

# ***Statement of Basis***

for the DRAFT CAAPP Permit for:

**Source Name:**

**ExxonMobil Oil Corporation - Lockport Terminal**

Statement of Basis No.: 95090243-1407

I.D. No.: 197810AAL

Permit No.: 95090243

Date Prepared: August 26, 2014

Permitting Authority:

Illinois Environmental Protection Agency  
Bureau of Air, Permit Section  
217/785-1705

This Statement of Basis is being provided to USEPA and any interested parties as required by Section 39.5(8)(b) of the Illinois Environmental Protection Act.

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## **PREFACE**

### **Reason For This Document**

This document is a requirement of the permitting authority in accordance with 502(a) of the Clean Air Act, 40 CFR 70.7(a)(5), and Section 39.5(8)(b) of the Illinois Environmental Protection Act. Section 39.5(8)(b) of the Illinois Environmental Protection Act states the following:

“The Agency shall prepare a ..... statement that sets forth the legal and factual basis for the Draft CAAPP permit conditions, including references to the applicable statutory or regulatory provisions.”

### **Purpose Of This Document**

The purpose of this Statement of Basis is to provide discussion regarding the development of this Draft CAAPP Permit. This document would also provide the permitting authority, the public, the source, and the USEPA with the applicability and technical matters that form the basis of the Draft CAAPP Permit.

### **Summary Of Historical Actions Leading Up To Today's Permitting Action**

Since the last Renewal CAAPP Permit issued on November 8, 2002, the source has also been issued the following: administrative amendment.  
Revision Date Issued: December 1, 2004.

This administrative amendment corrects the spelling of ExxonMobil (no space between the words) and also changes the responsible official. Because the changes in the permit were only administrative, no formal public notice was issued.

### **Limitations**

This Statement of Basis is not enforceable and only sets forth the legal and factual basis for the Draft CAAPP Permit Conditions (Chapters I and II). Chapter III contains supplemental material that would assist in educating interested parties about this source and the Draft CAAPP Permit. The Statement of Basis does not shield the source from enforcement actions or its responsibility to comply with existing or future applicable regulations. Nor does the Statement of Basis constitute a defense to a violation of the Federal Clean Air Act or the Illinois Environmental Protection Act including implementing regulations.

This document does not purport to establish policy or guidance.

## INTRODUCTION

The Clean Air Act Permit Program (CAAPP) is the operating permit program established in Illinois for major stationary sources as required by Title V of the federal Clean Air Act and Section 39.5 of the Illinois Environmental Protection Act. The Title V Permit Program (CAAPP) is the primary mechanism to apply the various air pollution control requirements established by the Clean Air Act to major sources, defined in accordance with Title V of the Clean Air Act. The Draft CAAPP Permit contains conditions identifying the state and federal applicable requirements that apply to the source. The Draft CAAPP Permit also establishes the necessary monitoring and compliance demonstrations. The source must implement this monitoring to demonstrate that the source is operating in accordance with the applicable requirements of the permit. The Draft CAAPP Permit identifies all applicable requirements for the various emission units as well as establishes detailed provisions for testing, monitoring, recordkeeping, and reporting to demonstrate compliance with the Clean Air Act. Further explanations of the specific provisions of the Draft CAAPP Permit are contained in the following Chapters of this Statement of Basis.

The Illinois EPA has focused in on key elements of the permit that relate to the requirements of the CAAPP Program:

- Emissions of:
  - VOM
  - HAP
  
- Emission units:
  - Internal Floating Roof Storage Tanks
  - Truck Loading Racks

In addition, the Illinois EPA has committed substantial resources and effort in the development of an acceptable Statement of Basis (this document) that would meet the expectations of USEPA, Region 5. As a result, this document contains discussions that address applicability determinations, periodic monitoring, streamlining, prompt reporting, and SSM authorizations (as necessary). These discussions involve, where necessary, a brief description and justification for the resulting conditions and terms in this Draft CAAPP Permit. This document begins by discussing the legal basis for the contents of the Draft CAAPP Permit, moves into the factual description of the permit, and ends with supplemental information that has been provided to further assist with the understanding of the background and genesis of the permit content.

It is Illinois EPA's preliminary determination that this source's Permit Application meets the standards for issuance of a "Final" CAAPP Permit as stipulated in Section 39.5(10)(a) of the Illinois Environmental Protection Act (see Chapter I - Section 1.2 of this document). The Illinois EPA is therefore initiating the necessary procedural requirements to issue a Final CAAPP Permit. The Illinois EPA has posted the Draft CAAPP permit and this Statement of Basis on USEPA website:

<http://www.epa.gov/reg5oair/permits/ilonline.html>

## **CHAPTER I – LEGAL BASIS FOR THE PERMIT AND PERMIT CONDITIONS**

### **1.1 Legal Basis for Program**

The Illinois EPA's state operating permit program for major sources established to meet the requirements of 40 CFR Part 70 are found at Section 39.5 of the Illinois Environmental Protection Act [415 ILCS 5/39.5]. The program is called the Clean Air Act Permitting Program (CAAPP). The underlying statutory authority is found in the Illinois Environmental Protection Act at 415 ILCS 5/39.5. The CAAPP was given final full approval by USEPA on December 4, 2001 (see 66 FR 62946).

### **1.2 Legal Basis for Issuance of CAAPP Permit**

In accordance with Section 39.5(10)(a) of the Illinois Environmental Protection Act, the Illinois EPA may only issue a CAAPP Permit if all of the following standards for issuance have been met:

- The applicant has submitted a complete and certified application for a permit, permit modification, or permit renewal consistent with Sections 39.5(5) and (14) of the Illinois Environmental Protection Act, as applicable, and applicable regulations (Section a. below);
- The applicant has submitted with its complete application an approvable compliance plan, including a schedule for achieving compliance, consistent with Section 39.5(5) of the Illinois Environmental Protection Act and applicable regulations (Section b. below);
- The applicant has timely paid the fees required pursuant to Section 39.5(18) of the Illinois Environmental Protection Act and applicable regulations (Section c. below); and
- The applicant has provided any additional information as requested by the Illinois EPA (Section d. below).

#### **a. Application Status**

The source submitted an application for a Renewal CAAPP Permit on September 21, 2012. The source is currently operating under an application shield resultant from a timely and complete renewal application submittal. This Draft CAAPP Permit addresses application content and necessary revisions to meet the requirements for issuance of the permit.

#### **b. Present Compliance Status**

At the time of this Draft CAAPP Permit, there is a pending State case against the source.

1. State Case VN A-2013-00242, the Source received VN on December 6, 2013

On September 16, 2013, Lockport Terminal became aware of a deviation from the emission limit 10 mg of VOC per liter of gasoline loaded for VCU-1. Subsequently Lockport Terminal notified IEPA, repaired the unit, and demonstrated the unit is in compliance through a source test completed on October 25, 2013. As of April 7, 2014, ExxonMobil Lockport Terminal has entered into Compliance Commitment Agreement with IEPA, the source was required to re-

test on May 21, 2014 and submitted the test result on May 21, 2014, the test results are pending to be reviewed by IEPA.

It is Illinois EPA's preliminary decision to wait until the enforcement case is resolved and/or adjudicated (if at all) before including any necessary compliance schedule in the permit as stipulated in any order that may result. In the meantime, Condition 2.7(c) has been included in the permit, which provides a safeguard to ensure that any permit shield or the permit itself may not be used as a defense during any enforcement proceedings and that the requirements of compliance schedule will be complied with at the appropriate time. For an explanation and rationale of this decision, see Chapter III Section 3, Inclusion of Compliance Schedules.

**c. Payment of Fees**

The source is current on payment of all fees associated with operation of the emission units.

**d. Additional Information**

The source provided all the necessary additional application material as requested by the Illinois EPA.

**1.3 Legal Basis for Conditions in the CAAPP Permit**

This industrial source is subject to a variety of Federal and SIP regulations, which are the legal basis for the conditions in this permit (see Sections a. and b. below). Also, the CAAPP provides the legal basis for additional requirements such as periodic monitoring, reporting, and recordkeeping. The following list summarizes those regulations that form the legal basis for the conditions in this Draft CAAPP Permit and are provided in the permit itself as the origin and authority.

**a. Applicable Federal Regulations**

This source operates emission units that are subject to the following Federal regulations.

- 40 CFR Part 60 - Subpart A, NSPS General Provisions
- 40 CFR Part 60 - Subpart Kb, Volatile Organic Liquid (VOL) Storage Vessels (Including Petroleum Liquid Storage Vessels) for Which Construction, Reconstruction, or Modification Commenced After July 23, 1984
- 40 CFR Part 61 - Subpart M, Standard of Asbestos
- 40 CFR Part 63 - Subpart A, NESHAP General Provisions
- 40 CFR Part 63 - Subpart BBBBBB, Source Category: Gasoline Distribution Bulk Terminals, Bulk Plants, and Pipeline Facilities
- 40 CFR Part 82 - Subpart F, Ozone Depleting Substances

**b. Applicable SIP Regulations**

This source operates emission units that are subject to the following SIP regulations:

- 35 IAC Part 201 - Permits And General Provisions
- 35 IAC Part 205 - Emissions Reduction Market System
- 35 IAC Part 212 - Visible And Particulate Matter Emissions
- 35 IAC Part 218 - Organic Material Emis Stnds And Lmtns For The Chicago Area

**c. Other Applicable Requirements**

There are no other applicable requirements for this source.

40 CFR Part 63 Subpart CCCCCC (National Emission Standards for Hazardous Air Pollutants for Source Category: Gasoline Dispensing Facilities) is not applicable to this source because the source is not a gasoline dispensing facility.

**CHAPTER II - FACTUAL BASIS FOR THE PERMIT AND PERMIT CONDITIONS**

**2.1 Source History**

There is no significant source history warranting discussion for this source.

**2.2 Description of Source**

SIC Code: 5171

County: Will

The ExxonMobil Oil Corporation - Lockport Terminal is located at 12909 High Road, Lockport, Will County. The source is a bulk petroleum terminal for various petroleum products. Materials are transferred to the terminal by pipeline and by truck where they may be temporarily stored at the source prior to shipment of the material to different destinations via the pipeline, or distributed to petroleum bulk plants or gasoline dispensing operations located within the surrounding community by way of truck. A truck loading/unloading rack is used to transfer petroleum products from/to the source and to/from the trucks.

The source contains the following processes:

<i>Emission Units</i>	<i>Description</i>
Existing Internal Floating Roof Storage Tanks for Gasoline/Gasoline Blend Stocks) (Non NSPS Tanks)	The Permittee operates external floating roof storage tanks that are required to have a rim-mounted secondary seal to store various petroleum products. Permanent submerged loading must be used at these tanks, minimizing turbulence and evaporation of VOM during loading.
Existing Internal Floating Roof Storage Tanks in Non-Gasoline Service	The Permittee operates internal floating roof storage tanks to store various petroleum products. Permanent submerged loading must be used at these tanks, minimizing turbulence and evaporation of VOM during loading.
Existing Internal Floating Roof Storage Tanks in Non-Gasoline Service	Same Internal Floating Roof Storage Tanks as described above but in non-gasoline service
Truck Loading Rack	The truck loading/unloading rack is used to load and unload various petroleum products and additives. The Permittee operates a loading rack that consists of four bays that include a total of four loading points. The VOM emissions from the truck loading/unloading rack occur when material is loaded into delivery vehicles. A vapor combustion unit is used to capture and control the emissions that occur as a result of displacement of vapors in the delivery vehicles. The VOM emissions from unloading material are accounted for in the working losses of the storage tanks the material is loaded into (Sections 4.1, 4.2 and 4.3), with the exception of fugitive emissions that are attributed to the components, i.e., valves, flanges, etc. associated with the truck loading stations

### **2.3 Single Source Status**

This source does not have any collocated facilities that would be considered a single source with this facility based on information found in the certified application.

### **2.4 Ambient Air Quality Status for the Area**

The source is located in an area that is currently designated nonattainment for the National Ambient Air Quality Standards ozone and PM<sub>2.5</sub> and attainment or unclassifiable for all other criteria pollutants (carbon monoxide, lead, nitrogen dioxide, sulfur dioxide). (See 40 CFR Part 81 - Designation of Areas for Air Quality Planning Purposes)

### **2.5 Source Status**

The source requires a CAAPP permit because this source is considered major (based on its PTE) for the following regulated pollutants: volatile organic material (VOM).

The source also requires a CAAPP Permit because the source is subject to a standard, limitation, or other requirement under Section 111 (NSPS) or Section 112 (HAPs) of the CAA for which USEPA requires a CAAPP Permit, or because the source is in a source category designated by the USEPA. Specifically, this source is subject to 40 CFR Part 60 Subpart Kb and 40 CFR Part 63 Subpart BBBBBB.

This source is considered a natural minor for the following regulated pollutants: PM<sub>10</sub>, PM<sub>2.5</sub>, nitrogen oxides (NO<sub>x</sub>), carbon monoxide (CO), sulfur dioxide (SO<sub>2</sub>) and hazardous air pollutant (HAP).

Based on available data, this source is not a major source of emissions for GHG. ExxonMobil Oil Corporation - Lockport Terminal voluntarily submitted data on its emissions of GHG in its 2012 AER, reporting actual annual emissions of GHG of 1,454.61 tons per year. The emissions consist of 1,454.61 tons of CO<sub>2</sub>, 4.85 tons of N<sub>2</sub>O, and 0.12 tons of methane.

This source is not currently subject to any "applicable requirements", as defined by Section 39.5(1) of the Act, for emissions of greenhouse gases (GHG) as defined by 40 CFR 86.1818-12(a), as referenced by 40 CFR 52.21(b)(49)(i). There are no GHG-related requirements under the Illinois Environmental Protection Act, Illinois' State Implementation Plan, or the Clean Air Act that apply to this facility, including terms or conditions in a Construction Permit addressing emissions of GHG or BACT for emissions of GHG from a major project at this facility under the PSD rules. In particular, the USEPA's Mandatory Reporting Rule for GHG emissions, 40 CFR Part 98, does not constitute an "applicable requirement" because it was adopted under the authority of Sections 114(a)(1) and 208 of the Clean Air Act. This permit also does not relieve the Permittee from the legal obligation to comply with the relevant provisions of the Mandatory Reporting Rule for this facility.

### **2.6 Annual Emissions**

The following table lists annual emissions (tons) of criteria pollutants for this source, as reported in the Annual Emission Reports (AER) sent to the Illinois EPA:

<i>Pollutant</i>	<i>2012</i>	<i>2011</i>	<i>2010</i>
CO	12.12	11.38	12.32
NO <sub>x</sub>	4.85	4.93	4.93
PM	0.02	0.03	0.02
SO <sub>2</sub>	00	00	00
VOM	35.40	35.35	34.06
CO <sub>2E</sub>	1,454.61	427.49	1,476.74
HAP (-)	-	--	--

## 2.7 Fee Schedule

The following table lists the approved annual fee schedule (tons) submitted in the Source's permit application:

<i>Pollutant</i>	<i>Tons/Year</i>
Volatile Organic Material (VOM)	55.0
Sulfur Dioxide (SO <sub>2</sub> )	---
Particulate Matter (PM)	---
Nitrogen Oxides (NO <sub>x</sub> )	13.1
HAP, not included in VOM or (HAP)	---
Total	68.1

## 2.8 SIP Permit Facts (T1 Limits)

CAAPP Permits must address all "applicable requirements," which includes the terms and conditions of preconstruction permits issued under regulations approved by USEPA in accordance with Title I of the CAA (See definition of applicable requirements in Section 39.5(1) of the Illinois Environmental Protection Act). Preconstruction permits, commonly referred to in Illinois as Construction Permits, derive from the New Source Review ("NSR") permit programs required by Title I of the CAA. These programs include the two major NSR permit programs: (1) the Prevention of Significant Deterioration ("PSD") program<sup>1</sup> and (2) the nonattainment NSR program.<sup>2</sup> These programs also encompass state construction permit programs for projects that are not major.

In the CAAPP or Illinois's Title V permit program, the Illinois EPA's practice is to identify requirements that are carried over from an earlier Title I permit into a New or Renewed CAAPP Permit as "TI" conditions (i.e., Title I conditions). Title I Conditions that are revised as part of their incorporation into a CAAPP Permit are further designated as "TIR". Title I Conditions that are newly established through a CAAPP Permit are designated as "TIN". It is important that Title I Conditions be identified in a CAAPP Permit because these conditions will not expire when the CAAPP Permit expires. Because the underlying authority for Title I Conditions comes from Title I of the CAA and their initial establishment in Title I Permits, the effectiveness of T1 Conditions derives from Title I of the CAA rather than being linked to Title V of the A. For "changes" to be made to Title I Conditions, they must either cease to be applicable based on obvious circumstances, e.g., the subject emission unit is permanently shut down, or appropriate Title I procedures must be followed to change the conditions.

- There are no previously issued Construction Permits required to be incorporated into the CAAPP Permit.

- Newly Issued Construction Permits:

<i>Permit No.</i>	<i>Date Issued</i>	<i>Subject</i>
03060042	04/24/2006	Loading Rack and Tanks
09030027	05/26/2009	Midwest Biodiesel Project
12110021	02/20/2013	Ethanol Expansion & Enhanced Emissions Control
13090040	09/25/2013	Alternative Vapor Combustion Unit

- There are no newly issued Construction Permits for projects not yet constructed for this source.
- The Illinois EPA has not established any T1R or T1N Limits in this Draft CAAPP permit.
- Extraneous or Obsolete T1 Conditions:<sup>3</sup>

<i>Construction Permit No.</i>	<i>Condition Number</i>	<i>Subject</i>
03060042 09030027	-	Construction Permit 12110021 established new air emission limits for gasoline, distillate, ethanol and additive storage operations and gasoline and distillate loading operations, superseding those construction Permits 03060042 and 09030027, except for condition 2b(ii) in construction permit 03060042

**CHAPTER III - SUPPLEMENTAL DISCUSSIONS REGARDING THE PERMIT**

The information provided in this Chapter of the Statement of Basis is being provided to assist interested parties in understanding what additional information may have been relied on to support this draft CAAPP permit.

**3.1 Environmental Justice Discussions**

This location has not been identified as a potential concern for Environmental Justice consideration.

**3.2 Emission Testing Results**

The source has performed the following emission testing:

<i>Emission Unit</i>	<i>Date</i>	<i>Pollutant</i>	<i>Effluent VOM Concentration (mg/L)</i>	<i>Permitted Effluent VOM Concentration (mg/L)</i>
Vapor Combustion Unit	10/25/2013	VOM	4.58	10
Vapor Combustion Unit	05/21/2014	VOM	8.9	10

**3.3 Compliance Reports (Annual Certifications, Semiannual Monitoring, NESHP, etc.)**

A review of the source’s compliance reports demonstrates the sources ability to comply with all applicable requirements.

**3.4 Field Inspection Results**

A review of the source’s latest field inspection report dated August 22, 2014 demonstrates the source’s ability to comply with all applicable requirements.

**3.5 Historical Non-Compliance**

There is no historical non-compliance for this source.

**3.6 Source Wide Justifications and Rationale**

<b>Applicable Requirements Summary</b>		
<b>Applicable Requirement</b>	<b>Type</b>	<b>Location</b>
Fugitive Particulate Matter (35 IAC 212.301 and 35 IAC 212.314)	Applicable Standard	See the Permit, Condition 3.1(a)
Ozone Depleting Substance Requirement (40 CFR 82.150(B))	Applicable Work Practice	See the Permit, Condition 3.1(c)
Equipment Leaks (40 CFR 63 Subpart BBBB)	Applicable Work Practice	See the Permit, Condition 3.3
Pump and Compressor Leak Requirements (35 IAC 218.142)	Applicable Work Practice	See the Permit, Condition 3.4

**Particulate Matter Emission**

✓ Monitoring as follows (Condition 3.1(a)(ii))

- o Daily observation upon request
- ✓ Recordkeeping as follows (Condition 3.1(a)(ii)):
  - o Record of observation
- ✓ Reporting as follows (Condition 3.5(a)):
  - o Prompt reporting in 30 days

**Rationale and Justification for Periodic Monitoring**

Periodic Monitoring is sufficient for these emission units because:

- There is a small likelihood of an exceedance.
- Emissions do not vary significantly under normal operation and/or vary slowly with time.
- Source has not exhibited a history of non-compliance.
- Monitoring is consistent with other sources in this source category.

**Organic Material Emission**

- ✓ Monitoring as follows (Condition 3.3 and 3.4)
  - o Monthly leak inspections of all equipment in gasoline service.
- ✓ Recordkeeping as follows (Conditions 3.3 and 3.4)):
  - o Log book of the inspections, repairs or replacements of leaking equipment.
- ✓ Reporting as follows (Condition 3.3(a)(iv)):
  - o Prompt reporting within 15 days
  - o Semiannual compliance report

**Rationale and Justification for Periodic Monitoring**

Periodic Monitoring is sufficient for these emission units because:

- Source has not exhibited a history of non-compliance.
- Monitoring is consistent with other sources in this source category.

**Non-Applicability Discussion**

Complex source-wide non-applicability determinations were not made for this source.

**Prompt Reporting Discussion**

Prompt reporting of deviations for source wide emission units has been established as 30 days. See rationale in Chapter III Section 3.9.

### 3.7 Emission Unit Justifications and Rationale

<b>a. Existing Internal Floating Roof Storage Tanks for Gasoline/Gasoline Blend Stocks) (Non NSPS Tanks)</b>		
<b>Applicable Requirements Summary</b>		
Applicable Requirement	Type	Location
Work Practices and Control Requirements NESHAP Subpart BBBBBB (35 IAC 218.121, 218.122 and 218.123)	Applicable Work Practice	See the Permit, Condition 4.2.2(a)

#### Work Practices and Control Requirements

##### Requirements of 35 IAC Part 218:

- ✓ Monitoring as follows (Conditions 4.2.2(a)(ii)(B))
  - Routine inspection of floating roof seals once every 6 month
  - Complete inspection when tank is emptied
  - Presence of submerged loading pipe
- ✓ Recordkeeping as follows (Conditions 4.2.2(a)(ii)(C)):
  - Tank identification and time the inspection was performed
  - Method of inspection and conditions observed
  - Detection of liquid or vapor leak
  - A log book showing all equipment in service
  - Records of the presence of the loading pipe
- ✓ Reporting as follows (Condition 4.2.5):
  - Prompt reporting within 30 days
  - Semiannual compliance report

##### Rationale and Justification for Periodic Monitoring

- There is a small likelihood of an exceedance.
- Emissions do not vary significantly under normal operation and/or vary slowly with time.
- Source has not exhibited a history of non-compliance.
- Monitoring is consistent with other sources in this source category.

##### NESHAP 40 CFR 63 Subpart BBBBBB

- ✓ Monitoring as follows (Conditions 4.2.2(a)(ii)(A) and (B))
  - Visual inspections of floating roof system as required.
  - Method of inspection and conditions observed
  - List of petroleum product stored
  - Tank design information
- ✓ Recordkeeping as follows (Conditions 4.2.2(a)(ii)(C) through (E)):
  - Records of inspections performed
- ✓ Reporting as follows (Condition 4.2.5):
  - Prompt reporting within 30 days
  - Semiannual compliance report

**Rationale and Justification for Periodic Monitoring**

- Emissions do not vary significantly under normal operation and/or vary slowly with time.
- Source has not exhibited a history of non-compliance.
- Monitoring is consistent with other sources in this source category.

**Non-Applicability Discussion**

35 IAC 218.122(a) and (c). Loading Operations are not applicable to the Existing Internal Floating Roof Storage Tanks for Volatile Petroleum Liquids because the loading operations are addressed separately in the Draft CAAPP Permit, Section 4.3, for loading racks. All other non-applicability discussions can be found in the Draft CAAPP Permit.

**Prompt Reporting Discussion**

Prompt reporting of deviations has been established as 30 days. See rationale in Chapter III Section 3.9.

<b>b. Existing Internal Floating Roof Storage Tanks for Volatile Petroleum Liquids (Non NSPS Tanks)- Non Gasoline Service</b>		
<b>Applicable Requirements Summary</b>		
Applicable Requirement	Type	Location
Work Practices and Control Requirements (35 IAC 218.121, 218.122 )	Applicable Work Practice	See the Permit, Condition 4.2.2(a)

**Work Practices and Control Requirements**

**Requirements of 35 IAC Part 218:**

- ✓ Monitoring as follows (Conditions 4.2.2(a)(ii)(B))
  - o Presence of submerged loading pipe
- ✓ Recordkeeping as follows (Condition 4.2.2(a)(ii)):
  - o Material stored, tank dimensions and capacity in each tank
  - o Amount of VOM emissions
- ✓ Reporting as follows (Condition 4.3.5):
  - o Prompt reporting within 30 days
  - o Semiannual compliance report

**Rationale and Justification for Periodic Monitoring**

- Emissions do not vary significantly under normal operation and/or vary slowly with time.
- Source has not exhibited a history of non-compliance.
- Monitoring is consistent with other sources in this source category.
- Emissions are easily determined from tanks using standard methodologies such as with a TANK emissions program. In the TANKS program, some of the values for these variables come loaded in the software as U.S. EPA-approved default values, some are well-suited to be entered once for the tank and the material it stores, and some are intended to be updated routinely. Meteorological data (temperatures, wind speed, etc.) for the

Chicago area comes pre-programmed in TANKS. Data about the tank itself (diameter, paint color, floating roof type, floating roof seal types, etc.) must be entered by the user.

- VOM emission limits are in terms of monthly and yearly limits and therefore emissions are determined on a monthly and yearly frequency providing a running 12-month total.

**Non-Applicability Discussion**

35 IAC 218.122(a) and (c). Loading Operations are not applicable to the Existing Internal Floating Roof Storage Tanks for Volatile Petroleum Liquids because the loading operations are addressed separately in the Draft CAAPP Permit, Section 4.3, for loading racks. All other non-applicability discussions can be found in the Draft CAAPP Permit.

**Prompt Reporting Discussion**

Prompt reporting of deviations has been established as 30 days. See rationale in Chapter III Section 3.9.

<b>c. New Internal Floating Roof Storage Tanks for Volatile Petroleum Liquid (NSPS Tanks)</b>		
<b>Applicable Requirements Summary</b>		
Applicable Requirement	Type	Location
Work Practices and Control Requirements NESHAP Subpart BBBBBB NSPS 40 CFR 60 Subpart Kb (35 IAC 218.121, 218.122 and 218.123)	Applicable Work Practice	See the Permit, Condition 4.3.2(a)

**Work Practices and Control Requirements**

**40 CFR 60 Subpart Kb**

- ✓ Monitoring as follows (Conditions 4.2.2(a)(ii)(A)&(C))
  - o Visual inspections of floating roof system as required.
  - o Method of inspection and conditions observed
  - o List of petroleum product stored
  - o Maximum true vapor pressure
  - o Tank design information
- ✓ Recordkeeping as follows (Conditions 4.1.2(a)(ii)(F) and (G)):
  - o Records of inspections performed
- ✓ Reporting as follows (Condition 4.1.5):
  - o Prompt reporting within 30 days
  - o Semiannual compliance report

**Rationale and Justification for Periodic Monitoring**

- There is a small likelihood of an exceedance.
- Emissions do not vary significantly under normal operation and/or vary slowly with time.
- Source has not exhibited a history of non-compliance.
- Monitoring is consistent with other sources in this source category.

**Requirements of 35 IAC Part 218:**

- ✓ Monitoring as follows (Conditions 4.2.2(b)(ii)(B))
  - o Routine inspection of floating roof seals once every 6 month
  - o Complete inspection when tank is emptied
  - o Presence of submerged loading pipe
  
- ✓ Recordkeeping as follows (Conditions 4.2.2(b)(ii)(G)):
  - o Tank identification and time the inspection was performed
  - o Method of inspection and conditions observed
  - o Detection of liquid or vapor leak
  - o A log book showing all equipment in service
  
- ✓ Reporting as follows (Condition 4.2.5):
  - o Prompt reporting within 30 days
  - o Semiannual compliance report

**Rationale and Justification for Periodic Monitoring**

- There is a small likelihood of an exceedance.
- Emissions do not vary significantly under normal operation and/or vary slowly with time.
- Source has not exhibited a history of non-compliance.
- Monitoring is consistent with other sources in this source category.

**Non-Applicability Discussion**

Complex non-applicability determinations were not made for this emission unit. All non-applicability discussions can be found in the Draft CAAPP Permit.

**Prompt Reporting Discussion**

Prompt reporting of deviations has been established as 30 days. See rationale in Chapter III Section 3.9.

<b>d. Gasoline Truck Loading Rack</b>		
<b>Applicable Requirements Summary</b>		
Applicable Requirement	Type	Location
VOM Requirements (35 IAC 218.582(a)(1)) NESHAP Subpart BBBBBB NSPS 40 CFR 60 Subpart XX Title I Requirements	Applicable Standards and Limit	See the Permit, Condition 4.4.2(a)
CO Limit Title I Requirements	Applicable Limit	See the Permit, Condition 4.4.2(c)
NO <sub>x</sub> Requirements Title I Requirements	Applicable Limit	See the Permit, Condition 4.4.2(b)
Work Practices and Control Requirements NESHAP Subpart BBBBBB	Applicable Work Practice	See the Permit, Condition 4.4.2(d)
Work Practices and Control Requirements NSPS 40 CFR 60 Subpart XX	Applicable Work Practice	See the Permit, Condition 4.4.2(e)

<b>d. Gasoline Truck Loading Rack</b>		
<b>Applicable Requirements Summary</b>		
<b>Applicable Requirement</b>	<b>Type</b>	<b>Location</b>
Work Practices and Control Requirements (35 IAC 218.582)	Applicable Work Practice	See the Permit, Condition 4.4.2(f)
Operational and Production Requirement	Applicable Operational Standards	See the Permit, Condition 4.4.2(g)

**Organic Material Emission**

- ✓ Monitoring as follows (Conditions 4.4.2(a)(ii)(A), (B)&(C))
  - o Monthly and yearly VOM emissions
  - o Daily Inspections as required in 40 CFR 63 Subpart BBBBBB
  - o CAM requirements are addressed during operations of the VCU
  - o CEMS during VRU operation
  
- ✓ Recordkeeping as follows (Condition 4.4.2(a)(ii)):
  - o Monthly and yearly records of VOM emissions with supporting calculations
  - o Test results data to demonstrate efficiency of the VRU control
  - o Annual testing for gasoline cargo tanks
  
- ✓ Reporting as follows (Condition 4.4.5):
  - o Prompt reporting within 30 days
  - o Semiannual compliance report

**Rationale and Justification for Periodic Monitoring**

- There is a small likelihood of an exceedance.
- Emissions do not vary significantly under normal operation and/or vary slowly with time.
- Source has not exhibited a history of non-compliance.
- Monitoring is consistent with other sources in this source category.
- VCU is the primary control device during normal operation. The VCU test results identified on Section 3.2 demonstrated compliance with the applicable limits.
- Portable VCU is used as a backup control device. The Source is required to test if the portable VCU operates more than 15 days per year (12 months rolling), compare against the limit of 10 mg/l and demonstrate compliance.
- VOM emissions are calculated based on the data derived from stack test results and converted into appropriate units (mg/l, tons/month and tons/year).
- The facility is subject to the requirements in 40 CFR Subpart BBBBBB and it is operating its gasoline loading rack pursuant to 40 CFR 63.11092(b)(1)(iii)(A) one of the Continuous Monitoring System (CMS) options for the VCU. The same requirements are included in the CAM plan for the VCU operation. This type of monitoring is a common option among loading operation in similar facilities. The CAM plan includes the continuous verification of the temperature.

### **Carbon Monoxide Requirements (CO)**

- ✓ Monitoring as follows (Conditions 4.4.2(c)(ii)(A))
  - o Monthly and yearly CO emissions
- ✓ Recordkeeping as follows (Condition 4.4.2(c)(ii)):
  - o Monthly and yearly records of CO emissions with supporting calculations
- ✓ Reporting as follows (Condition 4.4.5):
  - o Prompt reporting within 30 days
  - o Semiannual compliance report

### **Rationale and Justification for Periodic Monitoring**

- There is a small likelihood of an exceedance.
- Emissions do not vary significantly under normal operation and/or vary slowly with time.
- Source has not exhibited a history of non-compliance.
- Monitoring is consistent with other sources in this source category.
- CO emission limits are in terms of monthly and yearly limits and therefore emissions are determined on a monthly and yearly frequency providing a running 12-month total.
- Ongoing compliance with these emission limits will be determined by using the same vendor-guaranteed CO emission factor and then applying the actual monthly or annual gasoline throughput in the equations above, rather than the gasoline throughput limits.

### **Nitrogen Oxide Emission (NO<sub>x</sub>)**

- ✓ Monitoring as follows (Conditions 4.4.2(b)(ii)(A))
  - o Monthly and yearly NO<sub>x</sub> emissions
- ✓ Recordkeeping as follows (Condition 4.4.2(b)(ii)):
  - o Monthly and yearly records of NO<sub>x</sub> emissions with supporting calculations
- ✓ Reporting as follows (Condition 4.4.5):
  - o Prompt reporting within 30 days
  - o Semiannual compliance report

### **Rationale and Justification for Periodic Monitoring**

- There is a small likelihood of an exceedance.
- Emissions do not vary significantly under normal operation and/or vary slowly with time.
- Source has not exhibited a history of non-compliance.
- Monitoring is consistent with other sources in this source category.
- NO<sub>x</sub> emission limits are in terms of monthly and yearly limits and therefore emissions are determined on a monthly and yearly frequency providing a running 12-month total.
- Ongoing compliance with these emission limits will be determined by using the same vendor-guaranteed NO<sub>x</sub> emission factor and then applying the actual monthly or annual gasoline throughput in the equations above, rather than the gasoline throughput limits.

- The VCU is a minor source control device designed and operated to achieve compliance with the permitted VOC emissions limit of 10 mg/liter. As the VCU is an external combustion device, emissions of NO<sub>x</sub> and CO are a by-product of the VOC control process. Accordingly, there is no regulatory-based emission performance standard for NO<sub>x</sub> or CO applicable to the VCU control process. The NO<sub>x</sub> emissions values of 1.4 tons/month and 13.1 tons/year represented in Construction Permits 12110021 reflect expected by-product emissions associated with the proper operation of the VCU in controlling VOC. Adjusting VCU operation to impact NO<sub>x</sub> emissions would be contrary to its purpose of controlling VOC emissions. Maintaining the required documentation on NO<sub>x</sub> by-product emissions to establish compliance with the emissions represented in the construction permit.

**NESHAP 40 CFR 63 Subpart BBBB**

- ✓ Monitoring as follows (Conditions 4.4.2(d)(ii)(A)&(B))
  - o Combustion Temperature Monitoring.
  - o Method of inspection and conditions observed
  - o Semi-annual preventive maintenance inspections
  - o Daily inspections of the loading rack
- ✓ Recordkeeping as follows (Conditions 4.4.2(d)(ii)(C)&(D)):
  - o Records of continuous monitoring data
  - o Records of malfunctions and monitoring equipment.
- ✓ Reporting as follows (Condition 4.4.5):
  - o Prompt reporting within 30 days
  - o Semiannual compliance report

**Rationale and Justification for Periodic Monitoring**

- Emissions do not vary significantly under normal operation and/or vary slowly with time.
- Source has not exhibited a history of non-compliance.
- Monitoring is consistent with other sources in this source category.

**40 CFR 60 Subpart XX**

- ✓ Monitoring as follows (Conditions 4.4.2(e)(ii)(A)through (F) and 4.3.2(e)(ii))
  - o Testing requirements
  - o Monthly inspections of the Vapor collection system
- ✓ Recordkeeping as follows (Conditions 4.4.2(e)(ii)(G)):
  - o Records of testing results
  - o Records of inspections performed
- ✓ Reporting as follows (Condition 4.4.5):
  - o Prompt reporting within 30 days
  - o Semiannual compliance report

**Rationale and Justification for Periodic Monitoring**

- There is a small likelihood of an exceedance.

- Emissions do not vary significantly under normal operation and/or vary slowly with time.
- Source has not exhibited a history of non-compliance.
- Monitoring is consistent with other sources in this source category.

**Requirements of 35 IAC Part 218:**

- ✓ Monitoring as follows (Conditions 4.4.2(f)(ii))
  - o Delivery vessel parameters
- ✓ Recordkeeping as follows (Conditions 4.4.2(f)(ii)):
  - o Records of delivery vessel parameters Method of inspection and conditions observed.
  - o Records of testing results
- ✓ Reporting as follows (Condition 4.4.5):
  - o Prompt reporting within 30 days
  - o Semiannual compliance report

**Rationale and Justification for Periodic Monitoring**

- There is a small likelihood of an exceedance.
- Emissions do not vary significantly under normal operation and/or vary slowly with time.
- Source has not exhibited a history of non-compliance.
- Monitoring is consistent with other sources in this source category.

**Operational and Production Requirements**

- ✓ Monitoring as follows (Conditions 4.4.2(g)(ii)(A))
  - o Annual limit of throughput of the loading racks
- ✓ Recordkeeping as follows (Conditions 4.4.2(g)(ii)(B)):
  - o Monthly and annual records of total gasoline loadout processed by the loading racks.
- ✓ Reporting as follows (Condition 4.4.5):
  - o Prompt reporting within 30 days
  - o Semiannual compliance report

**Rationale and Justification for Periodic Monitoring**

- There is a small likelihood of an exceedance.
- Emissions do not vary significantly under normal operation and/or vary slowly with time.
- Source has not exhibited a history of non-compliance.
- Monitoring is consistent with other sources in this source category.

**Non-Applicability Discussion**

The general requirements of 40 CFR 60.18 and 40 CFR 63.11 are not applicable to the loading racks VCU because the VCU is not an open flare and 40 CFR 63 Subpart BBBBBB and 40 CFR 60 Subpart XX do not provide the references to the general provisions established in 40 CFR 60.18 and 40 CFR 63.11.

### **Prompt Reporting Discussion**

Prompt reporting of deviations has been established as 30 days. See rationale in Chapter III Section 3.9.

### **3.9 Prompt Reporting Discussion**

Among other terms and conditions, CAAPP Permits contain reporting obligations to assure compliance with applicable requirements. These reporting obligations are generally four-fold. More specifically, each CAAPP Permit sets forth any reporting requirements specified by state or federal law or regulation, requires prompt reports of deviations from applicable requirements, requires reports of deviations from required monitoring and requires a report certifying the status of compliance with terms and conditions of the CAAPP Permit over the calendar year.

The number and frequency of reporting obligations in any CAAPP Permit is source-specific. That is, the reporting obligations are directly related to factors, including the number and type of emission units and applicable requirements, the complexity of the source and the compliance status. This four-fold approach to reporting is common to virtually all CAAPP Permits as described below. Moreover, this is the approach established in the Draft CAAPP Permit for this source.

### **Regulatory Reports**

Many state and federal environmental regulations establish reporting obligations. These obligations vary from rule-to-rule and thus from CAAPP source to CAAPP source and from CAAPP Permit to CAAPP Permit. The variation is found in the report triggering events, reporting period, reporting frequency and reporting content. Regardless, the CAAPP makes clear that all reports established under applicable regulations shall be carried forward into the CAAPP Permit as stated in Section 39.5(7)(b) of the Illinois Environmental Protection Act. Generally, where sufficiently detailed to meet the exacting standards of the CAAPP, the regulatory reporting requirements are simply restated in the CAAPP Permit. Depending on the regulatory obligations, these regulatory reports may also constitute a deviation report as described below.

The Draft CAAPP Permit for this source would embody all regulatory reporting as promulgated under federal and state regulations under the Clean Air Act and the Illinois Environmental Protection Act. Depending on the frequency of the report, the regulatory report may also satisfy the prompt reporting obligations discussed below. These reports must be certified by a responsible official.

These reports are generally found in the reporting sections for each emission unit group. The various regulatory reporting requirements are summarized in the table at the end of this Reporting Section.

### **Deviation Reports (Prompt Reporting)**

Section 39.5(7)(f)(ii) of the Illinois Environmental Protection Act mandates that each CAAPP Permit require prompt reporting of deviations from the permit requirements.

Neither the CAAPP nor the federal rules upon which the CAAPP is based and was approved by USEPA define the term "prompt". Rather, 40 CFR Part 70.6(a)(3)(iii)(B) intended that the term have flexibility in application. The

USEPA has acknowledged for purposes of administrative efficiency and clarity that the permitting authority (in this case, Illinois EPA) has the discretion to define "prompt" in relation to the degree and type of deviation likely to occur at a particular source. The Illinois EPA follows this approach and defines prompt reporting on a permit-by-permit basis. In instances where the underlying applicable requirement contains "prompt" reporting, the Illinois EPA typically incorporates the pre-established timeframe in the CAAPP permit (e.g. a NESHAP or NSPS deviation report). Where the underlying applicable requirement fails to explicitly set forth the timeframe for reporting deviations, the Illinois EPA generally uses a timeframe of 30 days to define prompt reporting of deviations.

This approach to prompt reporting of deviations as discussed herein is consistent with the requirements of Section 39.5(7)(f)(ii) of the Illinois Environmental Protection Act as well as 40 CFR Part 70 and the CAA. The reporting arrangement is designed so that the source will appropriately notify the Illinois EPA of those events that might warrant attention. The timing for these event-specific notifications is necessary and appropriate as it gives the source enough time to conduct a thorough investigation into the causes of an event, collecting any necessary data, and developing preventive measures, to reduce the likelihood of similar events, all of which must be addressed in the notification for the deviation, while at the same time affording regulatory authority and the public timely and relevant information. The approach also affords the Illinois EPA and USEPA an opportunity to direct investigation and follow-up activities, and to make compliance and enforcement decisions in a timely fashion.

The Draft CAAPP Permit for this source would require prompt reporting as required by the Illinois Environmental Protection Act in the fashion described in this subsection. In addition, pursuant to Section 39.5(7)(f)(i) of the Illinois Environmental Protection Act, this Draft CAAPP Permit would also require the source to provide a summary of all deviations with the Semi-Annual Monitoring Report. These reports must be certified by a responsible official, and are generally found in the reporting sections for each emission unit group.

#### **Semi-Annual Monitoring Reports**

Section 39.5(7)(f)(i) of the Illinois Environmental Protection Act mandates that each CAAPP Permit require a report relative to monitoring obligations as set forth in the permit. Depending upon the monitoring obligation at issue, the semi-annual monitoring report may also constitute a deviation report as previously discussed. This monitoring at issue includes instrumental and non-instrumental emissions monitoring, emissions analyses, and emissions testing established by state or federal laws or regulations or as established in the CAAPP Permit. This monitoring also includes recordkeeping. Each deviation from each monitoring requirement must be identified in the relevant semi-annual report. These reports provide a timely opportunity to assess for compliance patterns of concern. The semi-annual reports shall be submitted regardless of any deviation events. Reporting periods for semi-annual monitoring reports are January 1 through June 30 and July 1 through December 31 of each calendar year. Each semi-annual report is due within 30 days after the close of reporting period. The reports shall be certified by a responsible official. The Draft CAAPP Permit for this source would require such reports at Condition 3.5(b).

### **Annual Compliance Certifications**

Section 39.5(7)(p)(v) of the Illinois Environmental Protection Act mandates that each CAAPP Permit require a source to submit a certification of its compliance status with each term and condition of its CAAPP Permit. The reports afford a broad assessment of a CAAPP sources compliance status. The CAAPP requires that this report be submitted, regardless of compliance status, on an annual basis. Each CAAPP Permit requires this annual certification be submitted by May 1 of the year immediately following the calendar year reporting period. The report shall be certified by a responsible official. The Draft CAAPP Permit for this source would require such a report at Condition 2.6(a).

Prompt reporting of deviations is critical in order to have timely notice of deviations and the opportunity to respond, if necessary. The effectiveness of the permit depends upon, among other important elements, timely and accurate reporting. The Illinois EPA, USEPA, and the public rely on timely and accurate reports submitted by the source to measure compliance and to direct investigation and follow-up activities. Prompt reporting is evidence of the source's good faith in disclosing deviations and describing the steps taken to return to compliance and prevent similar incidents.

Any occurrence that results in an excursion from any emission limitation, operating condition, or work practice standard as specified in this Draft CAAPP Permit is a deviation subject to prompt reporting. Additionally, any failure to comply with any permit term or condition is a deviation of that permit term or condition and must be reported to the Illinois EPA as a permit deviation. The deviation may or may not be a violation of an emission limitation or standard. A permit deviation can exist even though other indicators of compliance suggest that no emissions violation or exceedance has occurred. Reporting permit deviations does not necessarily result in enforcement action. The Illinois EPA has the discretion to take enforcement action for permit deviations that may or may not constitute a deviation from an emission limitation or standard or the like, as necessary and appropriate.

As a result, the Illinois EPA's approach to prompt reporting of deviations as discussed herein is consistent with the requirements of Section 39.5(7)(f)(ii) of the Illinois Environmental Protection Act as well as 40 CFR Part 70 and the CAA. This reporting arrangement is designed so that the source will appropriately notify the Illinois EPA of those events that might warrant individual attention.

### **3.10 Emissions Reduction Market System (ERMS)**

The Emissions Reduction Market System (ERMS) is a "cap and trade" market system for major stationary sources located in the Chicago ozone nonattainment area. It is designed to reduce VOM emissions from stationary sources to contribute to reasonable further progress toward attainment, as required by Section 182(c) of the CAA.

The ERMS addresses VOM emissions during a seasonal allotment period from May 1 through September 30. Participating sources must hold "allotment trading units" (ATUs) for their actual seasonal VOM emissions. Each year participating sources are issued ATUs based on allotments set in the sources' CAAPP permits. These allotments are established from historical VOM emissions or "baseline emissions" lowered to provide the emissions reductions from stationary sources required for reasonable further progress.

By December 31 of each year, the end of the reconciliation period following the seasonal allotment period, each source shall have sufficient ATUs in its transaction account to cover its actual VOM emissions during the preceding season. A transaction account's balance as of December 31 will include any valid ATU transfer agreements entered into as of December 31 of the given year, provided such agreements are promptly submitted to the Illinois EPA for entry into the transaction account database. The Illinois EPA will then retire ATUs in sources' transaction accounts in amounts equivalent to their seasonal emissions. When a source does not appear to have sufficient ATUs in its transaction account, the Illinois EPA will issue a notice to the source to begin the process for Emissions Excursion Compensation.

In addition to receiving ATUs pursuant to their allotments, participating sources may also obtain ATUs from the market, including ATUs bought from other participating sources and general participants in the ERMS that hold ATUs (35 IAC 205.630) and ATUs issued by the Illinois EPA as a consequence of VOM emissions reductions from an Emissions Reduction Generator or an Intersector Transaction (35 IAC 205.500 and 35 IAC 205.510). During the reconciliation period, sources may also buy ATUs from a secondary reserve of ATUs managed by the Illinois EPA, the "Alternative Compliance Market Account" (ACMA) (35 IAC 205.710). Sources may also transfer or sell the ATUs that they hold to other sources or participants (35 IAC 205.630).

### **3.11 Inclusion of a Compliance Schedule**

The identification of non-compliance and/or the issuance of an NOV/VN, and reference to information contained therein, alone is not sufficient to satisfy the demonstration requirement under 505(b)(2) of the CAA requiring the inclusion of an approvable compliance schedule. This alleged non-compliance is simply an early stage in the larger enforcement process of determining whether a violation, in fact, has occurred. This information noted above is therefore too speculative to warrant a compliance schedule without further investigation by appropriate enforcement staff at the State or Federal level. This investigation typically involves additional information gathering sessions and exchanges which is part of the enforcement proceeding and not a part of the permitting process. This stage of the enforcement proceeding is considered a critical step of fact finding under our civil litigation procedures and affords the source the necessary due process. Neither the issuance of an NOV/VN or the identification of alleged non-compliance has the force or effect of the law and therefore is not subject to judicial review at this stage.

If the Illinois EPA were to consider this information as a factor regarding applicability requirements for purposes of CAAPP, other relevant considerations would need to be taken into account such as (1) the quality and source of the information, (2) whether the facts are disputable, (3) the types of defenses, and (4) the nature of any disputed legal ambiguities. These factors may not be readily discernable at this early stage and would need to be considered within the constraints of the CAAPP process. Neither 40 CFR Part 70 or Section 39.5 of the Illinois Environmental Protection Act contemplates this type of judicial review in the context of a Title V permit and does not provide the necessary authorities to proceed with such investigation. As such, Illinois EPA must consider the potential impact that both enforcement and permitting have on one another. Where there is a pending or active enforcement case at the same time as a permitting action, the source and the Illinois EPA could easily find them

self-litigating the same matters in two different venues with the risk of different and conflicting results.

Therefore, while nothing in the Illinois Environmental Protection Act would prohibit Illinois EPA from including a compliance schedule in the permit, the question that presents itself is whether the inclusion of a compliance schedule is mandatory when such information is available before the matter has been adjudicated and required actions to achieve compliance have yet to be identified. USEPA has stated, in multiple petition responses regarding this topic of discretionary versus mandatory compliance schedules, which it is entirely appropriate for the permitting authority to allow the enforcement case to take its course and wait to see whether an adjudicated order results at which time, the permit may be reopened to include a compliance schedule at that time.

### **3.12 Incorporation by Reference Discussion**

Based on guidance found in White Paper 2 and past petition responses by the Administrator, it is recognized that Title V permit authorities may, within their discretion, incorporate plans by reference. As recognized in the *White Paper 2*, permit authorities can effectively streamline the contents of a Title V permit, avoiding the inevitable clutter of restated text and preventing unnecessary delays where, as here, permit issuance is subject to a decision deadline.<sup>4</sup> However, it is also recognized that the benefits of incorporation of plans must be carefully balanced by a permit authority with its duty to issue permits in a way that is "clear and meaningful" to the Permittee and the public.<sup>5</sup>

The criteria that are mentioned in USEPA Administrator Petition Responses stress the importance of identifying, *with specificity*, the object of the incorporation.<sup>6</sup> The Illinois EPA agrees that such emphasis is generally consistent with USEPA's pronouncements in previous guidance.

For each condition incorporating a plan, the Illinois EPA is also briefly describing the general manner in which the plan applies to the source. Identifying the nature of the source activity, the regulatory requirements or the nature of the equipment associated with the plan is a recommendation of the *White Paper 2*<sup>7</sup>. The Illinois EPA has stopped short of enumerating the actual contents of a plan, as restating them in the permit would plainly defeat the purpose of incorporating the document by reference and be contrary to USEPA guidance on the subject.<sup>8</sup>

Plans may need to be revised from time to time, as occasionally required by circumstance or by underlying rule or permit requirement. Except where expressly precluded by the relevant rules, this Draft CAAPP Permit allows the Permittee to make future changes to a plan without undergoing formal permit revision procedures. This approach will allow flexibility to make required changes to a plan without separately applying for a revised permit and, similarly, will lessen the impacts that could result for the Illinois EPA if every change to a plan's contents required a permitting transaction.<sup>9</sup> Changes to the incorporated plans during the permit term are automatically incorporated into the Draft CAAPP Permit unless the Illinois EPA expresses a written objection.

### **3.13 Periodic Monitoring General Discussions**

Pursuant to Section 504(c) of the Clean Air Act, a Title V permit must set forth monitoring requirements, commonly referred to as "Periodic Monitoring," to assure compliance with the terms and conditions of the permit. A general discussion of Periodic Monitoring is provided below. The Periodic Monitoring that is proposed for specific operations and emission units and at this source is discussed in Chapter III of this Statement of Basis. Chapter III provides a narrative discussion of and justification for the elements of Periodic Monitoring that would apply to the different emission units and types of emission units at the facility.

As a general matter, the required content of a CAAPP Permit with respect to such Periodic Monitoring is addressed in Section 39.5(7) of the Illinois Environmental Protection Act.<sup>10</sup> Section 39.5(7)(b) of the Illinois Environmental Protection Act<sup>11</sup> provides that in a CAAPP Permit:

The Agency shall include among such conditions applicable monitoring, reporting, record keeping and compliance certification requirements, as authorized by paragraphs d, e, and f of this subsection, that the Agency deems necessary to assure compliance with the Clean Air Act, the regulations promulgated thereunder, this Act, and applicable Board regulations. When monitoring, reporting, record keeping and compliance certification requirements are specified within the Clean Air Act, regulations promulgated thereunder, this Act, or applicable regulations, such requirements shall be included within the CAAPP Permit.

Section 39.5(7)(d)(ii) of the Illinois Environmental Protection Act further provides that a CAAPP Permit shall:

Where the applicable requirement does not require periodic testing or instrumental or noninstrumental monitoring (which may consist of recordkeeping designed to serve as monitoring), require Periodic Monitoring sufficient to yield reliable data from the relevant time period that is representative of the source's compliance with the permit

...

Accordingly, the scope of the Periodic Monitoring that must be included in a CAAPP Permit is not restricted to monitoring requirements that were adopted through rulemaking or imposed through permitting. When applicable regulatory emission standards and control requirements or limits and control requirement in relevant Title 1 permits are not accompanied by compliance procedures, it is necessary for Monitoring for these standards, requirements or limits to be established in a CAAPP Permit.<sup>12, 13</sup> Monitoring requirements must also be established when standards and control requirement are accompanied by compliance procedures but those procedures are not adequate to assure compliance with the applicable standards or requirements.<sup>14, 15</sup> For this purpose, the requirements for Periodic Monitoring in a CAAPP Permit may include requirements for emission testing, emissions monitoring, operational monitoring, non-instrumental monitoring, and recordkeeping for each emission unit or group of similar units at a facility, as required by rule or permit, as appropriate or as needed to assure compliance with the applicable substantive requirements. Various combinations of monitoring measures will be appropriate for different emission units depending on their circumstances, including the substantive emission standards, limitations and control requirements to which they are subject.

What constitutes sufficient Periodic Monitoring for particular emission units, including the timing or frequency associated with such Monitoring requirements, must be determined by the permitting authority based on its knowledge, experience and judgment.<sup>16</sup> For example, as Periodic Monitoring must collect representative data, the timing of Monitoring requirements need not match the averaging time or compliance period of the associated substantive requirements, as set by the relevant regulations and permit provisions. The timing of the various requirements making up the Periodic Monitoring for an emission unit is something that must be considered when those Monitoring requirements are being established. For this purpose, Periodic Monitoring often consists of requirements that apply on a regular basis, such as routine recordkeeping for the operation of control devices or the implementation of the control practices for an emission unit. For certain units, this regular monitoring may entail "continuous" monitoring of emissions, opacity or key operating parameters of a process or its associated control equipment, with direct measurement and automatic recording of the selected parameter(s). As it is infeasible or impractical to require emissions monitoring for most emission units, instrumental monitoring is more commonly conducted for the operating parameters of an emission unit or its associated control equipment. Monitoring for operating parameter(s) serves to confirm proper operation of equipment, consistent with operation to comply with applicable emission standards and limits. In certain cases, an applicable rule may directly specify that a particular level of an operating parameter be maintained, consistent with the manner in which a unit was being operated during emission testing. Periodic Monitoring may also consist of requirements that apply on a periodic basis, such as inspections to verify the proper functioning of an emission unit and its associated controls.

The Periodic Monitoring for an emission unit may also include measures, such as emission testing, that would only be required once or only upon specific request by the Illinois EPA. These requirements would always be accompanied by Monitoring requirements would apply on a regular basis. When emission testing or other measure is only required upon request by the Illinois EPA, it is included as part of the Periodic Monitoring for an emission unit to facilitate a response by the Illinois EPA to circumstances that were not contemplated when Monitoring was being established, such as the handling of a new material or a new mode of operation. Such Monitoring would also serve to provide further verification of compliance, along with other potentially useful information. As emission testing provides a quantitative determination of compliance, it would also provide a determination of the margin of compliance with the applicable limit(s) and serve to confirm that the Monitoring required for an emission unit on a regular basis is reliable and appropriate. Such testing might also identify specific values of operating parameters of a unit or its associated control equipment that accompany compliance and can be relied upon as part of regular Monitoring.

There are a number of considerations or factors that are or may be relevant when evaluating the need to establish new monitoring requirements as part of the Periodic Monitoring for an emission unit. These factors include: (1) The nature of the emission unit or process and its emissions; (2) The variability in the operation and the emissions of the unit or process over time; (3) The use of add-on air pollution control equipment or other practices to control emissions and comply with the applicable substantive requirement(s); (4) The nature of that control equipment or those control practices and the potential for variability in their effectiveness; (5) The nature of the applicable substantive requirement(s) for which Periodic Monitoring is needed; (6) The nature of the compliance procedures that specifically accompany the applicable

requirements; (7) The type of data that would already be available for the unit; (8) The effort needed to comply with the applicable requirements and the expected margin of compliance; (9) The likelihood of a violation of applicable requirements; (10) The nature of the Periodic Monitoring that may be readily implemented for the emission unit; (11) The extent to which such Periodic Monitoring would directly address the applicable requirements; (12) The nature of Periodic Monitoring commonly required for similar emission units at other facilities and in similar circumstances; (13) The interaction or relationship between the different measures in the Periodic Monitoring for an emission unit; and (14) The feasibility and reasonableness of requiring additional measures in the Periodic Monitoring for an emission unit in light of other relevant considerations.<sup>17</sup>

**CHAPTER IV – CHANGES FROM PREVIOUSLY ISSUED CAAPP PERMITS**

**4.1 Major Changes Summary**

This renewal CAAPP draft is presented in a new format. The new format is the result of recommendations by the USEPA, comments made by sources, and interactions with the public.

	<i>Previous CAAPP Permit Layout</i>	<i>New CAAPP Permit Layout</i>
Section 1	Source Identification	Source Information
Section 2	List Of Abbreviations/Acronyms	General Permit Requirements
Section 3	Insignificant Activities	Source Requirements
Section 4	Significant Emission Units	Emission Unit Requirements
Section 5	Overall Source Conditions	Title I Requirements
Section 6	Emission Control Programs	Insignificant Activities
Section 7	Unit Specific Conditions	Other Requirements
Section 8	General Permit Conditions	State Only Requirements
Section 9	Standard Permit Conditions	---
Section 10	Attachments	Attachments

**4.2 Specific Permit Condition Changes**

The tanks at the source are subject to 40 CFR Part 63 Subpart BBBBBB for Source Category: Gasoline Distribution Bulk Terminals, Bulk Plants, and Pipeline Facilities. The applicable conditions from 40 CFR Part 63 Subpart BBBBBB are included in this renewal permit. Permit Section 4.1 and 4.2

## Endnotes

<sup>1</sup> The federal PSD program, 40 CFR 52.21, applies in Illinois. The Illinois EPA administers PSD permitting for major projects in Illinois pursuant to a delegation agreement with USEPA.

<sup>2</sup> Illinois has a state nonattainment NSR program, pursuant to state rules, Major Stationary Sources Construction and Modification ("MSSCM"), 35 IAC Part 203, which have been approved by USEPA as part of the State Implementation Plan for Illinois.

<sup>3</sup> The incorporation, or carry-over, of terms or conditions from previous Title I permits into Title V permits typically does not occur on a wholesale basis. Recognizing that construction permits may frequently contain obsolete or extraneous terms and conditions, USEPA has emphasized that only "environmentally significant terms" from previous preconstruction permits must be carried over into Title V permits. See, White Paper for Streamlined Development of Part 70 Permit Applications, dated July 10, 1995. Therefore, certain T1 terms and conditions have not been carried over from these SIP approved permits for reasons that are explained below.

<sup>4</sup> Among other things, USEPA observed that the stream-lining benefits can consist of "reduced cost and administrative complexity, and continued compliance flexibility...". *White Paper 2*, page 41.

<sup>5</sup> See, In the Matter of Tesoro Refining and Marketing, Petition No. IX-2004-6, Order Denying in Part and Granting in Part Petition for Objection to Permit, at page 8 (March 15, 2005); see also, White Paper 2 at page 39 ("reference must be detailed enough that the manner in which any referenced materials applies to a facility is clear and is not reasonably subject to misinterpretation").

<sup>6</sup> The Order provides that permit authorities must ensure the following: "(1) referenced documents be specifically identified; (2) descriptive information such as the title or number of the document and the date of the document be included so that there is no ambiguity as to which version of the document is being referenced; and (3) citations, cross references, and incorporations by reference are detailed enough that the manner in which any referenced material applies to a facility is clear and is not reasonably subject to misinterpretation." See, Petition Response at page 43, citing White Paper 2 at page 37.

<sup>7</sup> See, White Paper 2 at page 39.

<sup>8</sup> Nothing in USEPA guidance, including the White Paper 2 or previous orders responding to public petitions, supports the notion that permit authorities incorporating a document by reference must also restate contents of a given plan in the body of the Title V permit. Such an interpretation contradicts USEPA recognition that permit authorities need not restate or recite an incorporated document so long as the document is sufficiently described. White Paper 2 at page 39; see also, In the matter of Consolidated Edison Co. of New York, Inc., 74th St. Station, Petition No. II-2001-02, Order Granting in Part and Denying in Part Petition for Objection to Permit at page 16 (February 19, 2003).

<sup>9</sup> This approach is consistent with USEPA guidance, which has previously embraced a similar approach to certain SSM plans. See, Letter and Enclosures, dated May 20, 1999, from John Seitz, Director of Office of Air Quality Planning

and Standards, to Robert Hodanbosi and Charles Lagges, STAPPA/ALAPCO, pages 9-10 of Enclosure B.

<sup>10</sup> The provisions of the Act for Periodic Monitoring in CAAPP permits reflect parallel requirements in the federal guidelines for State Operating Permit Programs, 40 CFR 70.6(a)(3)(i)(A), (a)(3)(i)(B), and (c)(1).

<sup>11</sup> Section 39.5(7)(p)(i) of the Act also provides that a CAAPP permit shall contain "Compliance certification, testing, monitoring, reporting and record keeping requirements sufficient to assure compliance with the terms and conditions of the permit."

<sup>12</sup> The classic example of regulatory standards for which Periodic Monitoring requirements must be established in a CAAPP permit are state emission standards that pre-date the 1990 Clean Air Act Amendments that were adopted without any associated compliance procedures. Periodic Monitoring must also be established in a CAAPP permit when standards and limits are accompanied by compliance procedures but those procedures are determined to be inadequate to assure compliance with the applicable standards or limits.

<sup>13</sup> Another example of emission standards for which requirements must be established as part of Periodic Monitoring is certain NSPS standards that require initial performance testing but do not require periodic testing or other measures to address compliance with the applicable limits on a continuing basis.

<sup>14</sup> The need to establish Monitoring requirements as part of Periodic Monitoring when existing compliance procedures are determined to be inadequate, as well as when they are absent, was confirmed by the federal appeals court in *Sierra Club v. Environmental Protection Agency*, 536 F.3d 673, 383 U.S. App. D.C. 109.

<sup>15</sup> The need to establish Monitoring requirements as part of Periodic Monitoring is also confirmed in USEPA's Petition Response. USEPA explains that "...if there is periodic monitoring in the applicable requirements, but that monitoring is not sufficient to assure compliance with permit terms and conditions, permitting authorities must supplement monitoring to assure such compliance." Petition Response, page 6.

<sup>16</sup> The test for the adequacy of "Periodic Monitoring" is a context-specific determination, particularly whether the provisions in a Title V permit reasonably address compliance with relevant substantive permit conditions. 40 CFR 70.6(c)(1); see also 40 CFR 70.6(a)(3)(i)(B); see also, *In the Matter of CITGO Refinery and Chemicals Company L.P.*, Petition VI-2007-01 (May 28, 2009); see also, *In the Matter of Waste Management of LA. L.L.C. Woodside Sanitary Landfill & Recycling Center, Walker, Livingston Parish, Louisiana*, Petition VI-2009-01 (May 27, 2010); see also, *In the Matter of Wisconsin Public Service Corporation's JP Pulliam Power Plant*, Petition V-2009-01 (June 28, 2010).

<sup>17</sup> A number of these factors are specifically listed by USEPA in its Petition Response. USEPA also observes that the specific factors that it identifies in its Petition Response with respect to Periodic Monitoring provide "...the permitting authority with a starting point for its analysis of the adequacy of the monitoring; the permitting authority also may consider other site-specific factors." Petition Response, page 7.