

**Energy Transfer Partners, L.P., Lone Star NGL, Mont Belvieu Gas Plant
(PSD-TX-93813-GHG)**

Lone Star NGL's Request to EPA for PSD Permit Rescission

Basis of Decision

April 29, 2016

In a letter dated April 21, 2016, Energy Transfer Partners, L.P., Lone Star NGL, Mont Belvieu Plant (Lone Star NGL) requested that the U.S. Environmental Protection Agency, Region 6 rescind the EPA-issued Prevention of Significant Deterioration (PSD) greenhouse gas (GHG) permit issued on October 12, 2012. The permit was issued based on the applicability provisions described, at the time of permit issuance, at 40 CFR § 52.21(b)(49)(v)(b).

Background

Lone Star NGL requested rescission of its GHG PSD permit because its Mont Belvieu Plant was classified as a Step 2 source. Generally speaking, Step 2 sources are sources that were classified as major, and required to obtain a PSD or title V permit, based solely on GHG emissions. Such sources are generally known as Step 2 sources because EPA deferred the requirements for such sources to obtain PSD and title V permits until Step 2 of its phase-in of permitting requirements for GHG under the PSD and title V GHG Tailoring Rule, 75 FR 31514, 35569-71 (June 3, 2010); 40 CFR § 52.21(b)(49)(v). In *Utility Air Regulatory Group (UARG) v. Environmental Protection Agency*, 134 S. Ct. 2427 (2014), the Supreme Court held that EPA may not treat GHGs as an air pollutant for purposes of determining whether a source is a major source required to obtain a PSD or title V permit and thus invalidated regulations implementing that approach. EPA issued a direct final rule to narrowly amend the permit rescission provisions in the federal PSD regulations and the rulemaking became effective on July 6, 2015.

The newly effective federal rescission rule allows for the rescission of EPA-issued Step 2 PSD Permits and generally applies to new and modified stationary sources that obtained an EPA-issued Step 2 PSD permit under the federal PSD regulations found at 40 CFR 52.21 solely because the source or a modification of the source was expected to emit or increase GHG emissions over the applicable thresholds. This includes (1) sources classified as major for PSD purposes solely on the basis of their potential GHG emissions; and (2) sources emitting major amounts of other pollutants that experienced a modification resulting in an increase of only GHG emissions above the applicable levels in the EPA regulations.

EPA expects GHG PSD permit-holders that are interested in qualifying for the rescission of an EPA-issued Step 2 PSD permit under 40 CFR 52.21(w) to provide information to demonstrate that either (1) the source did not, at the time the source obtained its EPA-issued Step 2 PSD permit, emit or have the potential to emit any regulated pollutant other than GHGs above the major source threshold applicable to that type of source; or (2) a modification at a source emitting major amounts of a regulated NSR pollutant other than GHGs did not result in an increase in emission of any regulated pollutant other than GHGs in an amount equal to or greater than the applicable significance level for that pollutant. EPA

also considers in its evaluation if the source intends to rely on the EPA-issued Step 2 PSD permit for any other regulatory purpose.

For EPA-issued Step 2 PSD permits for Texas industry, EPA Region 6 retained the permitting authority for those sources in the recent final SIP and FIP actions (November 10, 2014) for Texas GHG PSD permitting. Under this authority, EPA Region 6 reviews and issues rescissions for EPA Region 6-issued Step 2 GHG PSD permits. From January 2, 2011 until November 10, 2014, EPA issued GHG PSD permits for facilities in the State of Texas. EPA approved the Texas GHG Permitting program on November 10, 2014, and Texas is currently the permitting authority for GHG PSD permits. EPA's action to rescind Step 2 PSD permits applies only to GHG PSD permits that were issued by EPA between January 2, 2011 and November 10, 2014.

REVIEW

Lone Star NGL has included in the April 21, 2016 rescission request information to demonstrate:

1) At the time of issuance of the EPA GHG PSD permit, the existing stationary source did not have the potential to emit emissions of any regulated New Source Review (NSR) pollutant other than GHGs in an amount greater than the nonattainment major source threshold for the severe-15 classification of the 1997 eight-hour ozone standard designation¹ or an amount that is equal to or greater than the applicable PSD major source threshold for that pollutant. Lone Star NGL has received two GHG PSD permits from EPA Region 6, PSD-TX-93813-GHG and PSD-TX-110274-GHG. The first GHG PSD permit, PSD-TX-93813-GHG includes GHG emissions from the two NGL processing plant (FRAC I and FRAC II) and Lone Star NGL has requested a permit rescission of the FRAC I and FRAC II permit with this action. A third NGL processing plant (FRAC III), received a GHG PSD permit from EPA Region 6 on April 16, 2014. The three NGL processing plants (FRAC I, FRAC II, and FRAC III) are operationally independent of each other and the only EPA issued GHG PSD permit considered for review by this rescission is for the FRAC I and FRAC II GHG PSD permit, PSD-TX-93813-GHG. The Texas Commission on Environmental Quality (TCEQ), as the current permitting authority for non-GHG and GHG pollutants, has issued a minor NSR permit (standard permit number 93813) associated with the project EPA issued the GHG PSD permit on May 29, 2012. The permit special conditions and the maximum allowable emission rate table (MAERT) associated with the TCEQ minor NSR permit demonstrate that the project has been reviewed for the maintenance of the National Ambient Air Quality Standards (NAAQS), federal, state and local requirements, and the non-GHG emission levels associated with the project are below the applicable threshold level(s) for all other regulated pollutants.

¹ At the time of the review and permit issuance by TCEQ, Chambers County, Texas was included in the Houston-Galveston-Brazoria (HGB) area severe-15 classification for the 1997 eight-hour ozone National Ambient Air Quality Standards (NAAQS). On March 27, 2008, the EPA lowered the primary and secondary eight-hour ozone NAAQS. Chambers County was included in the HGB area and was designated nonattainment and classified as marginal under the 2008 eight-hour ozone NAAQS, effective July 20, 2012. The 1997 Ozone NAAQS was revoked effective April 6, 2015.

Project Emission Summary Table²

Air Contaminant	Project Allowable Emission Rates (TPY)	Nonattainment NSR Applicability		Maximum Allowable Emission Rates (TPY)	PSD Applicability	
		Nonattainment major source threshold for severe-15 ozone classification ³ , 30 TAC 116.12, Table 1 (TPY)	Nonattainment NSR Review Required?		PSD Major Source Threshold, 40 CFR 51.166(b) (TPY)	PSD Review Required?
CO		-	-	118.36	250	No
NO _x		-	-	37.62	250	No
SO ₂		-	-	31.76	250	No
PM		-	-	21.94	250	No
PM ₁₀		-	-	21.94	250	No
PM _{2.5}		-	-	21.94	250	No
Ozone: (VOC)	23.12	25	No	49.54	250	No
Ozone: (NO _x)	23.34	25	No	37.62	250	No
Other		-	-	5.44	-	-

2) Lone Star NGL has asserted to EPA that the EPA-issued GHG PSD permit is not used, or planned to be used, for any other regulatory or compliance purpose and the information contained in the rescission request to EPA is factual and correct.

RECOMMENDATION

Based on the information provided to EPA Region 6 on April 21, 2016, Lone Star NGL has provided sufficient information to support the required rescission elements outlined in 40 CFR § 52.21(w)(2). EPA's recommendation is to approve the rescission request and authorize publication of the public notice announcing the approval of the rescission.

² Project emissions are based on the review and analysis contained in the TCEQ Technical Review written by Ms. Dana Johnson, TCEQ, for Lone Star NGL, Mont Belvieu Plant, Project Number 173813, RN106018260, and CN603855040. Ms. Johnson represented in her analysis for issuance of the NSR permit review that neither PSD nor NNSR were triggered for the project.

³ The Lone Star NGL, Mont Belvieu Plant is located in Chambers County, Texas. At the time of TCEQ's permitting action, Chambers County, Texas was classified as severe-15 nonattainment for ozone. In TCEQ's analysis, the proposed project increases of VOC and NO_x were individually quantified and the VOC and NO_x increases did not exceed the nonattainment major source thresholds.