Tracking Evaluation Document (the protocol developed by EPA in 1997 and used in previous Title V fee program reviews), was sent to and completed by SWCAA in advance of Region 10's on-site visit to the agency. We reviewed the completed questionnaire (Attachment I) and other available information prior to the on-site visit, including two issued permits: Hampton Lumber Mills located in Randle and Clark Public Utilities' River Road Generating Plant.

While on site at the SWCAA office, we interviewed the air permits supervisor, finance staff and the air permits staff. The purpose of the interviews was to confirm and clarify what we learned from our review of the permits and questionnaire and to ask questions that developed during our pre-visit review.

EPA's review team included two Region 10 staff members. Key elements of each individual's observations, as well as observations from the on-site interviews, are highlighted and discussed in the report.

Program Review Report

This program review report is formatted consistent with the program review questionnaire. Within each of the topic areas, the report describes good practices, concerns, and other notable observations. The fee protocol information is addressed in the Resources and Internal Management Support section of the report. The report addresses the following topic areas:

- A. Permit/Review Report Preparation and Content
- B. General Permits
- C. Monitoring
- D. Public Participation and Affected State Review
- E. Permit Issuance/Revision/Renewal
- F. Compliance
- G. Resources and Internal Management Support
- H. Title V Benefits
- I. Document Review (Rules/Forms/Guidance)

With the exception of Section H, each section of the report highlights and discusses good practices, concerns, and other general observations. In response to the program review questionnaire and during the on-site interviews, SWCAA identified some of benefits that have resulted from the implementation of the Title V program. The notable benefits realized by SWCAA, which reflect the value that can come from responsible implementation of such a comprehensive air quality program, are listed in Section H.

In general, we included in the report only those good practices that are unique to SWCAA or seem particularly worth noting and passing along to other permitting authorities. SWCAA's implementation of the program includes many other good practices that are not specifically discussed in the report because they are widely used among other Title V permitting authorities.

A summary of concerns is also provided that identifies those issues that will need to be addressed. Some concerns identified in this review will need to be resolved as SWCAA revises and renews their operating permits. EPA Region 10 expects SWCAA to respond to each of the concerns identified in this report. EPA will work with SWCAA to address the identified concerns and will schedule follow-up as needed.

A. Title V Permit Preparation and Content

Good Practices

1. SWCAA has a good internal review process for Title V permits. Each permit is reviewed by several permit staff in-house. The senior engineer reviews all permits before issuance. This collaboration likely results in better, more comprehensive and more enforceable permits.
2. SWCAA has redesigned their NSR permit format with Title V in mind so applicable requirements can be more easily incorporated into Title V permits.
3. SWCAA's statements of basis generally are very useful in that they discuss the incorporation of past permits and specifically address each monitoring condition.
4. Permits often clarified rule citations by including all enforceable versions of the rules, adding the date of the rules.
5. Despite the more-challenging table format that SWCAA uses for their permits, the permits appear to be well written and comprehensive. It is obvious from review of the permits and interviews with permit engineers that SWCAA's technical staff has a good understanding of air pollution standards and air pollution engineering.

Concerns

1. Each of the permits reviewed had a different list of standard conditions or included similar standard conditions with different wording or even titles. Each of the permits appears to be missing standard provisions that should be in the permits. SWCAA should develop a list of standard provisions that they will add to all Title V permits in a consistent manner. One of the standard provisions is titled "Permit appeals." This condition describes the state appeal process, but makes no mention of the federal appeal (petition) process. If SWCAA does not think it is appropriate to add the federal appeal option to their standard provisions, they should at least explain it in the statement of basis and in their public noticing materials.
2. The permits and statements of basis reviewed included a list of emission units. In all cases, it appeared that several plant activities were not addressed by the list of emission units. In one case, a process handling cyclone and paved road traffic was missing; in another, a fuel storage tank was missing. If only facility-wide requirements apply to these missing emission units, it is not critical that they be in the permit; however, the statement of basis should still be clear in describing all of the operations at the facility.
3. While it appears that SWCAA has clearly cited the approved and unapproved versions of their regulation that are included in the permit as applicable requirements, during the on-site interviews, SWCAA staff pointed out that keeping the regulatory citations organized has been a lot of work. They added that they may begin leaving out the approved SIP citations when they have been replaced with newer versions of regulations that were submitted to EPA several years earlier. While EPA understands SWCAA's frustration with the SIP approval backlog, it is still EPA's policy that requirements from the most recently approved SIP must be included in the permit, even if SWCAA has adopted new regulations and submitted them to EPA for approval.
4. While SWCAA's statements of basis have some good features, they could be improved. Permitting, compliance and construction histories would be helpful; the potential to emit should be presented to support any major/minor source claims or applicability determinations that rely

on it; and the applicability of requirements (CAM, NSPS, NESHAP, etc) could have been explained better in some cases. SWCAA should continue to look for ways to improve the statements of basis.

Other Observations

1. During the on-site interviews, SWCAA's permit format was discussed. Suggestions for changes were made based other formats used by permitting authorities in the northwest. While it would likely take a considerable effort to change all of the permits to a different format (see permits issued by Oregon or Idaho), SWCAA should consider the benefits of making practical changes during permit renewals. As a minimum, SWCAA could at least sort the applicable requirements table by emission unit and to combine the monitoring and recordkeeping sections; this would make it easier to write, find and understand several permit conditions.
2. Recent MACT vacatur (boiler and plywood) are causing SWCAA permit writing difficulties.
3. SWCAA should become familiar with CROMERR as it applies to electronic submittals to their agency.

B. General Permits

SWCAA has not developed or issued any general permits.

C. Monitoring

Good Practices

1. Each requirements in the monitoring section of SWCAA's permits includes a cross reference to the applicable requirements for which the monitoring was designed to assure compliance.
2. SWCAA is one of the few agencies known to require lab-based lumber drying and emission testing. On-site performance testing of lumber dry kilns is very difficult and generally not required, leaving agencies to rely on non-source-specific emission factors for sources that are now considered significant sources of VOC and HAP emissions. Given that lab-based testing has been proven to be representative of actual kiln testing, SWCAA has tapped a very practical approach to a difficult issue. Hopefully, institutions capable of lab-testing will continue to provide the service and other agencies will follow SWCAA's lead.

Concerns

1. SWCAA relies on periodic inspections and visual observations (see - no see decisions) as a first level for assuring compliance with several requirements. Whenever visual checks are used, it is useful to clarify that the observers should be trained in visual observations and utilize the general observation criteria found in EPA Reference Method 22. Furthermore, a requirement to act on any observation of a visible emission should not be required of sources that normally do exhibit some visible emissions. In those cases, some other type of routine monitoring is more appropriate.
2. SWCAA often required monitoring baghouse pressure drop to assure compliance with particulate and opacity emission limits. Monitoring experts within EPA have concluded that pressure drop is not a reliable approach for monitoring baghouse compliance. Alternatives to pressure drop include opacity and bag leak detectors and can be combined with a good operation and maintenance program. SWCAA should avoid relying on pressure drop monitoring to assure baghouse compliance.
3. SWCAA's permits do not consistently address compliance assurance monitoring (CAM) applicability and CAM-based monitoring decisions. CAM is a very important aspect of Title V permits and should be clearly explained in statements of basis.
4. SWCAA's permits often contained tiered approaches to monitoring, commonly for opacity and particulate emission limits. The approach normally begins with some sort of an observation which can lead to corrective actions, additional observations and eventually deviation reporting. Only occasionally did the monitoring scheme lead to a reference method test (e.g. RM 9) and rarely to a particulate matter test. Where initial observations indicate possible concerns about compliance, the permit can be designed to automatically require a reference method test to confirm compliance. This is particularly appropriate where the initially-observed concerns recur often or are not promptly corrected. When renewing permits, SWCAA should add specific reference method testing where appropriate and consider the use of "automated" test requirements.
5. Occasionally, SWCAA's permits contained operation and maintenance requirements mixed in with monitoring requirements. Monitoring is generally used to identify problems (or assure there are no problems) while maintenance is used to avoid problems or to address identified problems. Finally, operation and maintenance requirements do not necessarily satisfy the need to have monitoring; in fact, monitoring should be specified to assure compliance with any operation and

maintenance requirements. SWCAA should consider this type of clarification during future permit renewals.

Other Observations

None

D. Public Participation and Affected State Review

Good Practices

1. In addition to publishing public notices in a local newspaper and sending them to their maintained mailing list, SWCAA uses the WDOE Air Operating Permit Register and posts them on the SWCAA website. Notices are also sent to a list of affected states and tribes. Individuals on SWCAA's mailing list can request to receive all notices or just specific notices.

Concerns

1. Like many of the permitting authorities across the country, SWCAA provides the permittee with a pre-draft permit for review and comment before the draft permit goes out for public comment. Soliciting the permittee's input on the factual aspects of the permit can help to reduce errors in the permit and help educate the permittee on its obligations under the permit. Working with the permittee on developing the substantive requirements of the permit, however, can create the impression that the permit issuance process is not an open process. SWCAA should carefully balance these interests as it works with permittees during the development and issuance of Title V permits.

Other Observations

None

E. Permit Issuance / Revision / Renewal

Good Practices

None

Concerns

1. SWCAA noted that issuance of several permits has been delayed due to NSR and MACT issues. In their last TOPS report (Jan thru June, 2007), three permits had been extended past 5 years pending renewal and one significant modification application was older than 18 months. EPA has recognized ways to avoid permit issuance delays when new MACT standards and complicated NSR enforcement actions are not yet resolved. SWCAA should continue to manage their workload in a practical way while meeting the regulatory deadlines for permit issuance.
2. SWCAA does not require minor permit applications to include a certification by a responsible official. This is required by Part 70. SWCAA should expect certification with minor permit modifications.
3. SWCAA's fee structure bases part of the fee on the number of emission units to account for permit complexity. The emission unit concept in Title V generally allows useful flexibility in grouping or non-grouping of plant site activities based on a number of factors such as similar applicable requirements or operations. This can make implementation of the permit requirements more practical. Placing a price (by basing the fee) on the number of emission units can put these intentions at odds with each other. SWCAA should consider ways to take advantage of the flexibility provided by the emission unit concept despite the fee system design.

Other Observations

None

F. Compliance

Good Practices

1. SWCAA requires all deviations to be reported no later than 30 days after the end of the month in which they were discovered, with some reported sooner. This should allow SWCAA to ensure more timely mitigation and enforcement as needed.

Concerns

1. Even where it was apparent that emission testing had been required by and performed under a previously issued permit, rarely did the statement of basis discuss the results or rely on the results for making future testing or monitoring decisions. Where testing was required, rarely were emission unit and control equipment operational parameters recorded and related to the test results to assure the parameters monitored truly represent compliance. Source-specific test data can be very useful for designing an appropriate compliance monitoring approach. SWCAA should not only document the results but consider them when requiring monitoring for future permits.

Other Observations

1. The focus of this Title V program review was on SWCAA's implementation of its Title V program. Accordingly, in conducting this Title V program review, EPA did not review monitoring reports or compliance certifications submitted by Title V facilities to determine the extent of compliance with Title V requirements in SWCAA's jurisdiction and whether SWCAA is taking appropriate enforcement actions in response to noncompliance. EPA conducts periodic reviews of state and local Clean Air Act enforcement programs which look at, among other things, source compliance and enforcement actions.

G. Resources and Internal Management Support

Good Practices

1. SWCAA appears to have a sound accounting system which effectively tracks Title V revenues and expenses separate from non-Title V revenues and expenses.
2. SWCAA has been able to avoid significant staff turnover for the last 5 to 6 years. They suggested this was due in part to their use of competitive salaries, merit pay, a good work environment and diversity of work.

Concerns

None

Other Observations

1. SWCAA would like to see EPA facilitation of more frequent regional training events for Title V permit writers. The regional workshop held in the Spring of 2007 was very informative for new and experienced permit writers and is a good example. SWCAA also thinks that EPA should write standards that are clearer and less complicated.

H. Title V Benefits

Benefits Identified by SWCAA

In response to the program review questionnaire and during the on-site interviews, SWCAA identified a number of benefits that have resulted from implementation of the Title V program.

1. SWCAA staff better understand how to design enforceable monitoring terms to assure compliance and how to write enforceable permits terms.
2. Occasionally, the permit issuance process identified compliance problems prior to the submittal of an application.
3. Permittees are devoting more resources to compliance monitoring and have a better awareness of compliance obligations.
4. Title V has resulted in better documentation of the basis for applicable requirements (in the statement of basis).
5. NSR permits have been adjusted to more closely resemble Title V permits to ease incorporation of requirements and now have the equivalent of a statement of basis.
6. SWCAA uses Title V information to target inspections and/or enforcement.
7. Title V fees have been helpful in running the program by providing more resources for your staff such as CFRs and computers, better funding for travel to sources and stable funding despite fluctuations in funding for other state programs.

I. Document Review (Rules/Forms/Guidance)

Good Practices

1. SWCAA's web site contains all of their Title V permits and statements of basis, as well as many of the supporting documents such as construction approvals and consent decrees. This is a very effective way to make these permit-related documents available to industry and the general public.

Concerns

None

Other Observations

1. SWCAA would like to see EPA make more of an effort to facilitate national/regional consistency in explaining Part 70 program requirements. Nationally consistent interpretation of Part 70 program elements would be helpful.