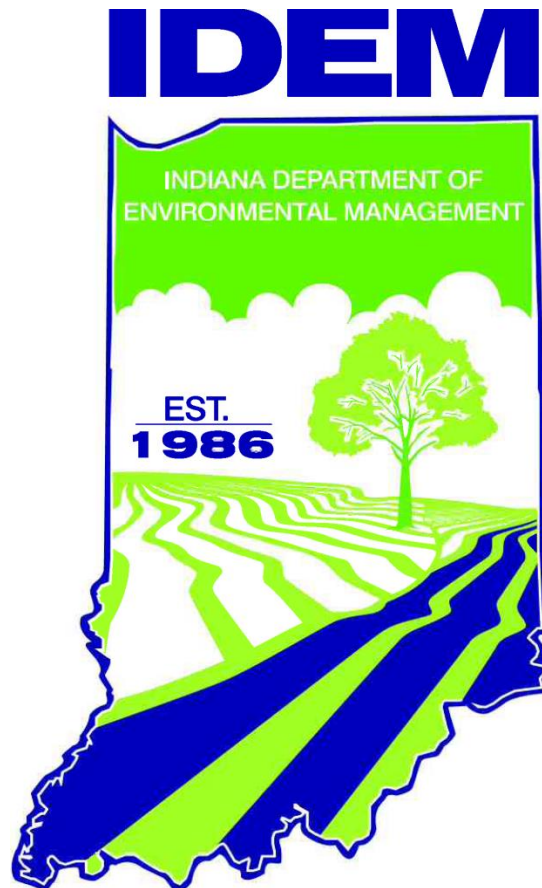


Office of Air Quality

Report to the Environmental Rules Board on Air Permitting Programs

as required by 326 IAC 2-7-19, 326 IAC 2-1.1-8 and IC 13-17-13-3



December 11, 2024

for permit activity during the State Fiscal Year 2024 (FY24):
July 1, 2023- June 30, 2024

Report to the Environmental Rules Board on Air Permitting Programs

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Introduction to Consolidated Air Board Report on Permitting

The Indiana Department of Environmental Management's permitting programs are crucial to the successful implementation of Indiana's pollution control laws. Those affected by these programs - the regulated community, the general public, state and local officials, and the staff at the Indiana Department of Environmental Management (IDEM) - are interested in how these programs are implemented. The IDEM has been very active in providing information on the department's progress in improving the implementation of the various permit programs. In addition to supplying information requested by various groups, the Office of Air Quality (OAQ) reports annually to the Environmental Rules Board as required by state law.

Three provisions in the state law: 326 IAC 2-7-19 regarding the permit programs that implement Title V of the federal Clean Air Act; 326 IAC 2-1.1-8 on permit decisions subject to timeliness deadlines; and IC 13-17-13-3 regarding the streamlined Enforceable Operating Agreements require the OAQ to report on various aspects of our air permit program. Originally, the required information was presented in one report with three sections, with a separate section for Title V, NSR and Enforceable Operating Agreements. Beginning with the report for 1999, the reports have been integrated into one report that contains all the information required by the three different provisions of state law. In addition, the report also contains additional information that is not required by the underlying legal provisions but is relevant to the implementation of the programs. This report covers the State Fiscal Year 2024, which began July 1, 2023, and ended June 30, 2024.

The public and interested parties can obtain more information regarding OAQ's construction and operating permit programs via the IDEM website: <https://www.in.gov/idem/airpermit/>. Information on this site includes:

- a link to IDEM's online permit guide, and
- Air Quality Permits Status Search, offering an opportunity to check on the status of permit applications and view and download draft and final permit documents using "real time" data.

Background and Overview

Historically, the Air Permits Branch was responsible for implementing Indiana's **New Source Review Program** (also called Construction Permits), which permitted new sources and modifications to existing sources. This program had several levels of approvals, based on emissions.

In 1996, the Branch began implementing the Operating Permit programs that resulted from Title V of the 1990 Clean Air Act Amendments, known as the **Title V Operating Permit Program**. The U.S. EPA granted interim approval for Indiana's Title V operating permit program on December 14, 1995, and OAQ obtained full EPA approval of the program December 4, 2001. This new program has enabled the Agency to draft a compliance tool (the Title V permit) for the permittee, the Agency, and the public that serves as a single reference for all air pollution related requirements applicable to the permitted source. As a result, the OAQ has been reviewing, standardizing, and updating air operating permits for all significant point sources of air pollution in our state. Compliance rates will increase and emissions to the air will decrease as a result of the permits focus on monitoring environmentally significant operations.

Since 1990, the OAQ has worked with interested parties to develop relevant legislation, rules, applications, and model language that will be used to implement Indiana's air operating permit programs. Approximately 1700 sources were affected by these programs in 1990. As new sources have been built, and others have closed, that number has grown to approximately 2000. Almost 700 of these sources, predominantly major sources of air pollution, have already obtained or will be obtaining the permits specifically described by Title V of the Clean Air Act. Sources that would otherwise be required to obtain these Title V permits are covered by permit programs that are specially designed for smaller sources. These programs - Federally Enforceable State Operating Permits (FESOP), Source Specific Operating Agreements, (SSOA) and Permit by Rule - establish limits on a source's potential to emit air pollution to below Title V applicability thresholds. These programs achieve the most practical benefits of the full Title V program with streamlined procedures and lower fees. Title V requires that the direct and indirect cost of these programs be supported by permit fees established by the states.

The **Federally Enforceable State Operation Permit (FESOP)** allows sources to limit their air emissions below the Title V threshold levels. A FESOP is somewhat less complex than a Title V permit and can provide more operational flexibility. Conditions in a FESOP are enforceable by U.S. EPA as well as by IDEM. The OAQ has issued 1338 FESOPs as of June 30, 2024, and 27 FESOPS during FY24.

The **Source Specific Operating Agreement (SSOA) Program**, established under 326 IAC 2-9, addresses specific types of sources that, if emissions were unlimited, would have a potential to emit (PTE) at thresholds greater than the major source thresholds for any criteria or hazardous air pollutants. However, the nature of the sources makes it possible to establish realistic operating conditions to limit the PTE to considerably less than major source thresholds. These conditions are specifically established by rule significantly streamlining the application, review, and approval process. The source categories in this program are:

- Surface Coating and Graphic Arts Operations
- Woodworking Operations
- Abrasive Cleaning Operations
- Grain Elevators
- Sand and Gravel Plants
- Crushed Stone Processing Plants
- Ready-Mix Concrete Batch Plants
- Coal Mines and Coal Preparation Plants
- Automobile Refinishing Operations
- Degreasing Operations
- External Combustion Sources
- Internal Combustion Sources

Sources receiving an approval under 326 IAC 2-9 are exempt from the major operating permit program and are not required to submit a Title V or Federally Enforceable State Operating Permit (FESOP) application. OAQ has issued 1492 SSOAs as of June 30, 2024, and 34 SSOAs during FY24.

The **Permit by Rule** program, established under 326 IAC 2-10, exempts certain very small sources from the requirement to obtain an operating approval due to the minimal amount of emissions generated by the source. These sources include all sources that have actual emissions less than 20% of the major source thresholds (without the use of emission controls) as established in 326 IAC 8-2-10. The Permit by Rule program also establishes, under 326 IAC 2-11, the following specific source categories:

- Gasoline Dispensing
- Grain Elevators
- Grain Processing or Milling

By rule, sources under the Permit by Rule Program are not required to submit an application, notify the OAQ or get an approval. These operations are required to produce ordinary business records upon the request of IDEM. IDEM can then verify that the source meets the requirements of the rules. Some sources do choose to notify IDEM and request an acknowledgement letter. During FY24, OAQ issued acknowledgement letters to the 2 sources that requested them.

On December 25, 1998, rules became effective that essentially created a unitary permit system, in which only brand-new sources will receive a Construction permit. All other types of modifications to existing sources receive an Amendment, Modification, or Revision to their existing Operating Permit. To most effectively implement federal requirements for sources that have a Title V permit, the OAQ issues separate permits for construction and operation. Permit Accountability, the requirement that approvals be issued within statutorily prescribed timeframes, still applies to agency permit actions in essentially the same manner as before.

The charts on the following pages show more detailed information on permit activity on:

Operating Permit Programs

First time Title V Operating Permits

Minor Operating Permits

Significant Modifications to Title V Operating Permits

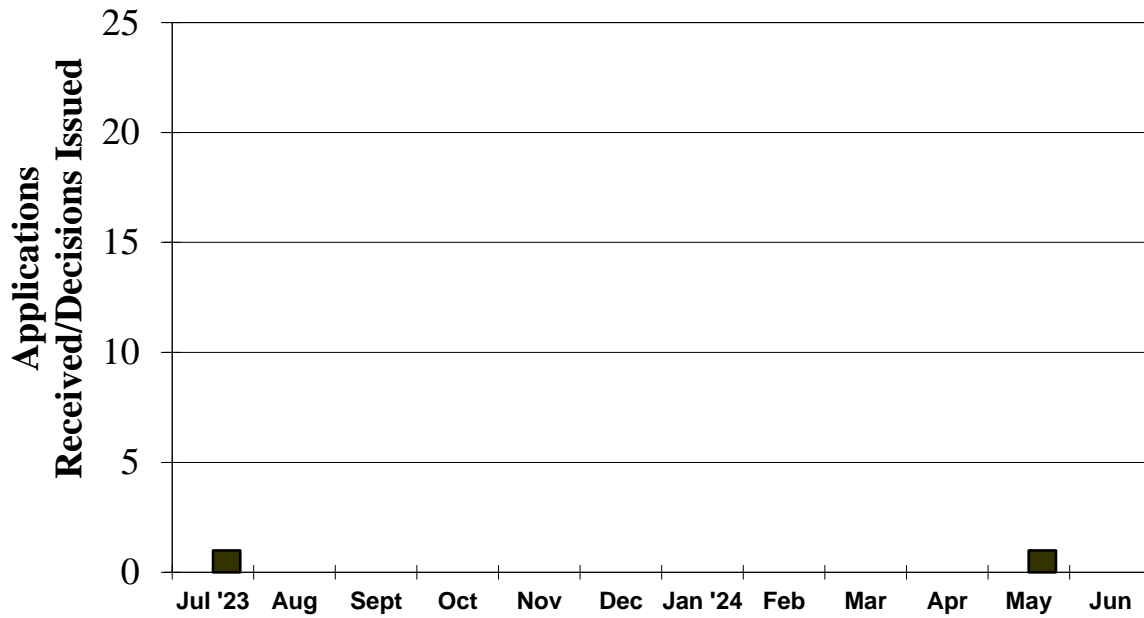
New Source Review Program

New Construction/Source Modifications

Federal Air Construction Permits

First Time Title V Operating Permits

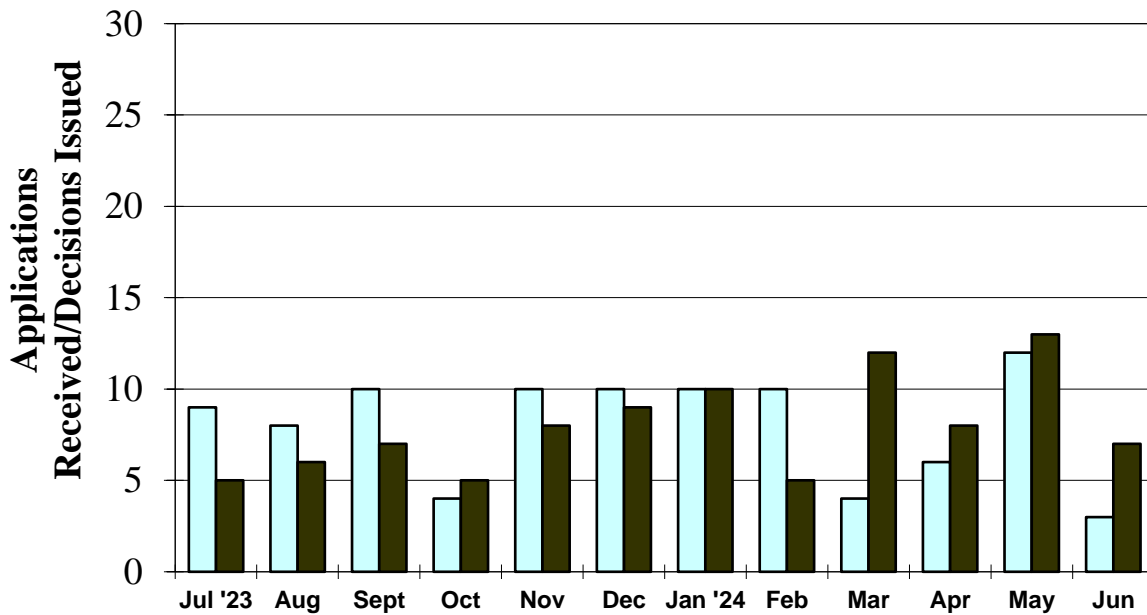
This chart represents first time Title V Operating permits only. The chart does not include those Title V applications received as part of a combined construction permit/operating permit approval, such as Title V/New Source Review, which are instead tracked as construction permits on page 8. The chart includes ALL permit decisions, including applications which were combined, withdrawn, or cancelled.



Applications	Jul '23	Aug	Sept	Oct	Nov	Dec	Jan '24	Feb	Mar	Apr	May	Jun	Total
Received	0	0	0	0	0	0	0	0	0	0	0	0	0
Final Decisions	1	0	0	0	0	0	0	0	0	0	1	0	2
Pending (not shown)	1	1	1	1	1	1	1	1	1	1	0	0	

Minor Operating Permits

This chart shows Minor Source Operating Permits (MSOP), the Source Specific Operating Agreements (SSOAs), and Federally Enforceable State Operation Permits (FESOPs). The 1998 rules required existing minor sources without a valid permit to apply for an approval by December 27, 1999. Existing minor sources with operating permits were required to apply by December 26, 2000. The chart does not include those FESOP and MSOP applications received as part of a combined construction permit/operating permit approval, such as FESOP or MSOP with New Construction, which are tracked as construction permits (see page 8). Decisions include permits issued as well as applications withdrawn, combined or denied.

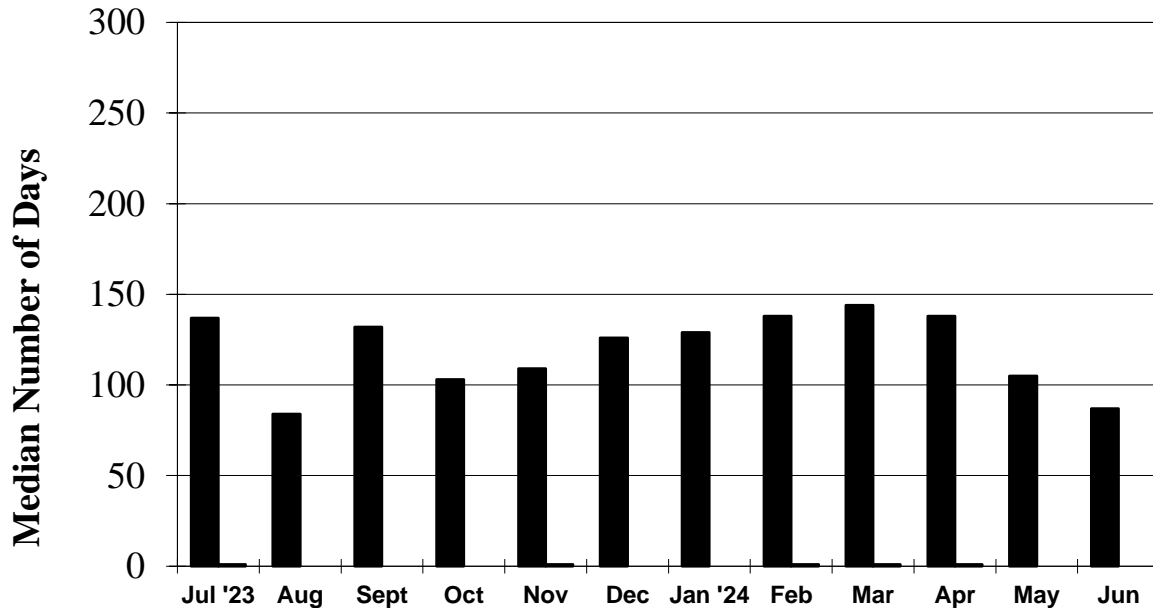


Applications	Jul '23	Aug	Sept	Oct	Nov	Dec	Jan '24	Feb	Mar	Apr	May	Jun	Total
Received	9	8	10	4	10	10	10	10	4	6	12	3	96
Final Decisions	5	6	7	5	8	9	10	5	12	8	13	7	95
Pending (not shown)	26	28	31	30	32	33	33	38	30	28	27	23	

Of the 95 minor source permit decisions made in FY24, 8 were Source Specific Operating Agreements (SSOAs).

Significant Modifications to Title V Operating Permits: 270-day deadline

This chart shows approvals for modifications to existing Title V permits. Approvals for modifications to existing sources with Title V permits is a two-step process: source modification approval and permit modification approval. Pre-construction approvals for modifications to "sources" are tracked on page 8.

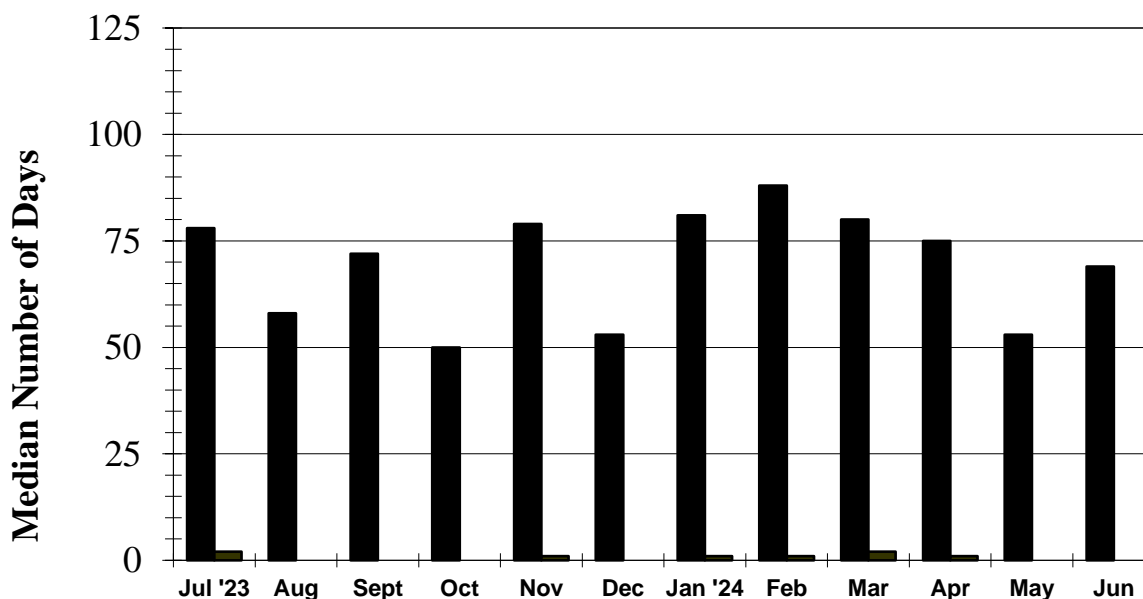


Applications	Jul '23	Aug	Sept	Oct	Nov	Dec	Jan '24	Feb	Mar	Apr	May	Jun	Total
Median # of Days to Issue	137	84	132	103	109	126	129	138	14	138	105	87	
#Past 270 Days*	1	0	0	0	1	0	0	1	1	1	0	0	5
Actual # Modifications Issued	12	8	8	12	8	9	16	5	10	5	5	8	106
Total Applications Received	5	9	13	8	9	4	6	7	9	7	7	10	94
Total Decisions	12	8	9	13	8	11	16	6	10	5	6	8	112
Total Applications Pending	55	55	56	49	49	41	34	39	33	37	44	37	

* There is no statutory deadline for the approval of Title V significant permit modifications; instead, 326 IAC 2-7-12(d)(2) states that IDEM shall complete review of the majority of significant permit modifications within nine (9) months after receipt of a complete application.

New Construction/Source Modifications updated

The first table reports the number of permits **subject to the 120-day deadline** which were approved, and the median number of days it took to issue those permits, which also is depicted in the bar graph.



	Jul '23	Aug	Sep	Oct	Nov	Dec	Jan '24	Feb	Mar	Apr	May	Jun	Total
Median # of days to issue	78	58	72	50	79	53	81	88	80	75	53	69	
# of Permits past deadline	2	0	0	0	1	0	1	1	2	1	0	0	8
# of permit approvals issued	13	10	17	10	12	15	19	8	19	18	17	20	178

The second table represents the total number of applications received, decisions issued, and applications pending for all levels of construction approvals, including: New Construction Permits, Interim Construction Permits, Registrations, applications for combined construction/operating permits (such as FESOP/NSR (Federally Enforceable State Operating Permit/New Source Review), as well as requests for modifications to existing sources, including modifications to Title V sources. Modifications to Title V permits are shown on page 7.

	Jul '23	Aug	Sep	Oct	Nov	Dec	Jan '24	Feb	Mar	Apr	May	Jun	Total
Total applications received	29	22	27	22	29	29	25	31	1	28	37	14	314
Total final decisions	19	24	33	16	26	25	31	19	30	27	31	29	290
Total applications pending	100	98	92	98	101	105	99	111	102	103	109	94	

Major New Source Review: 270 Day Review

The OAQ issued the following permits subject to Federal Major New Source Review rules in FY24. All permits subject to permit accountability were issued within the allowable time.

Applicant	County	Date
Toyota Motor Manufacturing Indiana Inc	051	10/24/23
Cargill Inc Soybean Processing Division	157	11/13/23
Wabash Valley Resources LLC	167	1/11/24

The following information regarding permit activity is not shown on the preceding charts but is required by rule to be included in this report:

Permit Application Increase/reduction

During FY24 the OAQ received a total of 1210 permit applications; (0 of the 1210 were reviewed by the Local Air Pollution Control Agencies.)

During FY23 the OAQ received a total of 1173 permit applications; (0 of the 1173 were reviewed by the Local Air Pollution Control Agencies).

This represents a 3.2% increase in the number of applications received.

Public Hearings

The Office of Air Quality conducted 6 public hearings and 2 public meetings during FY24. During this same period last year, the OAQ conducted 0 public hearings and 2 public meetings.

Appeals and Objections

Three approvals were issued to resolve air permit appeal cases and five decisions were appealed in FY24.

Notices of Deficiency/Requests for Additional Information

During FY24, the OAQ emailed, faxed, or mailed 128 Notices of Deficiency.

During FY23, the OAQ emailed, faxed, or mailed 178 Notices of Deficiency.

We no longer have our administrative staff issue an Administrative NOD prior to assigning the application to the permit writer. Instead, administrative deficiencies are addressed by the permit writer as part of a standard NOD that may include other technical deficiencies as well. In addition, because Renewals did not have the separate accountability timeclock that NSR work had, NODs were not specifically identified and tracked in the past. However, given OAQ's initiative to eliminate backlogs, we encouraged staff to document attempts to obtain this information through an NOD. These, and most of the other NODs, are handled through Fax or E-mail rather than mail for improved efficiency.

Description of any monies deposited into the Title V Operating Trust Fund that were obtained by means other than the fees paid under Title V

Only fees collected from Title V, FESOP, and SSOA sources, and interest on these funds have been deposited into the Title V Operating Permit Trust Fund. No other monies have been deposited.

Review of Fee Schedule and Adequacy of Fees Collected

The Commissioner may adjust the fee schedule using the revision of the Consumer Price Index (CPI) which is most consistent with the CPI for calendar year 1995. The Commissioner may also adjust the fee schedule in the event that revenues do not total \$13,700,000. Revenues in FY24 exceeded this amount.

IDEM requested, and the ERB granted, a Title V fee increase in 2023. Senate Bill 155 passed during the 2023 legislative session. This bill revised IC 13-17-3 to allow IDEM to increase the base fee for Title V and FESOP sources to \$6100. The ERB approved the revision to the state rules, to implement this change, in December 2023.

Title V Fund Review

IDEM is required to review the balance of the trust fund as of July 1 and determine, once obligated funds are subtracted, whether the balance of the fund exceeds \$3,000,000. If that amount is exceeded, IDEM must adjust the fee payment schedule for the next billing cycle to return any excess trust fund monies. The IDEM Controller has conducted this review and has determined that the unobligated fund balance in the Title V fund was less than \$3,000,000 as of July 1, 2023.

The fees collected for our Title V program vary from year to year due in part to changes in emissions reported by sources. Given this variability, revenue does not always match expenditures during the fiscal year. To account for this variability, IDEM must carry-over funds and/or expenditures from the previous fiscal year to manage its funding obligations. Title V fees are paid once a year, in the first quarter of each calendar year, however we have additional Title V expenses between the end of the fiscal year and the end the calendar year. The funds remaining in the Title V account on June 30, 2024, are used to cover expenses through the next fee collection period, which will not occur until 2025. Therefore, the remaining balance in the Title V fund is "obligated" for payment of Title V expenses for a portion of the next fiscal year.

The next page shows the status of the Title V Dedicated Fund account, as prepared by IDEM's Controller.

Financial Information

Air Program Permit Fee Collections and Revenues Expenditures

No permit fees were refunded under 326 IAC 2-1.18(m) and (n) in FY24 because there were no late permit decisions. The Auditor's Cash Balance Report is provided below.

Legal Fund: 2760 - Title V Operating Permit Program Trust Fund		
		Net Change
Ending Balance FY22:	\$ 3,281,226.00	
Ending Balance FY23:	\$ 2,170,518.00	\$ (1,110,708.00)
Ending Balance FY24:	\$ 5,150,153.00	\$ 2,979,635.00
FY24 Starting Balance	\$ 2,170,518.00	
Expenditures	\$ (12,085,458.00)	
(Pre)Encumbrances	\$ -	
Revenue*	<u>\$ 15,065,093.00</u>	
Balance a/o end of FY24 (06/30/24)	\$ 5,150,153.00	

* The majority of Title V revenue is collected in January and February

Air Permits Program Improvements and Accomplishments

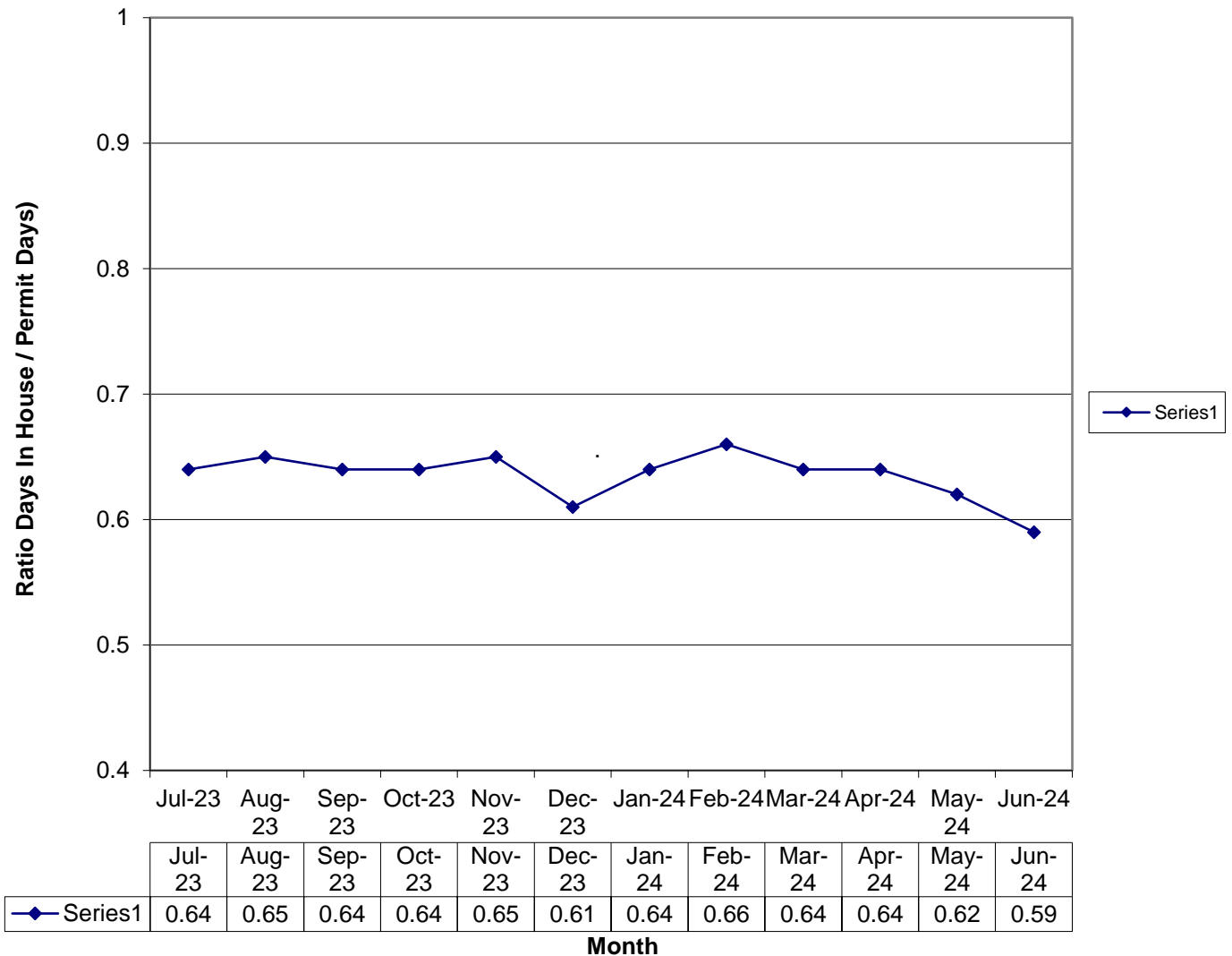
Initial Title V issuance

- ▶ OAQ has issued all the initial Title V permits (applications received before 12/1/01).

Improvement in Metrics

- ▶ In 2006 IDEM began reporting on agency-wide performance metrics to the Governor. The permit goal in previous years was to, on average, issue permits within their respective permit accountability deadlines on a calendar day rather than accountability clock day basis. However, in an effort to improve efficiency in permit issuance rates, a new goal was set. For this report period the goal was to issue permits at or below 75% of the respective permit accountability deadlines on a calendar day basis on an agency-wide average. As the chart at the bottom of this page indicates, OAQ met this goal for the entirety of FY24.

PERMIT METRICS: SUMMARY



Continuous Improvement – Staffing Resources

In FY 2024, we completed the development of a new internal SharePoint modern site (AP2) and went live.

The site, AP2, replaced an antiquated internal site used for drafting and reviewing permits. AP2 has been well received by permit writers, section chiefs and the administrative staff. The new site is easier to maintain, navigate, and has allowed us to streamline portions of the permit drafting and review process. AP2 utilizes the automation functionality of a SharePoint modern site minimizing the need to manually create tasks, permit application libraries, and update data in multiple locations, thus eliminating time and error.

AP2 was so successful, we replaced a 2nd SharePoint Site that housed the training, template, guidance and models used by permit writers to draft permits and supporting documents and used by the OAQ, Compliance and Enforcement Branch as reference material. We incorporated Enforcement Referrals generated by the Air Permits Branch electronically on this site. By utilizing the automation functionality of a SharePoint Modern site the Enforcement Referral process is streamlined in a manner that benefits both the Air Permits and Compliance and Enforcement Branches. We are continuing to move information into this new SharePoint site.

Continuous Improvement – Training & Mentoring

In FY 2024, OAQ continued to make minor adjustments to the process and improvements to our training program.

IN FY 2024 we continued to adjust the Permit Writer Onboarding Manual based on feedback from new permit writers, existing permit writers, and section chiefs.

As always, we strive to be aware of opportunities to developed new documents and implemented training geared specifically towards the SEM1s and EE1s to ensure consistency across sections. Our SEM1/EE1 workgroup continues to provide suggestions on improvements and take on the task of providing opportunities that foster a team spirit.

OAQ Permit Branch Form Updates

OAQ has not been able to invest resources into a project to review and improve our application forms. Due to limited staffing to assign this type of work to, this is a long-term project.

Permit Template Tool (PTT)

The Air Permits Branch uses a Microsoft Word Macro created in the early 2000's to generate a template for all TV, FESOP, and MSOP permits issued. The macro creates the cover page, sections A, B, and C based on data entered into an Excell spreadsheet. The model does not retain entered data, consistently has issues with the newer version

of Word, and just will not work on some computers. In FY 2024, we documented the logic in the macro, created a template, and created an input user interface with instructions. We successfully launched a bid to have a new program created based on newer technologies. We will begin onboarding and working with CROWE – winning bidder – in early 2025. We're very excited to receive the final product!

Permit renewals

The renewal issuance metric for the EPA TOPs report was updated in FY 2021. In FY 2024 we continued to focus on meeting the new more stringent determination method of the metric. EPA has set a metric of 10%; however, OAQ has set a metric of 0%. OAQ has been able to achieve less than the EPA goal of 10% percent backlog TV renewals. For the December 31, 2023, the TOPs report backlog was 1.26 % (7 renewals). For the June 30, 2024, the TOPs report backlog was 1.47 % (8 renewals). For both time periods the backlogged renewals included: BP Refinery, US Steel Gary Works, Cleveland Cliffs Burns Harbor, and Cleveland Cliffs Indiana Harbor. These are large complex permits that received extensive public comments, often originating from legal organizations. Comments received have been legally and technically detailed and require extensive time, resources, and input from the air modeling section and OLC.

The delay in issuance of these Renewals is offset by the elimination of a pending appeal and the workload reduction on OAQ and OLC staff, which has an overall positive result.

Economic development permits

During FY 2024, OAQ continued its dedication to customer service, allowing for modifications and new construction for companies adapting to the difficult economic conditions. These projects, regardless of the size and scope, have a significant impact on employment and tax-revenue at the local level and expeditious permitting helps in these areas. OAQ remains committed to issuing these and all permit decisions for new sources and modifications of existing sources as timely as possible without compromising quality or public input.