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TITLE 326 AIR POLLUTION CONTROL BOARD

FIRST NOTICE OF COMMENT PERIOD #05-197(APCB)

DEVELOPMENT OF NEW RULES CONCERNING CERTAIN SOURCE CATEGORIES EMITTING VOLATILE ORGANIC COMPOUNDS

PURPOSE OF NOTICE

The Indiana Department of Environmental Management (IDEM) is soliciting public comment on new rules proposed to be added to 326 IAC 8 concerning volatile organic compound (VOC) emissions from four specific source categories that are currently subject to 326 IAC 8-1-6. Another option under consideration would apply 326 IAC 8-1-6 requirements to any facility with potential to emit VOC being constructed at a new or modified source that has VOC emissions greater than 25 tons per year, is located in an ozone nonattainment area, and is not regulated elsewhere in 326 IAC 8. IDEM seeks comment on the affected citations listed and any other provisions of Title 326 that may be affected by this rulemaking.

CITATIONS AFFECTED: 326 IAC 8-1; 326 IAC 8-5.

AUTHORITY: IC 13-14-8; IC 13-14-9-7; IC 13-17-3-4; IC 13-17-3-11.

SUBJECT MATTER AND BASIC PURPOSE OF RULEMAKING

Basic Purpose and Background

The purpose of this rulemaking is to increase the clarity, predictability, and timeliness of air permits for certain new sources of VOC emissions. Currently, new facilities not regulated by a provision in 326 IAC 8 that have potential emissions of 25 tons or more per year of VOC are required to reduce VOC emissions using best available control technology (BACT). 'Facility' is defined at 326 IAC 1-2-27 to mean individual pieces of equipment, a structure, or installation. Establishing BACT is a case-by-case determination based on the maximum reduction in emissions that is technically feasible, while taking into account energy, environmental, and economic impact. Such analyses are time intensive, cause delays in permit issuance, and do not always provide predictability to the permit applicant. Establishing industry specific BACT standards in place of case-by-case BACT analyses improves the clarity, predictability, and timeliness of permit decisions involving sources that are currently subject to 326 IAC 8-1-6.

This rulemaking will establish specific control options for at least four specified source categories with potential emissions of 25 tons or more per year of VOC in lieu of a case-by-case specific BACT analysis and determination under 326 IAC 8-1-6. IDEM is also considering revising the applicability of BACT under 326 IAC 8-1-6 to any new facility with potential to emit VOC being constructed at a 'source' that has VOC emissions greater than 25 tons per year, located in an ozone nonattainment area, and not regulated elsewhere in 326 IAC 8.

The specific control options for the four source categories are based on current control requirements that IDEM has established for 326 IAC 8-1-6 BACT determinations for ethanol production, foundry core operations, heatset web offset lithographic printing presses, and soybean oil extraction. This list of control options is not exclusive, nor does it take into account pollution prevention strategies which IDEM may accept as BACT.

Ethanol production

- Wet Scrubber
- Flare
- Regenerative Thermal Oxidizer
- Recuperative Thermal Oxidizer

Foundry core operations

- Acid Scrubber

Heatset web offset lithographic printing presses

- Regenerative thermal oxidizer

Soybean oil extraction

- Catalytic Oxidizer

- Wet Scrubber
- Flare
- Regenerative Thermal Oxidizer

IDEM solicits comments from the four source categories referenced above and from any other person currently subject to 326 IAC 8-1-6 regarding control options that can be established as BACT standards for industries other than the four specified. Recognizing that industry variations may preclude certain sources within the four specified source categories from using this rulemaking's suggested control options, IDEM also solicits comments specifying language allowing the commissioner to designate alternative control options as BACT.

IDEM proposes to create four new sections within 326 IAC 8-5: one for each of the four source categories. The new sections will include language specifying applicability and control options. Language specifying general compliance and record keeping and reporting requirements would be added to existing language in 326 IAC 8-1-10, 326 IAC 8-1-11, or 326 IAC 8-1-12. IDEM solicits comments on the placement of this rulemaking's language within 326 IAC 8.

IDEM also solicits comments on revising the applicability of 326 IAC 8-1-6. All new or modified facilities with potential to emit VOC at sources with VOC emissions greater than 25 tons per year, located in an ozone nonattainment area, and not regulated elsewhere in 326 IAC 8, may be affected by this rulemaking.

Alternatives To Be Considered Within the Rulemaking

Alternative 1.

Specify control options for four specified source categories currently subject to 326 IAC 8-1-6.

- Is this alternative an incorporation of federal standards, either by reference or full text incorporation? No.
- Is this alternative imposed by federal law or is there a comparable federal law? Yes. 326 IAC 8-1-6 (BACT determination) is a part of Indiana's federally approved SIP.
- If it is a federal requirement, is it different from federal law? No.
- If it is different, describe the difference. N/A.

Alternative 2.

Specify control options for other source categories currently subject to 326 IAC 8-1-6.

- Is this alternative an incorporation of federal standards, either by reference or full text incorporation? No.
- Is this alternative imposed by federal law or is there a comparable federal law? Yes. 326 IAC 8-1-6 (BACT determination) is a part of Indiana's federally approved SIP.
- If it is a federal requirement, is it different from federal law? No.
- If it is different, describe the difference. N/A.

Alternative 3.

Revise applicability of 326 IAC 8-1-6 to include a new or modified facility with potential to emit VOC at a source with VOC emissions greater than 25 tons per year, located in an ozone nonattainment area, and not regulated elsewhere in 326 IAC 8.

- Is this alternative an incorporation of federal standards, either by reference or full text incorporation? No.
- Is this alternative imposed by federal law or is there a comparable federal law? Yes. Federal law requires states to implement strategies to meet federal air quality standards. Emissions from small sources can hamper efforts to reach and maintain attainment, so IDEM is considering revising the current rule so that 326 IAC 8-1-6 BACT applies to any new emission unit, not otherwise subject to 326 IAC 8, installed at a source operating in an ozone nonattainment area, and emitting greater than 25 tons per year of VOC.
- If it is a federal requirement, is it different from federal law? No.
- If it is different, describe the difference. N/A.

Alternative 4.

Continue to have all source categories comply with 326 IAC 8-1-6.

- Is this alternative an incorporation of federal standards, either by reference or full text incorporation? No.
- Is this alternative imposed by federal law or is there a comparable federal law? Yes. 326 IAC 8-1-6 is a part of Indiana's federally approved SIP.
- If it is a federal requirement, is it different from federal law? No.
- If it is different, describe the difference. N/A.

Applicable Federal Law

For the four specified source categories currently subject to 326 IAC 8-1-6, this rulemaking will maintain the requirement of BACT under 326 IAC 8-1-6, which has been approved by the U.S. Environmental Protection Agency (U.S. EPA) as part of Indiana's SIP for VOC, while improving the clarity, predictability, and timeliness of permit decisions. Through approval of the SIP, U.S. EPA approves Indiana's strategies to meet federal air quality standards. To ensure federal approval, Indiana is proposing to revise the existing rule to indicate that BACT under 326 IAC 8-1-6 applies to any facility being constructed at a new or modified source that has VOC emissions greater than 25 tons per

year, is located in an ozone nonattainment area, and is not regulated elsewhere in 326 IAC 8. Indiana will request U.S. EPA to approve these rules.

Potential Fiscal Impact

This rule will reduce the time and cost of preparing an application to install new equipment and will reduce the time necessary to obtain approval to install that equipment. This rule will provide predictability that will help sources more quickly adapt to market opportunities and be more competitive in the marketplace. Specific source categories currently subject to 326 IAC 8-1-6 will have to adopt control requirements generally consistent with current IDEM BACT determinations. The change from a case-by-case BACT determination to a specific set of standards in a rule should not result in an increased fiscal impact, but the impact possible industry variations have on the specific emission limitations of the control options will need to be examined in the course of this rulemaking.

For the four source categories, the fiscal impact is represented by the cost of the control options. The control technology recommended from previous IDEM BACT determinations for the four source categories that are the subject of this rulemaking is listed above, but, as already emphasized, should not be considered the only control options IDEM will consider during this rulemaking. Because of the specialized operating parameters of each source category, only cost estimates are provided. The cost estimates are provided by U.S. EPA's Clean Air Technology Center.

Dollar amounts represent the cost of treating 1000 cubic feet per minute of air flow.

Control Option	Capital Costs	Operating and Maintenance Costs	Annualized Costs
Wet Scrubber	\$11,000-\$55,000	\$15,000-\$50,000	\$17,000-\$80,000
Recuperative Thermal Oxidizer	\$12,000-\$100,000	\$5,000-\$25,000	\$8,000-\$45,000
Flare	\$12,000-\$2,000,000	\$1,000-\$9,000	\$3,000-\$300,000
Regenerative Thermal Oxidizer	\$35,000-\$150,000	\$4,000-\$20,000	\$8,000-\$42,000
Catalytic Oxidizer	\$20,000-\$90,000	\$4,000-\$25,000	\$8,000-\$50,000
Thermal Oxidizer	\$25,000-\$90,000	\$5,000-\$75,000	\$8,000-\$100,000
Acid Scrubber	\$4,000-\$10,000	\$3,000-\$40,000	\$5,000-\$70,000

This rulemaking will result in a fiscal impact for a source that has VOC emissions greater than 25 tons per year, is located in an ozone nonattainment area, is not regulated elsewhere in 326 IAC 8, and is constructing a new or modified facility.

IDEM is specifically asking for comments on the cost and savings that would be realized if any or all of these changes are adopted.

Small Business Assistance Information

IDEM established a compliance and technical assistance (CTAP) program under IC 13-28-3. The program provides assistance to small businesses and information regarding compliance with environmental regulations. In accordance with IC 13-28-3 and IC 13-28-5, there is a small business assistance program ombudsman to provide a point of contact for small businesses affected by environmental regulations. Information on the CTAP program, the monthly CTAP newsletter, and other resources available can be found at www.in.gov/idem/ctap.

Small businesses affected by this rulemaking may contact the Small Business Regulatory Coordinator:

Sandra El-Yusuf
IDEM Compliance and Technical Assistance Program
OPPTA - MC60-04
100 N. Senate Avenue, W-041
Indianapolis, IN 46204-2251
(317) 232-8578
selyusuf@idem.IN.gov

The Small Business Assistance Program Ombudsman is:

Eric Levenhagen
IDEM Small Business Assistance Program Ombudsman
External Affairs - MC50-01
100 N. Senate Avenue, IGCN 1301
Indianapolis, IN 46204-2251
(317) 234-3386
elevenha@idem.IN.gov

Public Participation and Workgroup Information

At this time, no workgroup is planned for the rulemaking. If you feel that a workgroup or other informal discussion on the rule is appropriate, please contact Sky Schelle, Rules Section, Office of Air Quality at (317) 234-3533 or (800) 451-6021 (in Indiana).

STATUTORY AND REGULATORY REQUIREMENTS

IC 13-14-8-4 requires the board to consider the following factors in promulgating rules:

- (1) All existing physical conditions and the character of the area affected.
- (2) Past, present, and probable future uses of the area, including the character of the uses of surrounding areas.
- (3) Zoning classifications.
- (4) The nature of the existing air quality or existing water quality, as the case may be.
- (5) Technical feasibility, including the quality conditions that could reasonably be achieved through coordinated control of all factors affecting the quality.
- (6) Economic reasonableness of measuring or reducing any particular type of pollution.
- (7) The right of all persons to an environment sufficiently uncontaminated as not to be injurious to human, plant, animal, or aquatic life or to the reasonable enjoyment of life and property.

REQUEST FOR PUBLIC COMMENTS

At this time, IDEM solicits the following:

- (1) The submission of alternative ways to achieve the purpose of the rule.
- (2) The submission of suggestions for the development of draft rule language.

Mailed comments should be addressed to:

#05-197(APCB)[8-1-6]

Sky Schelle

c/o Rules Section Administrative Assistant

Rules Section

Office of Air Quality

Indiana Department of Environmental Management

100 North Senate Avenue

Indianapolis, Indiana 46204.

Hand delivered comments will be accepted by the IDEM receptionist on duty at the 10th floor reception desk, Office of Air Quality, Indiana Government Center-North, 100 North Senate Avenue, Indianapolis, Indiana.

Comments may be submitted by facsimile at the IDEM fax number: (317) 233-2342, Monday through Friday, between 8:15 a.m. and 4:45 p.m. Please confirm the timely receipt of faxed comments by calling the Rules Section at (317) 233-0426.

COMMENT PERIOD DEADLINE

Comments must be postmarked, faxed, or hand delivered by August 31, 2005.

Additional information regarding this action may be obtained from Sky Schelle, Rules Section, Office of Air Quality, (317) 234-3533 or (800) 451-6027 (in Indiana).

Kathryn A. Watson, Chief
Air Programs Branch
Office of Air Quality