PENGAD 800-631-6989 AQD EXHIBIT 5

AQD Exhibit 5. Direct Testimony for Hearing regarding amendments to comply with the GHG Tailoring Rule

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Caption

Thank you, Mr. Hearing Officer, Chairman Deichman, and members of the Board. My name is Neal Butt. I am an Environmental Health Scientist with the Air Quality Division, Control Strategies Section. I am here

In The Matter Of The Petition To Amend 20.11.61 NMAC, *Prevention Of Significant Deterioration*; 20.11.42 NMAC, *Operating Permits*; And 20.11.1 NMAC, *General Provisions.* The Amendments To 20.11.42 NMAC Are Proposed As A Revision to the Title V Operating Permit Program, And the Amendments to 20.11.61 NMAC And 20.11.1 NMAC Are Proposed As A Revision to the New Mexico State Implementation Plan for Air Quality (SIP).

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Reasons for Proposed Amendments to 20.11.61 NMAC, *Prevention of Significant Deterioration*; 20.11.42 NMAC, *Operating Permits*; and 20.11.1 NMAC, *General Provisions*.

The proposed amendments are required pursuant to the *Prevention of Significant Deterioration* (PSD) *& Title V Greenhouse Gas* (GHG) *Tailoring Rule*, which was issued on May 13th, published on June 3rd and became effective August 2nd of this year [FR Vol. 75, No. 106, 31514-31608]. This rule "tailors" the applicability criteria that determines which GHG emissions sources become subject to the PSD and Title V programs of the CAA, to ensure that only the largest emitters of GHG are required to obtain PSD and Title V air quality permits for GHGs. Potential sources in Bernalillo County include power plants, refineries, cement manufacturing, etc. In addition, language found at 20.11.42.12.A.(2) NMAC, *Timely*

Application, has been deleted to conform to 40 CFR 70.5, *Permit Applications*, and 20.2.70 NMAC, *Operating Permits* (State of New Mexico).

The Clean Air Act (CAA) PSD and Title V permitting thresholds (triggers) for criteria pollutants (lead, sulfur dioxide, nitrogen dioxide, carbon monoxide, ozone and particulate matter) are 100 and 250 tons per year (tpy) respectively, depending upon the type of emissions (100 TPY for Title V, and 250 TPY for PSD, except for 28 categories listed in EPA regulations for which the PSD threshold is 100TPY). Although these thresholds are appropriate triggers for criteria pollutant permits, they are too low for an effective permit trigger for GHG emissions (CO_2, CH^4, N_2O, HFCs, PFCs and SF_6) because GHGs are emitted in significantly greater volumes (i.e. 75,000-100,000 tpy).

Under existing federal law, unless states and local agencies adopt the Tailoring Rule amendments by January 2, 2011 (Light-Duty Vehicle Rule takes effect), stationary sources that emit as little as 100 or 250 tpy of GHGs will automatically trigger (require) complex new Title V permits or PSD permits (requiring costly best available control technology or "BACT"). This has the potential to affect many sources within Bernalillo County, including sources that otherwise would only be required to obtain minor source permits (e.g., 20.11.41 NMAC, *Authority-to-Construct*) or no permit at all. The type of sources that would emit 250 TPY of GHG in Bernalillo County include boilers found at APS and at medium and larger size office complexes.

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Step 1 of the Tailoring Rule (1/2/11-6/30/11): **PSD permits**: no new Tailoring Rule permitting actions will be triggered based solely on GHG emissions. Only sources undertaking permitting actions "anyway" for other pollutants must also address GHGs under the Tailoring Rule; the "anyway" sources will be subject to PSD requirements only if the sources increase GHG emissions by 75,000 tpy CO_2e or more. This is not expected to affect any sources in Bernalillo County. **Title V permits**: "only existing sources with, or new sources obtaining, Title V permits for non-GHG pollutants will be required to address GHGs during this first step." The types of Title V sources permitted in Bernalillo County that emit a large amount of GHGs include cement plants and power plants. [Bernalillo County has nine Title V sources, two of which are also PSD sources]

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Step 2 of the Tailoring Rule (7/1/11-6/30/13): **PSD permits**: Sources subject to GHG permitting under Step 1 will continue to be subject to GHG permitting requirements under Step 2. GHG sources that emit or have potential to emit at least 100,000 tpy CO_2e will be subject to PSD requirements. "In addition, sources that emit or have the potential to emit at least 100,000 TPY CO_2e and that increases net emissions (physical change or a change in the method of operation) of GHGs by at least 75,000 TPY CO_2e will also be subject to PSD requirements." This is unlikely to affect any PSD sources in Bernalillo County. **Title V permits**: Sources subject to GHG permitting under Step 1 will continue to be subject to GHG permitting requirements under Step 2. GHG sources that emit or have potential to emit

at least 100,000 tpy CO_2e will be subject to Title V requirements. Bernalillo County does have sources that emit 100,000 TPY of GHG, and these sources already have a Title V permit.

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Step 3, **PSD and Title V**: In the Tailoring Rule, EPA commits to complete another rulemaking by 7/1/12, after soliciting comment on streamlining and exclusion of certain sources. Step 3 will not require permitting of sources with GHG emissions less than 50,000 tpy CO_2e before 4/30/16.

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Comments received by the Air Quality Division from the public and EPA, regarding the proposed drafts, are shown as AQD Exhibits 4a, and AQD Exhibit 8 respectively. The Air Quality Division has responded to these comments by proposing floor amendments to the Public Review Drafts, to address these issues, shown as AQD Exhibit 7. We feel that we have satisfactorily addressed all substantive issues raised by EPA and the public.

Therefore, the Environmental Health Department of the City of Albuquerque, by and through the Air Quality Division (AQD), respectfully requests the Albuquerque-Bernalillo County Air Quality Control Board (Air Board) to adopt amendments to 20.11.61 NMAC, *Prevention of Significant Deterioration*; 20.11.42 NMAC, *Operating Permits*; and 20.11.1 NMAC, *General Provisions*, as amended by Staff Proposed Floor Amendments shown as AQD Exhibit 7. The Amendments to 20.11.42 NMAC will be submitted to EPA as a revision to the Title V Operating Permit Program, and

the Amendments to 20.11.61 NMAC and 20.11.1 NMAC will be submitted to EPA as a revision to the SIP.

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Questions

That concludes my testimony, and I would like to have exhibits 1 through 7 moved into the record, and I stand for questions.