

CAAAC MEETING NOTES 11/16/10
Metcalf Building, Room 111, 1:00 p.m.

Compiled by Oline Barta

ATTENDEES: Don Allen, *WETA*; Don Quander and Bill Mercer, *Holland and Hart*; Dexter Busby, *Montana Refining Co.*, Gordon Criswell, *PPL Montana*, Jeff Chaffee and Hal Robbins, *Bison Engineering*; Greg Gannon, *Holcim*; Jeff Briggs, *Ash Grove Cement*; Go-To-Meetings attendees were: Randall Richert, *ConocoPhillips*; Stacy Aguirre, *WBIP*; Terry Hart, *Colorado Energy Management*; Joe Lierow, *Exxon Mobil*; Greg Brown, *CHS, Inc*, Mike Raile, *Montana Refining Co.*, Scott Wallace, *Devon Energy*, Jon Madison, Abbie Krebsbach and Bruce Beiswanger, *MDU*, and Melissa Hillman, *Trinity Consultants*. DEQ attendees: Eric Merchant, Dan Walsh, Vickie Walsh, Dave Klemp, Chuck Homer, Bob Jeffrey, Deb Wolfe, Tom Livers, Hoby Rash, Dave Aguirre, Dusti Johnson, Becky Frankforter, and Oline Barta.

I. WELCOME AND INTRODUCTIONS: Eric Merchant welcomed the group and asked participants to introduce themselves. He checked with phone attendees to identify who had joined by Go-To-Meeting.

II. GREENHOUSE GAS REGULATION: Vickie Walsh told the group that the GHG workshop sponsored by WETA and MPA and hosted by ARMB in Helena produced some good dialog. She said that late last week EPA issued BACT Guidance for GHG. They issued PSD and Title V permitting guidance and white papers for seven of the major industry sectors including large industrial boilers: pulp and paper industry, cement industry, iron and steel, refineries and nitric acid plants. Vickie said EPA also proposed a GHG mitigation-strategy database to house cost and types of control information, a sort of clearing house for GHG. She thought that on January 2, if the Department needed to move forward, ARMB would be ready to do so with applicability. Vickie said it was still a case by case situation while waiting for more EPA information. She asked the group to share any new information they got.

Don Quander suggested, if time permits at the end of the meeting, discussing how DEQ might move forward if there are mixing signals coming from Congress and the EPA closer to the January 2 deadline. Vickie concurred.

III. COMPLIANCE REPORTING – EMISSION INVENTORY: Dan Walsh said that this year ARMB was offering the option of on-line emission inventory reporting. He said a number of permitted facilities had been asked to participate in a testing phase of the new system and they would provide troubleshooting feedback. He said an email message would go out this week giving the facilities more details about what would be required. Dan said he hoped to improve data quality by eliminating the paperwork that was manually corrected and returned to DEQ. The hardcopy process will still be available for those who prefer to use it. He said a series of email messages would go out in December and compliance officers would be available to answer questions. Don Allen asked how information would be reported to EPA. Dan answered that the process would be the same as in years past, downloading the collected data to the EPA. He used the projector screen to show some of the fields of the new reporting system and encouraged companies to use the comment boxes. Previous year and facility information would also be available, as would all segments or facilities within a company.

Dan said that the other issue he wanted to discuss was the change in EPA requirements for PM_{2.5} reporting. EPA has separated both PM_{2.5} and PM₁₀ into two parts: filterable and condensable. The two parts equal a total primary number for each. He said ARMB was asking facilities to provide the

emissions factors for the two parts wherever possible. ARMB would try to determine the most appropriate emission factor for each facility's emission units. Don Quander asked whether this system could be used to determine de minimis changes. Dan said for now they would remain separate, but new equipment can be added on the electronic form. Dan also said the Department was also trying to provide direct links to forms that should be filled out at the time as reporting emissions. He encouraged the group to provide feedback when they used the emission forms to help improve the new system.

IV. Bob Jeffery gave a presentation on the changes EPA has made to the National Ambient Air Quality Standards (NAAQS) for Sulfur Dioxide (SO₂), Nitrogen Dioxide (NO₂) and Ozone (O₃). He said that EPA is supposed to review the NAAQS every five years and when a new NAAQS is promulgated or an existing one is revised, the states have to designate compliance area status of attainment, non-attainment or unclassifiable. Bob detailed the process that must be followed to attainment.

He stated that the Ozone NAAQS limit was 75 parts per billion (ppb) and the new standard would be between 60-70 ppb with the final number to be decided by December 31, 2010. Bob said that Montana was the only state in the lower 48 states that would not have any non-attainment areas for O₃.

The new 1-hour standard for NO₂ was 100 ppb. The initial designations are due the end of January 2011. MT has prepared and will submit a designation of "attainment" for all 56 Montana Counties. Bob had no changes to report for NO_x. This pollutant also was not as much of a problem in Montana as it was for states with larger highways and more traffic.

He said the new 75 ppb 1-hour NAAQS for SO₂ would be more problematic for Montana. He noted another changed requirement was the 3-year average of the 99th percentile of the daily maximum 1-hr average at each monitoring site. The third big change in reporting requirements was adding a 5 minute maximum concentration per hour. Governor designations would be due in June 2011. Eric commented that the 110(a)(2) maintenance State Implementation Plan (SIP) due two years later in June 2013 also differed from the past in calling for modeling to be done in areas of problem sources. Don Allen asked whether anything else would be required besides modeling. Eric responded that enforceable limits would have to be in place. He added that DEQ is waiting to see how EPA will implement this rule. Problems may be addressed by permit changes and SIP changes. Asked if this scenario also applied to O₃ and NO₂, Eric thought this was just for the SO₂ SIP because SO₂ was mostly associated with point sources. Bob noted that there was some controversy concerning the new NAAQS and things were in a state of flux at this time.

Scott Wallace asked how the state of Montana will apply EPA's permitting Guidance to minor sources. Vickie Walsh responded permitting actions have to meet the NAAQS for NO₂. She said it was still a case-by-case situation. She said ARMB has not had problems yet with any of the smaller portable facilities. She encouraged anyone concerned about compressor stations to check with the Department. ARMB, she said, was in the process of determining whether its Permitting Guidance could be updated for minor sources, establishing minimum thresholds according to facility size. In some cases, she said that added stack height works to meet the new standards. Vickie said that ARMB was trying to take advantage of any presentations put out by others working with these problems like one recently done by British Petroleum (BP). So far, no permits have been held up because of the new regulations. Scott asked if it was the EPA Modeling Guidance that would be used for PSD sources. Vickie said yes and added that ARMB was using the EPA Modeling Guidance with its fairly-conservative ratio. She said the Department was eager to get specific source information. She hoped to keep the dialog going on this issues and get "more detailed, more realistic" information. She asked the group to share any pertinent information that they may obtain. Scott asked if the changes apply to all the equipment at a site. Vickie replied that only the modified equipment is affected

Bob identified some other issues concerning meeting the NAAQS for SO₂. One issue involves unclassifiable counties with sources that have over 100 tons per year in potential to emit (PTE) of SO₂. Sources have to demonstrate compliance during the permitting process and attainment plans must have enforceable emission limits for NAAQS compliance. Bob said that no new monitors would be required unless they are indicated by the ARMB's Annual Network Review process. He talked about the path forward for the short, mid and long term process of NAAQS attainment. Don Quander asked whether the SIP demonstration was a one-time exercise or if it would be periodically reviewed. Eric responded that it was good to question how SIPs changed through time. He thought that changes in industry would be monitored through the permitting program. Bob added that as a point source pollutant SO₂ doesn't necessarily increase with population.

V. ARMB RULEMAKING/SIP ACTIONS: Deb Wolfe updated the group on the status of current rules. She said the De Minimis rule was finalized last spring and has been sent in to EPA. It is currently awaiting SIP action. Deb said the annual Incorporation by Reference (IBR) rules were initiated October 3. The hearing will be December 6. At the December 3 BER meeting, the Opening Burning and Revocation rules will be initiated. She explained that the open burning rule was being changed to allow piles to be moved in order to be burned. Deb said the revocation rule would allow DEQ to publish a public notice revoking the permits of companies that went out of business while owing air quality permit fees. This would save the Department time and expense from continued bill collection. Don Quander asked whether any of the IBR information now anticipated has to do with greenhouse gases. Vickie Walsh responded that possibly next year at this time some GHG rule reference may be included in the IBR.

VI. LEGISLATIVE UPDATE: Chuck Homer talked about issues pertinent to the upcoming legislative session. He said that ARMB was not backing any bills. He said LC0420 concerning the permitting of equipment involved in wood chipping and grinding in forests would be of interest. He said ARMB did not expect any budget increase and that the Department would be watching funding changes. Chuck also did not expect any increase in federal funds in the next biennium. Don Allen asked about whether the appropriations regarding fees would be the same as last time. Chuck replied that ARMB didn't have the final budget figures yet, but did not expect an increase and said it might be slightly less.

Don Quander asked about DEQ's obligation to the Western Climate Initiative (WCI) as a signed member of that group's effort in California to support Cap and Trade market efforts. Chuck replied that DEQ's work with WCI mostly involved the Planning Division within the agency, but he was not aware of any new commitments. There may be significant changes over the next six months, he said.

VII. ADDITIONAL BUSINESS: Hal Robbins said that a number of facilities received a CAA Section 114 letter from EPA asking for information regarding regional haze. He wondered if there had been any discussion about DEQ taking the program back. Dave Klemp related that in meetings he had with his counterparts in other states, he was told that other states had spent considerable time and money on regional haze with no assurance of approval. He said he thought EPA would like Montana to take the program back. He said we lost considerable funding by giving up Regional Haze and there might be an opportunity, if funding were restored and other conditions met, to take it back. It would require a lot of collaboration within the agency and with stakeholders. Tom Livers added that adequate funding would be a necessary condition to taking the program back and that it was dropped as an unfunded EPA requirement. He also said that EPA reduced ARMB's funding by the amount it would have cost them to run the program resulting in a net loss for DEQ.

Don Quander asked how DEQ would proceed if Congress were to delay EPA's timeline for GHG monitoring. Vickie Walsh said the Department would examine the legal authority and interpret the situation. She said she felt confident in ARMB staff being prepared to meet the January 2, 2011

changes. If the situation remains the same between January and July, ARMB would do more outreach training to prepare facilities to meet the new requirements. She commented that permitting timeframes don't change, so when a PSD permit has to be issued, the situation at the time will be a determining factor. BACT will still be a case-by-case determination. She encouraged CAAAC members to share information with DEQ. Don Quander asked whether permits done by December 31, 2010 would be "grandfathered" in to the new system. Vickie thought so. She said the October 5 training session was intended to help facilities address the problem of when things had to be done. Don asked what would happen within ARMB if the Legislature prevents money from being spent on GHG regulation. Vickie commented that ARMB has not asked for any new resources. She is concerned that if new PSD permits are required, ARMB would be short staff and not be able to increase FTE. However, she hopes to continue to rely on the flexibility within the permitting and compliance staff. Don also commented that some speculation saw a delay in both permit requests and permit completion resulting from these uncertain conditions. Vickie agreed that implementation of GHG regulation would be especially difficult if Montana and EPA had different PSD regulations. Still, she thought that ARMB would still be able to continue to meet permitting deadlines. Don said he hoped this dialog would continue actively for the next six months. Confirming this was his last CAAAC meeting, Vickie thanked Don Quander for his dedication over the years in working with DEQ staff.

Eric asked for other questions and getting none, concluded the meeting. At Dave Klemp's suggestion, the next meeting was tentatively scheduled for the end of January or early February to deal with any legislative issue that may arise. Eric asked CAAAC members to contact him with possible suitable dates nearer that time.