

## [DRAFT] U.S. EPA's Relaxation of Federal Air Permitting

The United States Environmental Protection Agency (U.S. EPA) has announced a series of changes via policy guidance that, if applied, would relax current federal New Source Review (NSR) and Title V permitting requirements and, as a consequence, are not protective of air quality. **These policy guidance documents are not binding on California air districts implementing approved NSR programs and thus do not require the districts to make any changes or modifications to their current approved programs.**

In summary, U.S. EPA has issued guidance indicating that it will:

- No longer inspect NSR emissions projections made by operators to determine NSR applicability, abdicating enforcement authority under the Clean Air Act.
- Allow "project netting" in NSR applicability calculations to determine if a single project will cause a significant emissions increase, making it less likely that projects will trigger permitting as a major modification under federal NSR.
- Use a source's "autonomy with respect to its own permitting obligations"<sup>1</sup> as the sole criterion for evaluating "common control" between related sources in stationary source aggregation determinations, making it more likely that related sources will be treated as separate, smaller sources, thus avoiding major source requirements.
- Use geographic and physical proximity as the sole criterion for determining whether two related stationary sources are adjacent, also making it more likely that related sources will be treated as separate, smaller sources.
- Replace decades of guidance on project aggregation for NSR applicability determinations in favor of a "substantially related" test. While this change may appear neutral on its face, the example provided by U.S. EPA in its application of the test shows a bias toward project disaggregation compared to past guidance.

The California Air Resources Board (CARB) provides this guidance to advise and assist California's air districts in understanding these policy changes and their implications, if any, for air permitting and NSR programs in California. As noted above and acknowledged by U.S. EPA in their policy announcements, states and air districts are not bound by these changes where those permitting authorities implement the NSR programs in place of U.S. EPA. Efforts to adopt or modify district NSR rules in reliance on these guidance documents would be inadvisable, lest they run afoul of the Protect California Air Act of 2003.<sup>2</sup>

<sup>1</sup> "Meadowbrook Energy and Keystone Landfill Common Control Analysis" (p. 8, April 30, 2018 letter). Available at [https://www.epa.gov/sites/production/files/2018-05/documents/meadowbrook\\_2018.pdf](https://www.epa.gov/sites/production/files/2018-05/documents/meadowbrook_2018.pdf).

<sup>2</sup> The Protect California Air Act (PCAA) of 2003 prohibits a district from modifying its NSR rule(s) to be less stringent than the version existing on December 30, 2002 (Health & Safety Code, §§ 42500 - 42507). In passing the PCAA, the Legislature recognized the importance of NSR in reducing air pollution in California and that any weakening therein would undermine the progress made in air quality and threaten public health. (*Id.* § 42501(b), (c), (g).) The Legislature recognized that NSR is "a cornerstone of the state's efforts to reduce pollution from new and existing industrial sources," and made clear that a departure from that program's rigor

## 1. NSR Emissions Projections<sup>3</sup> Memo.

U.S. EPA announced it will no longer review emissions projections made by operators to determine NSR applicability. U.S. EPA will only take enforcement action, if any, related to NSR applicability after a facility has been operating for five or ten years, and only if U.S. EPA then finds that actual emissions data indicate that a significant emissions increase or a significant net emissions increase did in fact occur.

The new policy is misguided on a number of levels. First, it places virtually unchecked trust in operators to assess NSR applicability correctly, and it may tempt regulated sources to be less cautious and conscientious in their emissions projections in light of an assumed reduced likelihood of enforcement. For U.S. EPA, it changes the compliance focus of NSR from being a pre-construction review program that implements pollution controls at the most health-protective and cost-effective time (i.e., when a project is built) into a retrospective assessment of compliance after the damage is done and, potentially, after the expiration of what courts may deem the applicable statute of limitations. Moreover, the belief that the actual emissions in the years following construction of a project would validate a regulated source's projected actual emissions is questionable. An economic downturn may depress business operations during the lookback period or an owner or operator may artificially manage the source's emissions (to stay below some source-devised amount that would not be enforceable), so that the actual emissions during the period are not representative of a properly executed projection of emissions.

U.S. EPA's memorandum does not limit the enforcement authority or enforcement discretion of California's regulatory authorities. By its own terms, **state and local permitting authorities are not required to adopt the revised policy in administering their permitting programs: "in states with EPA-approved NSR programs, the state and local regulations**

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"reneges on the promise of clean air embodied in the federal Clean Air Act ... and thereby threaten[s] the health and safety of the people of the State of California." (*Id.* § 42504.) These principles are consistent with the federal Clean Air Act's remedial purposes. (See, e.g., 42 U.S.C. § 7401.) Accordingly, the PCAA established a floor for the stringency of NSR regulations in California, and the California Air Resources Board (CARB) was tasked with acting as a backstop: if CARB finds, after a public hearing, that an NSR rule or regulation is less stringent than that which existed on December 30, 2002, CARB must adopt rules necessary to establish equivalency. (Health & Safety Code, § 42504(a).) In light of the PCAA's purposes to "protect public health and welfare" from air pollution and to ensure that decisions to permit air pollution are made "only after careful evaluation" (*id.* § 42501(c), (g)), as well as responsibilities under the federal Clean Air Act, NSR regulations in California should be interpreted in a protective manner consistent both with the principles of the PCAA and with the Clean Air Act. However, U.S. EPA's proposed policy changes do not seem to require modifications to air districts' NSR rules, so the PCAA should not be immediately implicated by the policy changes themselves.

<sup>3</sup> "New Source Review Preconstruction Permitting Requirements: Enforceability and Use of the Actual-to-Projected-Actual Applicability Test in Determining Major Modification Applicability" (December 7, 2017 memorandum). Available at: [https://www.epa.gov/sites/production/files/2017-12/documents/policy\\_memo.12.7.17.pdf](https://www.epa.gov/sites/production/files/2017-12/documents/policy_memo.12.7.17.pdf).

that the EPA has approved into the [State Implementation Plan (SIP)] are the governing federal law.”

## 2. Project Emissions Netting<sup>4</sup> Memo.

In the 2002 federal NSR reforms, U.S. EPA codified a clear two-step NSR applicability process in the Code of Federal Regulations (CFR). This applicability process identifies a major modification at an existing major stationary source if there is both a significant emissions increase at the project level (step one) and a significant net emissions increase facility-wide (step two). If a project will not cause a significant emissions increase in step one, the project is not subject to NSR, rendering the more extensive step two calculation unnecessary. Only emissions increases from the project are considered in the first step. If the project does result in a significant emissions increase, then an emissions netting analysis is conducted in the second step, factoring in total contemporaneous and creditable emissions increases and decreases at the entire facility.<sup>5</sup>

On March 13, 2018, U.S. EPA issued a memorandum announcing that the original and longstanding interpretation of the significant emissions increase calculation (step one) should be revised to allow project emissions accounting, a self-styled renaming of “project netting.” U.S. EPA asserted that the project emissions decreases now to be netted in the first step would not have to be creditable or enforceable, which is inconsistent with requirements for emissions decreases used for netting in the second step. By this guidance, projects may avoid or circumvent NSR through an easier, unchecked and unenforceable off-ramp in step one of the applicability calculations.

The procedure for how to calculate whether a project is causing a significant emissions increase is contained in 40 C.F.R. 52.21(a)(2)(iv)(a) through (f). The new policy relies on the phrase “sum of the difference” in (iv)(c) and (iv)(d), arguing that the phrase implies that any emissions decreases caused by a project should be subtracted from the emissions increases to obtain a net emissions change at the project level. Besides weakening NSR, this new interpretation is not compatible with the current regulatory language and not supported by U.S. EPA’s own guidance and interpretive history dating back decades.

First, selective interpretation of regulatory language is invalid. The paragraphs prescribing the calculation procedure for projects involving only existing units [(iv)(c)] and projects involving only new units [(iv)(d)] must be read consistently with the paragraph involving both new and existing units [(vi)(f)]. Paragraph (iv)(f) clearly states that a significant emissions increase is determined by a “the sum of emissions increases from each unit” and adds “using

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<sup>4</sup> “Project Emissions Accounting under the New Source Review Preconstruction Permitting Program” (March 13, 2018 memorandum). Available at [https://www.epa.gov/sites/production/files/2018-03/documents/pea\\_nsr\\_memo\\_03-13-2018.pdf](https://www.epa.gov/sites/production/files/2018-03/documents/pea_nsr_memo_03-13-2018.pdf).

<sup>5</sup> 40 C.F.R. §§ 51.165(a)(2)(ii), 52.21(a)(2)(iv).

the method specified in paragraphs (a)(2)(iv)(c) through (d)...” Since paragraph (iv)(f) explicitly excludes netting, it cannot mean that the methods it then references in paragraphs (iv)(c) and (iv)(d) are intended to allow for netting. To read project netting into “sum of the difference,” as U.S. EPA now proposes to do, creates a contradiction between paragraphs (iv)(c) and (iv)(d) and paragraph (iv)(f). Thus, the current regulatory language does not support project emissions netting.

Second, U.S. EPA’s new interpretation shows arbitrary disregard for the labels in the regulation itself, namely, that the calculation in step one is labeled as the “significant emissions increase,” while the calculation in step two is labeled the “significant net emissions increase.” U.S. EPA’s new interpretation cannot be reconciled with the rationale for using the word “net” to describe step two to distinguish it from step one.

Contrary to U.S. EPA’s opinion, historic implementation does not support project emissions netting. The U.S. EPA NSR Workshop Manual<sup>6</sup> provides clear guidance for how this calculation has worked since at least 1990, and how U.S. EPA intended the 2002 NSR applicability calculations to work. The manual explains regulatory-compliant procedures for determining whether a project is a major modification. As it states, the threshold requirement is to identify “the emissions increases (but not any decreases) from the proposed project.”<sup>7</sup> Project decreases are not allowed to be factored in until they are considered along with source-wide contemporaneous increases and decreases, and only if they are enforceable and creditable. In 2006, U.S. EPA proposed a “significant regulatory action” that sought comment on rule changes that would allow project netting.<sup>8</sup> The proposal was abandoned, but the use of rulemaking procedures shows that U.S. EPA did not consider the current regulatory language to allow for project netting. In 2009, U.S. EPA affirmed its interpretation that project netting was not allowed by explaining:

#### IV. Project Netting

In [U.S. EPA’s] September 14, 2006 proposal, we proposed a regulatory change to enable emissions decreases from a project to be included in the calculation of whether a significant emissions increase will result from the project. We refer to this NSR concept as “project netting.”

...We are still considering whether and how to proceed with the project netting proposal. Until we decide on how to proceed with the 2006 proposal for project

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<sup>6</sup> U.S. EPA, New Source Review Workshop Manual (DRAFT October 1990). Available at <https://www.epa.gov/nsr/new-source-review-publications>. The NSR manual has served as a longstanding guide on NSR requirements and policy. While it is not a binding U.S. EPA regulation, U.S. EPA values it as an accepted reference material for its thinking on issues relating to NSR.

<sup>7</sup> *Id.* at p. A-45. See also *id.* at A-36 (emphasizing the threshold examination of increases “without considering any decreases”) and A-34. (“...if a significant increase in actual emissions...occurs....the “net emissions increase” of that pollutant must be determined.”)

<sup>8</sup> 71 Fed.Reg. 54235 (Sept. 14, 2006).

netting, *there is no change in how the Agency views project netting.*<sup>9</sup> (emphasis added)

Finally, U.S. EPA previously made a comprehensive and cogent refutation of the claim that project netting is allowed in the significant emissions increase calculation in a 2010 letter from Barbara A. Finazzo, U.S. EPA Region 2, to Kathleen Antoine, HOVENSA, LLC.<sup>10</sup> Since that letter is readily available online, those arguments will not be repeated here.

It should be noted that the project emissions netting policy change only affects NSR permitting programs under the permitting authority of the U.S. EPA; in California, this includes approximately half of the Prevention of Significant Deterioration (PSD) programs as well as Tribal NSR programs. For districts implementing PSD through a delegation agreement with U.S. EPA or a limited-applicability SIP-approved rule with a federal implementation plan (FIP), the terms of the delegation agreement or FIP may control how the new policies are applied in practice.

**For California air districts with approved programs, existing SIP-approved NSR rules are the governing federal law. To the extent that the air districts' rules are approved into the SIP to accord complete NSR permitting authority, the districts are responsible for interpreting their own regulations, and U.S. EPA's changes have no automatic or binding impact. For districts that incorporate CFR sections by reference, the prevailing interpretation of the CFR at the time of rule adoption continues to apply.**<sup>11</sup>

### 3. Stationary Source Determinations – Common Control<sup>12</sup> Guidance.

In a letter addressed to the Pennsylvania Department of Environmental Protection, U.S. EPA announced a reinterpretation of "common control" for source determinations in NSR and Title V permitting. "Common control" in part guides the determination of whether multiple related projects or sources are considered one aggregated stationary source for permitting purposes.

Two or more related pollutant-emitting activities or sources can be grouped into a single stationary source if the activities are of the same industrial grouping, the activities are located

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<sup>9</sup> 74 Fed.Reg. 2376 (Jan. 15, 2009).

<sup>10</sup> "Re: HOVENSA Gas Turbine Nitrogen Oxides (GT NOx) Prevention of Significant Deterioration (PSD) Permit application – Emission Calculation Clarification" (Mar. 30, 2010). Available at <https://www.epa.gov/sites/production/files/2015-07/documents/stp1net.pdf>.

<sup>11</sup> CARB is generally prohibited by the California Administrative Procedure Act and Office of Administrative Law regulations from "rolling incorporation." In other words, incorporations by reference must be to a specific, dated version of a document, and do not automatically incorporate any future changes to that document. The air districts may have similar requirements.

<sup>12</sup> "Meadowbrook Energy and Keystone Landfill Common Control Analysis" (April 30, 2018 letter). Available at [https://www.epa.gov/sites/production/files/2018-05/documents/meadowbrook\\_2018.pdf](https://www.epa.gov/sites/production/files/2018-05/documents/meadowbrook_2018.pdf).

on contiguous or adjacent properties, and the activities are under common control.<sup>13</sup> “Common control” is not defined by regulation or statute. In evaluating “common control,” U.S. EPA has previously been guided by the dictionary definition of “control,” the approach of the Securities and Exchange Commission (SEC) in similar contexts, and case-by-case considerations, emphasizing that substantial influence by one entity over another’s operations could result in a finding of common control.<sup>14</sup> As such, U.S. EPA has long maintained, and determined in practice, that findings of control were to be made on a case-by-case basis.<sup>15</sup>

Though U.S. EPA still seems to maintain that findings of common control should be made on a case-by-case basis, its letter asserts a different standard for assessing control. The letter retains the core of the SEC definition (the power to direct), but states that U.S. EPA now will evaluate an entity’s “autonomy with respect to its own permitting obligations” and would not inquire as to whether one entity had substantial influence over another entity, even though it has regularly done so in the past. This approach would likely preclude the consideration of contractual relationships for supplying raw or intermediate materials, the use of which produces regulated emissions, which in turn affects whether another entity must obtain or comply with permitting obligations. It may even allow wholly-owned subsidiaries to argue they are not under common control if they have autonomy over their own permitting. U.S. EPA believes that the new standard for assessing control addresses the potential for supposed inconsistent or inequitable outcomes because of the many factors that must be taken into account when determining, on a case-by-case basis, whether or not common control is occurring between two stationary sources.

U.S. EPA’s new policy may give license to NSR circumvention by outlining a way for adjacent, related businesses to organize themselves to ensure that they will not be treated as a single major source, even when their combined actions and emissions would have single source treatment under U.S. EPA’s prior common control inquiry. Existing major sources may be able to manipulate their ownership structures (e.g., spin off assets and parts of facilities to a newly formed entity) and apply to disaggregate their single major source into potentially two or more minor sources. On paper, sources could show they have no common owner and therefore no common control per U.S. EPA’s letter. These sources may request permit restructuring and relaxation or removal of applicable requirements. Emissions increases may thereby become more likely, as, generally speaking, air pollution controls and mitigations are less stringent on minor sources compared to major sources.

Source determination is, as U.S. EPA repeatedly acknowledges, a fact-specific, case-by-case assessment. The new federal approach could instead result in oversimplified, unduly narrow

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<sup>13</sup> 40 C.F.R. §§ 51.165(a)(1), 51.166(b)(6), 52.21(b)(6), 70.2, 71.2.

<sup>14</sup> E.g., 45 Fed.Reg. 59874, 59878 (Sept. 11, 1980); Letter from William A. Spratlin, Director, Air, RCRA, and Toxics Division, EPA Region 7, to Peter R. Hamlin, Chief, Air Quality Bureau, Iowa Department of Natural Resources (Sept. 18, 1995).

<sup>15</sup> 45 Fed.Reg. at 59878.

source determinations that would likely weaken controls. **To the extent that U.S. EPA has approved the air districts' Title V and NSR programs, the air districts have primary authority to make these source determinations and are not bound to follow U.S. EPA's opinions. In its letter, U.S. EPA explicitly states that "[t]his document is not a rule or regulation, and the statements herein are not binding on state or local permitting authorities."**

#### 4. Stationary Source Determinations – Interpreting "Adjacent."<sup>16</sup>

U.S. EPA's September 4, 2018 draft memorandum proposes to interpret "adjacent" to refer strictly to physical proximity, noting that "proximity . . . generally conveys the concept of side-by-side or neighboring (with allowance being made for some limited separation by, for example, a right of way)." U.S. EPA also urges state and local permitting authorities to use physical proximity as the sole criterion when "assessing whether a given pair or set of operations are adjacent for title V and NSR source determinations."

U.S. EPA's rationale relies on a Sixth Circuit Court decision in *Summit Petroleum Corp. v. United States EPA, et al.* (2012).<sup>17</sup> At issue was whether Summit Petroleum's gas processing plant and the flares, gas wells, and interconnecting pipeline spread over a 43-square-mile area constituted a single stationary source. In its decision, the court vacated U.S. EPA's use of functional interrelatedness as a criterion for evaluating adjacency and directed U.S. EPA to evaluate "adjacent" solely in terms of physical and geographic proximity.<sup>18</sup> In response to the court's decision, U.S. EPA issued a directive to all its Regional Air Divisions that it would continue to consider functional interrelatedness in areas outside the Sixth Circuit.<sup>19</sup> In 2014, the District of Columbia Circuit Court vacated U.S. EPA's directive in *National Environmental Development Association's Clean Air Project v. United States EPA*, stating that 40 CFR 56.3 requires uniform implementation of policies across the Regional Offices.<sup>20</sup> U.S. EPA responded by amending 40 C.F.R. 56.3, adding subsection (d), to accommodate inter-circuit nonacquiescence, allowing U.S. EPA to limit adverse court decisions, such as the Six Circuit's *Summit* decision, to geographic areas within that jurisdiction.<sup>21</sup> Thus, the *Summit* decision does not apply nationally.

Moreover, in attempting to make strict physical proximity the sole factor in determining adjacency, U.S. EPA's draft guidance conflicts with decades of U.S. EPA guidance answering

<sup>16</sup> "Interpreting "Adjacent" for New Source Review and Title V Source Determinations in All Industries Other Than Oil and Gas" (September 4, 2018 draft memorandum). Available at [https://www.epa.gov/sites/production/files/2018-09/documents/draft\\_adjacent\\_policy\\_memo\\_9\\_04\\_2018.pdf](https://www.epa.gov/sites/production/files/2018-09/documents/draft_adjacent_policy_memo_9_04_2018.pdf).

<sup>17</sup> (6th Cir. 2012) 690 F.3d 733.

<sup>18</sup> *Id.* at 751.

<sup>19</sup> Memorandum: "Applicability of the Summit Decision to EPA Title V and NSR Source Determinations" from Stephen D. Page, Director, Office of Air Quality Planning and Standards, December 21, 2012.

<sup>20</sup> (D.C. Cir. 2014) 752 F.3d 999, 1011.

<sup>21</sup> 81 Fed.Reg. 51103.

the *Alabama Power*<sup>22</sup> court's admonishment that, first and foremost, a source should be understood to comport with the common-sense notion of a plant. With its strict focus on physical proximity, especially to the extent of only recognizing an allowance for limited separation with the sole provided example of a right of way, U.S. EPA's adjacency guidance reduces, and perhaps eliminates, the "common-sense notion of a plant" concept, except possibly as a dis-aggregation principle. Facilities could have the same ownership, be in the same industry, and be connected by dedicated rail lines or other means of conveyance that enable them to operate together, and nonetheless not be considered as one stationary source under this proposed guidance simply because they are physically just far enough away from each other.

The draft memorandum acknowledges that the proposed guidance is optional and "does not create any binding requirements on state and local permitting authorities. **"States with approved NSR and Title V permitting programs remain responsible for determining in the first instance whether in their discretion specific facilities are adjacent. They are not required to apply the interpretation set forth in this memorandum."** Therefore, air districts may continue to assess functional relatedness in their stationary source determinations without regard to this recent guidance.

#### 5. Project Aggregation for NSR – 2009 NSR Aggregation Action<sup>23</sup>

NSR applicability determinations are made on a project basis, and permitting authorities must decide what emission producing activities, modifications, or equipment belong to a project. This may include aggregating activities or modifications where appropriate so that sources do not piecemeal their permit applications to avoid triggering major modifications under NSR. U.S. EPA has historically characterized permits issued under improper project separation as "sham" permits subject to revocation. U.S. EPA has provided many valuable guidance documents to permitting authorities on this matter.<sup>24</sup>

<sup>22</sup> *Alabama Power Co. v. Costle* (D.C. Cir. 1979) 636 F.2d 323.

<sup>23</sup> 83 Fed.Reg. 57324.

<sup>24</sup> The list of accumulated project aggregation guidance below is from a National Association of Clean Air Agencies (NACAA) November 13, 2006 letter addressed to U.S. EPA, opposing the proposed rule, "Prevention of Significant Deterioration (PSD) and Nonattainment New Source Review (NSR): Debottlenecking, Aggregation, and Project Netting." Since the NACAA letter is not available online, that list is reproduced here as a reference:

- October 21, 1986 memo titled, "Applicability of PSD to Portions of a Plant Constructed in Phases Without Permits;" available at <https://www.epa.gov/sites/production/files/2015-07/documents/woutprmt.pdf>.
- June 13, 1989 memo titled, "Guidance on Limiting Potential to Emit in New Source Permitting;" available at <https://www.epa.gov/sites/production/files/2015-07/documents/limitpotl.pdf>.
- June 28, 1989 *Federal Register* Notice Promulgating Revisions to 40 CFR Parts 51 and 52, (54 Fed.Reg. 27274, 27280-27281);
- September 18, 1989 memo titled, "Request for Clarification of Policy Regarding the Net Emission Increase;" available at <https://www.epa.gov/sites/production/files/2015-07/documents/request.pdf>.



U.S. EPA now appears to be veering away from this substantial collection of guidance. On November 15, 2018, U.S. EPA published a notice of final action in the Federal Register titled “Prevention of Significant Deterioration (PSD) and Nonattainment New Source Review (NNSR): Aggregation; Reconsideration,” which revives what U.S. EPA is now calling the “2009 NSR Aggregation Action” (Action) from January 15, 2009. The Action recommends air permitting authorities aggregate emissions from activities<sup>25</sup> only when they are “substantially related.” Indicators of projects being “substantially related” include an apparent technical or economic connection between projects. Projects occurring more than three years apart are presumed not to be substantially related.

Although U.S. EPA asserts that the Action is not “materially different” from previous guidance, it is incongruous with a previous cornerstone of guidance on NSR aggregation determinations, “Applicability of New Source Review Circumvention Guidance to 3M – Maplewood, Minnesota” (3M). U.S. EPA states that 3M would fail the “substantially related” test under the Action. While purporting to be consistent with longstanding guidance, U.S. EPA contradicts itself by illustrating how the Action should be used to produce a result contrary to longstanding guidance. Since the new “substantially related” criterion is significantly inconsistent with past guidance, permitting authorities will need to wait for U.S. EPA to issue letters and memos explaining examples of its application and test cases to fill out its meaning. For this reason, at present, the Action provides less guidance than the collection of memoranda and documents it is replacing and should not be relied upon by itself.

A complete analysis of the problems with earlier versions of the Action have been pointed out in comment letters from NACAA (previously cited) and the Natural Resources Defense Council.<sup>26</sup> Those letters make points that are still relevant to this Action but will not be repeated here. However, the overarching concern is the same: the Action seems to narrow the range of permissible factors that a permitting authority may consider to determine if nominally separated projects are in fact one.

As the Action does not make any changes to regulatory text and merely attempts to consolidate and reinterpret past guidance memoranda on project aggregation, U.S. EPA acknowledges in the notice that adoption of the Action is optional. **Districts are not required to apply the interpretation set forth in the notice. Therefore, air districts may**

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- October 1990 Draft NSR Workshop Manual, pages A.36 and A.37; available at <https://www.epa.gov/sites/production/files/2015-07/documents/1990wman.pdf>.
  - June 17, 1993 memo titled, “Applicability of New Source Review Circumvention Guidance to 3M – Maplewood, Minnesota;” available at <https://www.epa.gov/sites/production/files/2015-07/documents/maplwood.pdf>.

<sup>25</sup> Nominally separate activities are understood to be a two or more proposed projects that by themselves are below the NSR applicability threshold but in aggregate could trigger NSR.

<sup>26</sup> Natural Resources Defense Council, January 30, 2009 letter to U.S. EPA Administrator Lisa Jackson; Available at: [https://www.nrdc.org/sites/default/files/air\\_09021201a.pdf](https://www.nrdc.org/sites/default/files/air_09021201a.pdf).

**continue to assess project aggregation in their NSR determinations without regard to the Action.**

## **Conclusion**

U.S. EPA has announced questionable NSR changes through guidance memoranda and letters. Wherever it exercises permitting authority, U.S. EPA's revised interpretations will degrade air quality by making fewer projects subject to federal NSR, which, in turn, means fewer projects will be subject to Lowest Achievable Emission Rate (nonattainment NSR), Best Available Control Technology (PSD), federal offsetting requirements (nonattainment NSR), ambient air quality analysis (PSD), public participation (nonattainment NSR and PSD), and Title V permitting requirements. Particularly when considered together, these policy changes substantially undermine the rigor of the NSR program and thus are inconsistent with our commitments to protect public health and the spirit, if not the letter, of the Clean Air Act<sup>27</sup> as well as the Protect California Air Act of 2003. However, to the extent the air districts are the designated permitting authority, the air districts are not bound by these changes.

### Links:

- 1: NSR Emissions Projections Memo
- 2: Project Emissions Netting Memo
- 3: Stationary Source Determinations – Common Control Guidance
- 4: Stationary Source Determinations – Interpreting “Adjacent”
- 5: Project Aggregation for NSR – 2009 NSR Aggregation Action

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<sup>27</sup> §§ 110(l), 193.