

August 4, 2005

(AR-18J)

Mr. Paul Dubenetzky
Permits Branch Chief
Office of Air Quality
Indiana Department of Environmental Quality
100 North Senate Avenue
Indianapolis, Indiana 46204

Dear Mr. Dubenetzky:

On August 23-25, 2004, the United States Environmental Protection Agency (USEPA) conducted an on-site evaluation of the Indiana Department of Environmental Management's new source review (NSR) permit program. USEPA is scheduled to conduct NSR program reviews for all permitting authorities nationwide. Enclosed you will find a copy of our final report.

We would like to thank you and your staff for your assistance with the evaluation. If you have any questions, please contact me, or have your staff contact Sam Portanova at (312) 886-3189.

Sincerely yours,

/s/

Stephen Rothblatt, Director
Air and Radiation Division

Enclosure

Indiana New Source Review Program Review

Performed by US EPA Region 5
August 2004

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I. Executive Summary

The United States Environmental Protection Agency (USEPA) is performing on-site evaluations of the New Source Review (NSR) Program for all permitting authorities as part of the national NSR Program Evaluation Project. These permit program reviews are intended to highlight the positive aspects of a state's air permitting program, and foster quality improvements for the state and federal air programs. It is expected that this opportunity will not only improve our understanding of Indiana's NSR Program, but also be helpful to other permitting authorities throughout the Region and nationwide.

We conducted the Indiana NSR program review on August 23-25, 2004, concurrent with a review of Indiana's Title V program. The NSR review consisted of two parts: a discussion based on the New Source Program Evaluation Questionnaire and a file review.

We found that the Indiana Department of Environmental Management's (IDEM) NSR program has many strengths, including raising and seeking consistency on issues such as increased utilization and debottlenecking, an excellent permit tracking system, and public notification efforts. We found a few areas which are in need of improvement, such as test method identification in permits and permit notification to USEPA.

II. Introduction

In 2003, as part of its oversight role, USEPA began a four-year initiative to review the implementation of the Title V and NSR permit programs by permitting authorities throughout the country. USEPA developed two questionnaires, one addressing Title V implementation and one addressing NSR, for the Regional offices to use to provide a consistent review. The program review consists of two components: questions about program implementation and criteria for a file review. The purpose of the evaluation was to review the permit programs, note practices that could be helpful to other permitting authorities, document areas needing improvement, and learn how USEPA can help the permitting authority and further improve the national programs.

On August 23-25, 2004, Region 5 staff visited the IDEM offices in Indianapolis, Indiana. USEPA's NSR program review team consisted of Sam Portanova and Genevieve Damico. We provided the questionnaire to IDEM and the state provided us with answers to the questionnaire prior to our visit. During the visit, we discussed in more detail the questionnaire and performed a file

review. The results of these discussions are in Appendices A and B of this report.

This final report summarizes findings and conclusions of the USEPA Region 5 from its review of IDEM's NSR program. The findings and conclusions are based on the answers IDEM gave to the questionnaire, the file review, and USEPA staff's knowledge of the program from experience with reviewing IDEM permits and programs. This information was compared to the statutory and regulatory requirements for federal permitting programs.

III. Description of IDEM's Program

The Office of Air Quality (OAQ), within the IDEM, is responsible for issuing construction permits to assure that all new or modified sources of air pollution will not have a detrimental impact on human health, human welfare, or the environment and will comply with all applicable state and federal requirements. The statutory authority for Indiana's air permit program can be found in the Indiana Code at IC 13-15-1-1. The applicable regulation is 326 IAC Article 2 of the Indiana Administrative Code. The rules in this article require subject persons to obtain permits for certain, identified non-exempt sources of air pollution.

Prevention of Significant Deterioration (PSD)

Indiana has a State Implementation Plan (SIP) approved program for the permitting of major sources in attainment areas. USEPA conditionally approved Indiana's PSD program on March 3, 2003, and subsequently fully approved the program on May 20, 2004. Prior to this time, IDEM implemented the federal PSD program under 40 CFR 52.21 through a delegation of authority from USEPA pursuant to an April 5, 1988, delegation letter.

Nonattainment NSR

Indiana also has a SIP-approved program for the permitting of major sources in nonattainment areas. USEPA approved Indiana's nonattainment NSR program on October 7, 1994. This approval incorporated nonattainment NSR provisions that were established in the 1990 Clean Air Act (CAA) Amendments. Prior to 1994, Indiana had SIP-approval for a nonattainment NSR program implementing pre-1990 CAA requirements.

NSR Reform

On December 31, 2002, USEPA published revisions to the PSD and nonattainment NSR program. These revisions are commonly referred to as "NSR Reform" regulations and became effective on March 3,

2003. Permitting authorities have until January 2, 2006, to submit to USEPA revisions to their PSD and nonattainment NSR programs which implement the new NSR Reform provisions. Indiana submitted these revisions to USEPA for approval on September 2, 2004. This questionnaire focuses on pre-NSR Reform regulation implementation since the NSR Reform provisions were not in effect in Indiana at the time the program evaluation was conducted.¹

IV. Findings

A. Strengths

Permit Tracking System

IDEM developed a Computer Assisted Approval and Tracking System (CAATS), which is a very effective permit tracking system. Under this system, all permit actions are entered into the CAATS database and linked by source identification number to previous permit actions from the same source. The CAATS system provides permit reviewers quick access to a source's permit history which helps avoid the netting "double counting" issue raised in item I.A.9. of the questionnaire and reduces the chance that multiple minor permits will be issued to the same source in a short period of time (I.J.3. of the questionnaire). The CAATS system also tracks the status of a permit application in IDEM's permit issuance process which allows IDEM to monitor permit backlogs and processing times.

Collocated Source

To help promote consistency on determinations of whether particular emission units are contiguous or adjacent, IDEM has developed a collocated sources checklist (included in Attachment A) to be used by the permit writer. Also, contiguous/adjacent determinations are reviewed by the Policy and Guidance section chief (Doug Wagner) to help assure consistency.

Increased Utilization

Indiana makes an effort to count emissions from increased utilization and has raised questions to USEPA regarding the proper way to quantify these emissions. IDEM staff noted that the experience of issuing Title V permits has helped the permit

¹ On June 24, 2005, the United States Court of Appeals for the District of Columbia Circuit issued its ruling on challenges to the December 2002 NSR reform revisions. State of New York et al. v. EPA, No. 02-1387, 2005 WL 1489698. Although the Court did uphold most of EPA's rules, it vacated both the Clean Unit and the Pollution Control Project provisions.

writers get a better understanding of the entire source and have more awareness of increased utilization issues.

Public Notification

We commend Indiana for its public outreach efforts. IDEM maintains a list of interested parties and sends a notification to those on the list when the state anticipates public interest in a source. Citizens can contact IDEM to be added to this list and can be listed for a particular source or for a particular county. Indiana does not send out e-mail notifications at this time, but would like to begin doing this in the near future.

According to Indiana staff, the state has always granted extensions to the public comment period when requested to do so. USEPA's experience in working with IDEM supports this statement. When IDEM extends a public review period, it publishes a legal advertisement in the same general circulation newspaper that published the original public notice. Indiana will also schedule a public hearing upon request or when the state anticipates public interest in a proposed permit. A public hearing calendar is included on IDEM's website². The state also has held informational meetings or attended community meetings regarding sources of public interest. IDEM participated in these type of community meetings for the proposed PSD permit for Steel Dynamics in Whitley County.

Indiana has helped make permit documents accessible to the public by posting public notice letters and draft and final permits on the IDEM website³. In addition, the IDEM website includes application forms, program information, public participation information, policy and guidance documents, and rules. IDEM's file room is open to the public and the state will send information upon request. IDEM waives photocopy charges whenever possible for citizens pursuant to a public interest clause that allows the state to waive these costs. Permit documents are also available at the local library in the town closest to the permitting activity location.

Public Participation

Indiana has developed three multimedia environmental publications for citizens that are written in plain English. The most detailed

² http://www.in.gov/serv/eventcal?PF=idem&Clist=16_153_154_155_156.

³ <http://www.in.gov/idem/air/permits/Air-Permits-Online/index.html>.

document is "IDEM's Guide for Citizen Participation." A condensed version of this guide is also available and titled "Getting Involved in Environmental Decision Making: Highlights from IDEM's Guide for Citizen Participation." IDEM also has a brochure available titled "How To Participate in Environmental Decision Making." Each of these publications are available on IDEM's website⁴.

Public Training Opportunities

IDEM has provided state-wide workshops and mini-workshops on NSR. In 2004, IDEM conducted several NSR Reform workshops for industry. Indiana held NSR citizen training in June 2002. In late 2003, the state held a workshop on IDEM's permitting process.

B. Areas for Improvement

Permit Notification

Indiana's merged Title V and NSR process makes it difficult for USEPA to identify some PSD permits because they are labeled as Title V permits. For example, the draft combined PSD and Title V permit for Casting Services which was sent to USEPA in November 2004 was labeled in the Indiana permit database⁵ only as a Title V permit. IDEM has been working with USEPA to address this concern. In recent months, subsequent to our August 2004 program evaluation, IDEM has developed a list of PSD permit applications currently being processed by the state. IDEM and USEPA are now discussing the status of these pending permits at regularly scheduled monthly conference calls.

Routine Maintenance, Repair, and Replacement (RMRR)

According to IDEM's questionnaire response regarding the cost factor in a RMRR evaluation, the state compares the cost of the project to the total amount spent on maintenance for that unit in each of the past 5-10 years. This approach is not entirely consistent with the way USEPA considers cost as a factor in whether a project is routine. A more technically reasonable and accurate way to take into consideration maintenance expenditures in a cost analysis is to compare the cost of the project to the average yearly maintenance cost of the component undergoing modification.

⁴ <http://www.in.gov/idem/environmentaljustice>

⁵ The Indiana permit database can be access via the Internet at <http://www.epa.gov/region5/air/permits/inonline.htm>.

As mentioned below, Indiana stated in its questionnaire response that good guidance is not available from USEPA on how to conduct a RMRR cost evaluation. In response, USEPA does not rely on cost evaluation alone to determine whether a project qualifies for a RMRR exemption. Cost is one of four factors considered in evaluating RMRR eligibility. Since RMRR determinations are case-specific and rely on multiple factors, guidance on conducting a RMRR cost evaluation is not practical.

IDEM stated in the program evaluation questionnaire response regarding the frequency factor in a RMRR evaluation that it considers the history of the specific unit, of other similar units at the same facility, and of similar units at other facilities in the same industry. IDEM should place a greater emphasis on a specific unit's history compared to the history of other units when making this analysis.

Tracking Synthetic Minor Permits

Indiana tracks all minor permits, but does not track them specifically as synthetic minor permits. IDEM believes this would be difficult because there are differing definitions of synthetic minor. For example, some count post-controls emissions in determining whether or not a source is minor while others consider pre-controls emissions.

NAAQS Inventory

Indiana bases emission rates provided in national ambient air quality standard (NAAQS) inventories on actual emissions. According to the 1990 draft NSR Workshop Manual (page C.45), the emission rate for the proposed source or modification must reflect the maximum allowable operating conditions. IDEM's approach is not consistent with USEPA's policy.

Class I Impacts Analysis

Indiana conducts a Class I impact analysis for PSD sources located within 100 km of a Class I area. States should consider possible Class I area impacts for PSD sources within at least 200 km from Class I areas and up to 300 km from Class I areas for large sources. The Calpuff model, now used routinely for Class I analyses, is appropriate for those distances. USEPA officially approved Calpuff for long range transport on April 15, 2003 (68 FR 18440). The Federal Land Managers (FLMs) are responsible for Class I area analyses, and their guidance recommends the use of the Calpuff model. The FLMs should be informed of proposed sources which could impact Class I areas, and they will help to

determine whether a full Calpuff analysis is necessary. Class I analyses should no longer be routinely dismissed simply because a proposed source is greater than 100 km from Class I areas.

Best Available Control Technology (BACT) Cost Analysis Documentation

USEPA has reviewed PSD permits from IDEM that did not include full documentation that explained the selection of an option other than the top control technology as BACT. We recognize that Indiana has established many positive practices for conducting a BACT analysis and puts significant effort into the process. However, the state needs to improve documentation of BACT analysis determinations in PSD permits. A recent example is the documentation for the INTAT Precision PSD permit (permit number 139-17898, issued April 6, 2004). The documentation for the permit that was submitted to EPA did not include a description of the BACT analysis conducted for this source. In another example, the PSD permit documentation for Cooper-Standard Automotive (permit number 033-17701, issued February 17, 2004) submitted to EPA also did not include a description of the BACT analysis conducted for this source.

Entering BACT and Lowest Achievable Emissions Rate (LAER) Determinations in the RACT/BACT/LAER Clearinghouse (RBLC)

Indiana is a few years behind schedule in entering data into the RBLC. USEPA is concerned about this delay in data entry because it results in situations where currently acceptable BACT limits are not listed in the RBLC. Delays in RBLC data entry will hinder permitting authorities' ability to conduct a complete BACT analysis. Indiana notes a few obstacles to timely RBLC entry. First, with online entries, only one person on staff at IDEM was allowed access to input data into the RBLC. The data entry requires technical knowledge of BACT issues and could not be assigned to administrative staff. This created a large workload burden for one of IDEM's technical staff. At this time, IDEM does not have anyone approved for online access. Data can also be entered into the RBLC by submitting forms to USEPA. However, IDEM has found the forms for adding data to the RBLC difficult to use.

Visibility Impacts Analysis

Indiana does not include a local visibility impact analysis as part of a PSD or major NSR permit. This provision is discussed on page D.5 of the 1990 NSR Workshop Manual and is intended to provide an opportunity to correct certain operating practices that may represent hazardous conditions.

Test Method Identification

Indiana typically does not identify a specific test method to demonstrate compliance with a SIP or BACT/LAER emissions limit in construction permits. The permit allows the emissions test method to be established after the source commences operation. USEPA's concern with this practice is that it avoids public and USEPA review of a source's emissions test method. Since the test method is not provided in the permit until after permit issuance, reviewers are not given an opportunity to comment on the selection.

File Review

As part of the program evaluation, USEPA conducted a review of IDEM's files for five construction permits. USEPA found the files to be disorganized. Documentation from inspections, violations, emission reports, and previous construction permit activities were included in the same file. This made it difficult to find documentation for a specific permitting action. A more specific summary of the file review is in Appendix B of this report.

C. Other Noted Aspects of the Program

Emissions Credit Registry

In July 2004, Indiana established an "Emission Credit Registry" to track nonattainment NSR offset credits. This was motivated by the new 8-hour ozone standard which established 22 new nonattainment counties in Indiana. Prior to the 8-hour ozone standard and since 1990, Indiana had issued only a few nonattainment permits. Sources can use this registry to search for available credits. IDEM reviews each credit transaction, but is not involved in the actual sale between two sources.

Nonattainment NSR Offset Credits

Indiana's nonattainment NSR offset credits expire after five years. This differs from the federal offset requirements which do not have an expiration date.

Minor modification public notice

Indiana requires a 30-day public comment period for minor source construction permits with emissions above 25 tons per year. Sources with modifications below 25 tons per year qualify for a registration from the state and are not subject to public notice requirements.

V. Recommendations

Permit Notification

USEPA recommends that IDEM continue to provide Region 5 with monthly updates of pending PSD and major NSR permits and associated issues. These updates help identify to EPA the PSD permit applications that IDEM is processing. This helps EPA better communicate with IDEM on PSD permit issues and will result in more timely resolution of permit issues. EPA also recommends that IDEM clearly identify all PSD and major NSR permits as such in permits that are drafted for public or EPA review. For the electronic versions of PSD and major NSR permits that are submitted to EPA for review and posted on the Internet for public access, EPA recommends that IDEM assure that each document contain the BACT analysis and necessary information to allow for a complete review by interested parties.

Routine Maintenance, Repair, and Replacement

IDEM's responses to RMRR cost and frequency evaluation factors are not entirely consistent with USEPA's interpretation of the CAA. USEPA recommends that IDEM work closely with Region 5 regarding RMRR analyses to assure there is a consistent approach to conducting such determinations.

Entering BACT/LAER Determinations in the RBLC

USEPA appreciates IDEM's input on difficulties in using the RBLC. It is important, however, to keep the RBLC updated. This clearinghouse serves as an important resource in conducting a BACT or LAER analysis. RBLC entries are used in the federal PSD and NSR rules to establish BACT/LAER comparability for purposes of qualifying for clean unit status. The absence of the most recent BACT determinations in the RBLC may lead to higher BACT limits established at other sources. USEPA recommends that IDEM keep RBLC entries updated.

Test Method Identification

Permits must identify test methods used to determine compliance. As a result of IDEM's practice of establishing the test method after permit issuance, there is no opportunity for permit reviewers (including the public) to comment on the test method that is ultimately selected to determine compliance with permit emission limits.

Tracking Synthetic Minor Permits

Although the federal rules do not require states to specifically track synthetic minor limits, the failure to do so makes it more difficult for states to assure compliance with PSD/NSR requirements. If synthetic minor permits are not specifically tracked, it may be difficult for a state to know which sources could trigger the requirements of 40 CFR 52.21(r)(4) upon relaxation of permitted limits. USEPA recommends that Indiana establish a method to properly track synthetic minor permits.

NAAQS Inventory

Indiana is not satisfying the USEPA Guideline on Air Quality Models by using actual emissions for NAAQS inventories. USEPA understands that IDEM's use of actual emissions is driven by availability of data and not the state's preference on tracking the NAAQS inventory. Nonetheless, IDEM's approach is not consistent with USEPA's policy. To be consistent with USEPA policy, IDEM must base NAAQS inventories on emission rates that reflect the maximum allowable operating conditions.

Visibility Impacts Analysis

Indiana does not include a local visibility impact analysis as part of a PSD or major NSR permit. IDEM does have measures in place which may address this issue indirectly through State opacity and fugitive dust rules. The limits from these rules are set forth in the permits. IDEM believes these rule measures have prevented local visibility problems more than a modeling analysis would have. However, USEPA believes that IDEM must include a visibility impact analysis as part of a PSD or major NSR permit to assure that proposed projects do not create hazardous conditions such as visibility impairments on highways or at airports.

VI. IDEM Comments

Routine Maintenance, Repair, and Replacement

Indiana stated in the program evaluation questionnaire that it believes that good guidance is not available from USEPA on how to conduct a RMRR cost evaluation.

Pollution Control Projects

In response to questionnaire item D.5 which asks how the state handles collateral emission increases in hazardous air pollutants for pollution control projects, Indiana expressed concern that the NSR Reform rulemaking would preclude the state from considering the impact of air toxics emissions from activities that are listed

as presumed to be environmentally beneficial. For example, fuel switching will automatically qualify for pollution control project status, but may result in an increase in mercury emissions.

PSD Program Benefits

Indiana believes that USEPA has downplayed the air quality benefit of NSR during NSR Reform training sessions. The state disagrees with this approach. Indiana believes that imposition of BACT is leading to lower NSPS emission limits and continues to be lower than NSPS. Indiana has a number of permits that have much lower emission rates because they went through a BACT analysis. Because of the BACT analysis requirement, IDEM believes the existing affordable technology that is available is much better than otherwise would exist.

Dalton Foundry is an example of a source that has experienced significant emission reductions as a result of the NSR program. Indiana received numerous public complaints about this facility. The source eventually obtained a PSD permit and, pursuant to the BACT requirement, installed an advanced oxidation system that was the first of its kind in Indiana. This has reportedly eliminated the smoke, odor, and blue haze that once existed in nearby residential neighborhoods.

Availability of Information for BACT Analysis

Although Indiana permits include an economic rationale for rejecting a particular BACT option, the state has difficulty finding sufficient dollars-per-ton information on other sources to conduct a comparative cost analysis. According to IDEM, this is because cost information is typically only available from past permit actions if a control option is rejected. When a source accepts a control option, the costs involved are not documented because justification is not necessary.

Indiana has permits available online and finds it very useful when other states have permits available online. This provides IDEM staff with an efficient way to obtain information about BACT determinations in other states.

Net Air Quality Benefit Modeling Analysis

Indiana stated in its questionnaire response that it did not understand the question regarding a "net air quality benefit modeling analysis" for nonattainment areas. This requirement is codified in 40 CFR Part 51, Appendix S (IV)(A)(4) and referenced in 40 CFR 51.165(a)(3)(ii)(F). Since this requirement does not

apply to ozone nonattainment areas, this issue has not applied to any nonattainment NSR permits issued by Indiana during the time period being evaluated.

Indiana's Experience with Public Notification

Indiana's experience with public notification is that direct mailing is currently the most effective way to provide public notice. However, the state believes that e-mail eventually has the potential to be an equally or more effective tool.

Training Request

Indiana has requested that USEPA provide training to the state staff on limiting potential to emit. Indiana last received USEPA training on this topic about 10 years ago.

NSR Reform Rules

Indiana will be satisfied with the NSR Reform rules if they are successful in focusing on true emissions increases. The state believes that, in most cases, the past-actual to future-potential test does not realistically characterize the effect that a physical change or a change in the method of operation will have on future emissions. However, Indiana does not want the NSR Reform rules to provide loopholes for sources to avoid emission reductions.

Appendix A:

New Source Review (NSR) Program Review Questionnaire
Indiana: August 23-24, 2004

Note: This questionnaire does not address implementation of changes made to the major NSR rules in EPA's rulemaking on December 31, 2002.

I. Program Requirements Common to Both Prevention of Significant Deterioration (PSD) and Nonattainment NSR

A. Netting

Y N 1. Is netting approved in your NSR SIP for determining whether modifications at major stationary sources are subject to major NSR (PSD or nonattainment NSR as applicable)? If no, please explain.

Y N 2. Is your contemporaneous look-back period five years, exactly the same as in the Federal PSD regulations at 40 CFR 52.21. If not, what is the contemporaneous time period for netting in your SIP?

Indiana follows the same contemporaneous period required by EPA. Page A.37 of the NSR workshop manual describes the contemporaneous window as a period beginning 5 years before the date construction is expected to commence and ending when the emissions increase from the modification occurs.

Y N 3. For determining the baseline from which emission reductions are calculated do you require the applicant to submit the actual emissions from the units along with any permit limits that apply?

Indiana says that, if the source does not include actual emissions data in the permit application, they will ask for the information from the source.

Y N 4. Do you allow an applicant to receive emission reduction netting credit for reducing allowable emissions instead of actual emissions? If yes, please explain.

Y N 5. Do you allow an applicant to receive emission reduction credit for reducing any portion of actual emissions that resulted because the source was operating out of compliance?

Y N 6. Do you allow an applicant to receive emission reduction credit for an emissions unit that has not been constructed or operated?

Y N 7. Are emissions reductions to meet MACT requirements eligible for netting credits? If yes, under what conditions? (See EPA's November 12, 1997 memo from John Seitz entitled "Crediting of Maximum Achievable Control Technology (MACT) Emission Reductions for New Source Review (NSR) Netting and Offsets".)

Only excess emission reductions would be eligible for use as netting credits. Indiana follows 1997 EPA memo mentioned above regarding use of eligible MACT reductions for netting.

Y N 8. When any emissions decreases are claimed as part of a proposed modification, do you require that all stationary, source-wide, creditable and contemporaneous emissions increases and decreases of the pollutant be included in the major NSR applicability determination?

9. To avoid "double counting" of emissions reductions what process do you use to determine if emissions reductions considered for netting have already been relied on in issuing a major NSR permit for the source?

Indiana says they review all of the source's previous permits. Source permitting history is available via the State permit tracking system known as CAATS (Computer Assisted Approval and Tracking System).

Y N 10. Do you have a process to track projects that use credits to net out of major NSR? If yes, please explain.

Indiana does not track whether past permits used netting. However, Indiana tracks emissions increases and decreases from past project using CAATS and counts all increases and decreases in the contemporaneous window to avoid double counting. Indiana has a process to go back and look at past permitting data.

Y N 11. Do you require that emissions reductions (e.g.,

reductions from unit shutdowns) must be enforceable to be creditable for netting?

Indiana requires that shutdown, control device, etc. requirements be in a permit to be creditable. They also require the corresponding monitoring in the permit to verify the reductions. Occasionally, a source will require ramp-down/ramp-up emission permit conditions.

Y N 12. Have you had public concerns regarding the netting analysis and procedures used for any issued permits that avoided major NSR? If yes, please describe.

Y N 13. Do you allow interpollutant trading when netting, e.g., can a source use NOX or PM credits for netting out of VOC increases? If yes, please explain.

14. What process do you have to verify that a source's emissions reductions considered for netting, including emissions reductions that may have been "banked," are not already used by the source, or another source, as nonattainment NSR offsets? Please describe.

Indiana tracks the use of offset credits in the Emission Credit Registry. This registry was established about a month before this program evaluation and is not yet populated with credits. There have been practically no nonattainment NSR offset permits issued in Indiana since 1990. This may change since the 8hr ozone standard establishes 22 new nonattainment counties in Indiana. The technical support document for both permits would show where offsets came from. Offsets will be put in the registry and the permit history will show that reductions have already been used as offset credits and are no longer available for netting.

B. Routine Maintenance, Repair, and Replacement (RMRR)

Y N 1. Do you have knowledge of the EPA letter dated May 23, 2000, to Henry Nickel of Hunton & Williams concerning Detroit Edison and the Wisconsin Electric Power Company (WEPCO) case RMRR documents?

2. What other documents do you rely upon when making RMRR exemption determinations?

IDEM relies on the WEPCO case and the May 23, 2000 Detroit Edison letter.

- Y N 3. Do you have a formal protocol for making RMRR exemption determinations? If yes, describe the protocol.

Indiana does not have its own formal protocol, but relies on the four-factor test outlined in the WEPCO ruling and the Detroit Edison letter.

4. Approximately how many formal RMRR exemption determinations have you made in the last five years? Using any one such determination as an example, describe the example, state the conclusion you reached, and discuss how you reached the conclusion.

The only formal determination they have done was for SIGECO (resulted in utility enforcement case). There have been some requests since then, but the issues have been resolved before a formal determination became necessary. Example: Golden Castings cupola shell replacement. IDEM evaluated the project using the criteria outlined in the WEPCO court case. IDEM determined that it was a physical modification, not RMRR.

- Y N 5. Do you keep documentation of formal RMRR exemption determinations?

- Y N 6. Do you restrict the RMRR exemption to units being modified and exclude replacement of entire units from RMRR exemption consideration?

- Y N 7. Regarding the "purpose" evaluation factor in an RMRR exemption evaluation, do you exclude projects from the RMRR exemption that result in an increase in production capacity?

8. Regarding the "frequency" evaluation factor in an RMRR exemption evaluation, do you consider just the history of the specific unit(s) in question, just the history of other similar units at the same facility, just the history of similar units at other facilities in the same industry, or some combination of these histories?

Indiana says they consider all 3 of the histories listed above. However, frequency of a particular activity could

vary quite a bit across an industry.

9. Regarding the "cost" evaluation factor in an RMRR exemption evaluation, what procedure do you follow to take cost into account?

Indiana compares the cost of the project to the total amount spent on maintenance for that unit in each of the past 5-10 years with the expectation that maintenance costs should be consistent over that time period. Indiana also considers the cost compared to the cost of an entire unit. Indiana does not have a bright-line test for cost. Indiana says good guidance is not available from EPA on how to conduct cost evaluation.

- Y N 10. Do you provide RMRR exemption evaluation training to NSR permitting staff employees (other than on-the-job training)? If yes, describe the nature of the training provided.

Indiana says that it would be difficult to do training now. They would plan to do training if NSR Reform rules regarding RMRR are adopted in future.

- Y N 11. Do you provide an information outreach program on RMRR exemption evaluations for owners of regulated sources? If yes, how frequently do you provide such information and how do you provide it?

C. Synthetic Minor Limits

- Y N 1. Do you keep a list of synthetic minor sources (i.e., sources that would otherwise be major for NSR but are considered minor because of emissions limits or other limiting conditions in their permits) that is available for review by the public and EPA? If yes, please explain how.

There are too many permitting actions to specifically list. Just about all permit actions involve some sort of emissions limits. Indiana feels that the term synthetic minor is defined differently by different people (i.e., some would say before controls and some would say after controls). Some sources are below the major source production and emission limit without a permit, but Indiana still requests permit limits due to unreliable emission factors.

2. Describe your formal process for establishing or designating a synthetic minor source.

Indiana issues a permit with enforceable limits to keep emissions below the major source threshold. Enforceable limits can include annual production limits, short term verifiable stack testing limits, operational limits (i.e., operation of a baghouse), and compliance monitoring requirements. A rule requirement may not be sufficient to establish a synthetic minor limit (e.g., NSPS alone may not be an enforceable limit).

Sources could also use source specific operating agreements (SSOAs) to establish synthetic minor limits. SSOAs rely mostly on production limits.

- Y N 3. For synthetic minor sources do your permits include enforceable limits to keep the sources minor?

4. How is compliance with the synthetic minor limits tracked over time? Please explain.

Stack testing and compliance monitoring are required to assure on-going compliance. Almost all minor NSR permits that require limits to be minor are required to have a stack test. Stack test frequency is established in a source's operating permit and is often required at least once every 5 years. Indiana requires deviation reports for control equipment down-time or parametric data that is out of the established range.

- Y N 5. Are you satisfied that your tracking activities are sufficient to ensure that sources getting synthetic minor permits to avoid major NSR review are not actually operating above the applicable major source threshold?

IDEM relies on the stack test and periodic monitoring requirements mentioned in the previous question to ensure that such sources are not operating above the major source threshold.

- Y N 6. Do you include in your synthetic minor permits conditions requiring sources to notify you if and when the major source threshold is reached?

These must be reported as deviations - in this case, violating the PSD threshold.

- Y N 7. Do you perform(or require) modeling for sources

seeking synthetic minor permits to determine impacts on PSD increments?

Indiana has some problems keeping the minor source screening program in place. Minor source screening is not routine. Indiana conducts modeling if there is a public concern. Example: Sources with combustion turbines had modeling because of public interest.

- Y N 8. Do you consider visibility issues in Class I areas, if applicable, when reviewing synthetic minor applications?

The only nearby Class I area is Mammoth Caves, Kentucky. This is within 100km of only very southern tip of Indiana. Therefore this issue almost never comes up. Indiana has conducted some impact analysis at times for sources near the Indiana Dunes National Lakeshore area. However, this is not a Class I area.

D. Pollution Control Projects (PCP) Exclusion

- Y N 1. Do you have standard permitting procedures or rules that allow for certain changes at non-utility emissions units to be designated as PCP, which are excluded from major NSR?

Yes - even before Reform. Indiana adopted 1994 EPA guidance into State rules. Indiana's NSR Reform rules became effective at the State level on 9/9/04.

2. How many PCP exclusions have been granted for "feed" or "fuel" switches?

None under NSR Reform. Less than 5 under pre-Reform rules. Examples are Lone Star Cement and Waupaca Foundry.

3. What process do you use to determine if the project is "environmentally beneficial" and not just "economically efficient"?

Indiana followed EPA's guidance before NSR Reform. For non-listed projects: There has to be reduction of at least one pollutant. Collateral increases are analyzed case by case. An increase in capacity or new units does not qualify for a PCP.

4. How are the collateral emission increases evaluated? Do you require a modeling analysis to demonstrate insignificant impacts from emissions increases?

All PCP's are required to meet the "cause or contribute" test to demonstrate that the project does not adversely impact an Air Quality Related Value (AQRV). Indiana requires modeling done on a case-by-case basis based on the amount of collateral emissions.

5. How do you handle collateral increases in hazardous air pollutants (HAP)?

All PCP's are required to meet the "cause or contribute" test to demonstrate that the project does not adversely impact an AQRV. Collateral increases are evaluated on a case-by-case basis. It will be difficult to consider HAPs under NSR Reform. Example: PSI has a fuel switching request post-reform. This will result in lower sulfur dioxide but more mercury (Hg). This is a listed project. Indiana does not want to approve this project due to Hg emissions, but they interpret the Federal rules to say that they cannot look at collateral HAP impacts for listed sources under Reform.

- Y N 6. Are the emission reduction credits from PCP available for netting or NSR offsets? Please explain.

If an owner or operator further reduces emissions after qualifying for the PCP exclusion, it may be possible to use those reductions for offsets or netting. In this situation, the emission credit is the difference between the level of reduction that was used to qualify for the PCP exclusion and the new emissions reductions. The reductions should be enforceable, surplus, quantifiable, and permanent. This issue has not come up in Indiana.

7. Which add-on control devices are most frequently involved in PCP exclusion requests?

Internal combustion engines and selective catalytic reduction (SCR) are most common. SCRs are driven by NOX SIP Call requirements, but they have collateral PM10 emissions.

8. Which types of industrial sources typically request PCP exclusions from major NSR?

Natural gas pipeline stations and utilities. The addition of SCRs and coal switches are the most common activities.

- Y N 9. Does your NSR SIP include the PCP exclusion for electric utility steam generating units (often referred to as the WEPCO exclusion)?

This provision is included in the state rule and is approved into the SIP.

E. Fugitive Emissions

1. Please provide your regulatory definition of "fugitive" emissions for major NSR applicability purposes.

326 IAC 2-2-1(x) fugitive emission means those emissions that could not reasonably pass through a stack, chimney, vent, or other functionally equivalent opening. IDEM recently lost a court ruling over the definition of fugitive emissions for the Seagrams whiskey warehouse.

- Y N 2. Do you make a distinction between "fugitive" emissions and "uncontrolled" emissions? If so, please explain.

Fugitive emission is defined above, "uncontrolled" means no control device.

- Y N 3. Do you include fugitive emissions in major NSR applicability determinations for new sources? For modified sources? Please explain.

For new sources, Indiana counts fugitives if the source belongs to one of the listed source categories. For modifications, Indiana counts fugitives for all sources. Indiana is aware of an Environmental Appeals Board (EAB) ruling which says source category is only considered for fugitives in definition of major source. This definition is not part of the definition of major modification and, thus, fugitives are not excluded for non-listed categories for modifications.

- Y N 4. Do you allow major sources to use reductions in fugitive emissions for netting purposes? If so, please explain, and describe how you determine the fugitive emissions "baseline" used for netting.

They are allowed if they can be quantified and have enforceable limits. The baseline would be the average actual annual emission rate based on the most recent 24-month period. Indiana's calculation would be based on emission factors.

5. Please provide a description of your guidelines or calculation methodology used to quantify fugitive emissions.

AP-42 emission factors combined with actual production rates. Indiana has specific emission factors for iron and steel mills. The State typically uses AP-42 information combined with throughput rates.

- Y N 6. Do your permits contain conditions for specific emission limits or control methods/work practice standards for fugitive emissions consistent with requirements for BACT?

Fugitive dust control plans as part of BACT. Silt content limits and dust suppression work practices for road dust. Indiana relies on opacity limits for some road dust emissions as well. Compliance testing includes methodology other than Method 9.

F. Modeling

- Y N 1. Do you follow EPA's modeling guidelines in 40 CFR Part 51 Appendix W?
- Y N 2. Are deviations from the modeling guidelines in Appendix W subjected to public comment and submitted to the regional EPA office for approval?

This is a rare occurrence. Any deviation from the modeling guidelines are for the use of non-USEPA approved models or selecting non-regulatory defaults. In such circumstances, IDEM seeks USEPA approval before an applicant submits any modeling for review. If an applicant submits modeling that does not conform to the Appendix W guidelines and the applicant did not obtain prior approval, IDEM will revise the modeling to conform with the guidelines. After reviewing an applicant's modeling,

IDEM creates a modeling technical support document (TSD) which states the model used and defaults chosen. The TSD is included in the documentation available when a permit goes to public notice. The public is then given a chance to comment on the modeling portions of the permit.

- Y N 3. Are minor permit actions (i.e., proposed new and modified minor sources), evaluated to determine if modeling for PSD increments is needed? Under what circumstances is increment modeling triggered for these minor permit actions?

Indiana does not do minor source increment modeling.

- Y N 4. Do you ask applicants to submit a modeling protocol for approval prior to submitting modeling?

IDEM meets with applicants prior to modeling submittal. The state modeler asks a source to submit what protocols they want to use before they start working on modeling. In most cases, this is straightforward because most consultants are knowledgeable and not looking for short cuts.

- Y N 5. Is the protocol provided to other interested organizations (e.g., EPA, Federal Land Manager)?

Indiana provides this upon request but has not received requests from interested organizations. According to IDEM, EPA has been interested in final product more than the protocol during the time period covered by this program evaluation.

- Y N 6. Is the effect of downwash modeled if stacks are less than good engineering practice (GEP)?

- Y N 7. Are modeling analyses available for public review?

- Y N 8. Do you review modeling submittals to determine if option switches are correct?

Indiana will review submittals that contain something other than the regulatory default. Option switches are only done under special circumstances and Indiana consults with EPA when such a submittal comes in.

- Y N 9. When off-site meteorological data are used what years are typically used?

1990-1994. This is the most recent 5 year period readily available at this time.

10. How do you train your modeling staff?

Indiana sends staff to Trinity or Bowman Environmental Engineering for training. This is mainly for new staff. Indiana also relies on a mentoring program and peer review to train staff. Indiana attends EPA telecourses.

Y N 11. Do you follow The Air Quality Analysis, Additional Impacts Analysis, and Class I Area Impact Analysis guidance provided in the New Source Review Workshop Manual (Draft October 1990)?

12. For cumulative national ambient air quality standards (NAAQS) and PSD increment compliance assessment:

a. How are the appropriate emission inventories of other sources developed?

Indiana uses STEPS (State Emission Processing System) for its NAAQS inventory. They track increment via a spreadsheet through PSD permitting. STEPS is also used for Title V fee reporting.

b. What are the reasons used to identify and/or eliminate emission sources?

Indiana usually eliminates any sources with emissions of less than a ton per year in their NAAQS inventory. They add/subtract increment sources as they become aware of activity. Indiana usually becomes aware of activity through the permitting program.

c. How are PSD increment consuming/expanding sources identified and tracked?

Through the PSD permitting process. Indiana tracks increment consuming sources using MS Excel spreadsheet.

1) Are mobile sources modeled for increment compliance?

No

13. What is the basis (e.g., allowable, maximum or average actual short-term emissions, last two year

period, etc.) of the emission rates provided in the NAAQS and PSD increment consuming inventories of other sources?

PSD increment inventories use permit allowables. NAAQS inventories (STEPS) use actuals. This is more of a data availability issue. The NAAQS inventory is based on the STEPs data base. Sources report to STEPs their actual emissions for billing purposes. Since all NAAQS sources may not be an increment source this is a way to get all sources which would have an impact on the NAAQS. Just reviewing incoming permits would not provide an inclusive NAAQS inventory. Also, looking at historical paper files for maximum allowable values would be intensely time consuming and would probably induce error if emissions due to modifications, plant reductions, and plant shutdowns were not caught.

14. How do you ensure that the controlling concentrations reported by the applicant for each pollutant and averaging period were appropriately determined?

Indiana assures what was modeled is what was permitted. Their permitted rate always reflects what was modeled.

- Y N 15. Are the impact modeling analyses reviewed to ensure that they are accurate and complete, and that appropriate modeling procedures (e.g., modeled to 100-m resolution, fence line and not property line, nearest modeled receptors, etc.) were followed?

Indiana always looks at this.

- Y N 16. Is complex terrain an issue in your region? What modeling procedures are used to address impacts in complex terrain?

Indiana sometimes chooses the elevated terrain option in Indiana ISC. This is not always done since not all areas in Indiana have complex terrain. Southern Indiana and the St. Joseph County area tend to have complex terrain.

- Y N 17. Are pollutants without NAAQS and/or PSD increments addressed in the air quality impact assessments? What threshold concentrations (e.g., acceptable ambient concentrations) are used to evaluate

impacts?

Yes, 0.5% of PEL (Permissible Exposure Limit) & NATA/CEP (National Air Toxics Assessment/Cumulative Exposure Project) cancer benchmarks. This includes toxics. PEL is an OSHA limit. Eventually the State will be looking at NATA/CEP more than PEL.

- Y N 18. Do you have written agency-specific air quality modeling guidance for use by applicants? If yes, has the guidance been provided to other concerned organizations (e.g., regional EPA, appropriate FLM, etc.) for review and comment? Is your guidance available on the internet?

Yes to all. The guidance is available at <http://www.in.gov/idem/air/programs/modeling>. IDEM will be updating this guidance in the near future to reflect some policy changes in modeling VOCs and hazardous air pollutants (HAPs).

19. How do you determine the appropriateness of proposed meteorological data for an application? When are "on-site" meteorological data required for an application? Are "on-site" meteorological data validated and accepted if recovery is less than 90 percent?

The proximity of the applicant to the MET site. If "on-site" MET is collected, the latest year can be used. Where on-site MET data is used, the source has to follow all the requirements set forth in ambient monitoring guidelines by EPA. Indiana mainly uses National Weather Service MET data.

20. When an applicant's air quality modeling reveals NAAQS and/or PSD increment violations, what is required to grant the permit and how are the violations resolved?

Usually the applicant has to put on more controls to get concentrations down to acceptable levels. Most often, applicant has this worked out before coming to the state. Indiana would not issue a permit to a source that did not meet the NAAQS or PSD increments.

- Y N 21. Do your regulations include the federal definition of ambient air? If no, what is your definition of

ambient air?

22. Discuss your procedures for modeling "hot spots," including minimum receptor spacing?

Indiana starts with a fine grid and locate "hot spots". Once these are located more receptors are inserted to determine the high concentration. The fine grid receptor spacing ranges from 100-500m spacing. The "hot spot" receptor can be as close as 50m. Indiana models out to about 5km to look for hotspots. Computing speeds have allowed for better modeling in recent years.

23. How do you determine if background air quality data are representative?

Indiana usually picks sites which are close in distance to the applicants. They also look to see what kind of sources are in a given monitor area and compare that to the area where the applicant is located. For example, Indianapolis has conservative background data that can be applied to other areas.

24. Do you use the same NAD for stack, receptor, and building UTM coordinates?

Yes.

G. Stationary Source Determinations

- Y N 1. Do your SIP-approved rules define stationary source differently than 40 CFR 51.165 or 51.166? If yes, please explain.

- Y N 2. When determining if emissions units are contiguous or adjacent, do you assess whether emissions units under common ownership or control may be a single stationary source regardless of the distance between the emissions units? Please explain.

If the sources are less than 2 miles apart then the State determines whether there is a support relationship sufficient to consider the facilities adjacent. Indiana has not had determinations more than 2 miles. More than 2 miles is not ruled out, but it generally doesn't happen. For facilities that are less than 2 miles apart, at least 50% of product has to go back and forth. Facilities over 2 miles apart need a

physical connection such as dedicated rail spur, etc. to be considered adjacent. Interdependency: back and forth looping is not necessary, but is a deciding factor in some industries. Example: Kelsa-mat constructing next to IPL to take waste away from electro-static precipitators (ESPs). In this case there was no interdependency. Indiana has a collocated sources checklist which is used by the State permit staff. Indiana has one person that is involved in all contiguous/adjacent determinations, which provides State consistency.

- Y N 3. Do you assess facilities' financial, personnel, and contractual relationships to determine common ownership or control?

Indiana has a checklist to fill out to outline common control criteria.

- Y N 4. Do you assess whether sources with different first two-digit SIC codes (i.e., emissions units not in the same industrial grouping) may qualify as separate stationary sources?

See reference to checklist above.

H. Debottlenecking and Increased Utilization

- Y N 1. When determining if proposed modifications are subject to major NSR, do you include emissions increases from existing emissions units that are not physically modified (i.e., units that will be debottlenecked or have increased utilization such as boilers)?

Example: Golden Castings permit: New core machine were added to produce more metal and IDEM considering emission increases from existing units that resulted from the project. Lehigh permit: The source converted existing cement kilns to reheat kilns to get more capacity and IDEM considering emission increases from existing units that resulted from the project.

2. What method is used to determine the emissions increase from these emissions units? What EPA guidance do you consider for this issue?

For increased utilization: Indiana only counts the potential

to emit (PTE) that would result from a new project and not the entire maximum potential of the units in question. For example, if a new furnace is physically modified to add 50,000 tons in production capacity per year, then emissions increases at other units are calculated using the same 50,000 ton capacity increase. Title V has helped to educate state permit writers about the entire process of the plant. Before Title V, the focus was on individual projects and the permit writer often did not have a clear picture of how the whole source worked. With Title V experience, there is a better understanding of processes and more awareness of the increased utilization issue.

- Y N 3. Do you train your permitting staff to include such emissions increases when determining if a modification is major for NSR?

There is no formal training on this topic, but it is part of on-the-job training. Increased utilization is case by case and would be difficult to be part of a formal training.

Examples of on-the-job training: summary of Indiana technical meetings, monthly section meetings, and mentoring sessions with informal training from senior staff. Even with formal training, mentoring is important to refresh memories on issues.

I. Relaxation of Limits Taken To Avoid Major NSR

1. Describe your knowledge of the "relaxation" regulatory provisions of 40 CFR 51.165(a)(5)(ii), 51.166(r)(2), and 52.21(r)(4).

Any relaxation of limits taken to avoid PSD is required to go through PSD review. Sources cannot use netting to avoid this provision. 52.21(r)(4) issues come up often in Indiana. What usually happens is that the source either doesn't go through with the proposed project or they go through PSD.

2. What types of changes do you consider potentially subject to relaxation assessments?

Any changes in limits. Typically it is emission limits or production limits. Sources can increase production in exchange for use of control equipment to maintain emission

limit.

- Y N 3. Do you have a written policy on relaxation assessments?

IDEM refers to the 1992 Cooper Tire letter from USEPA as guidance on relaxation assessments.

4. Approximately how many relaxation assessments have you made in the last five years?

Indiana does not have this information available. This is difficult to track because often there isn't a formal determination regarding relaxations.

- Y N 5. Do you include specific permit limits and conditions to make potential future relaxation possibilities more identifiable?

The permit condition would say compliance is necessary to render PSD not applicable.

6. What is your understanding of the appropriate circumstances under which an existing minor source is allowed a 100/250-tons-per-year (tpy) emissions increase without triggering relaxation provisions?

Units already under the 250 tpy cap cannot get another 250 tpy. New units at the same source could be allowed 250 tpy.

- Y N 7. Do you provide relaxation evaluation training to NSR permitting staff employees (other than on-the-job training)? If yes, describe the nature of the training provided.

All Indiana permit reviewers have been through Advanced NSR training with Gary McCutchen.

J. Circumvention/Aggregation Issues

- Y N 1. When you review a modification to determine if it is major for NSR, do you consider aggregating prior minor emissions increases at the stationary source?

Indiana considers any recent increases. Example- Nucor Steel.

2. Please provide any criteria you may use to determine if a series of minor modifications or projects needs to be aggregated for NSR applicability purposes?

Projects completed within a 12 month period must be evaluated to determine if they are related. Indiana looks at planning memos, financial approvals and support relationships of a source to determine if projects should be aggregated for PSD applicability purposes. If projects occur more than 12 months apart, there is less support in guidance from EPA on aggregating the projects. Example: Iryn Calilung worked on a project (more than one) for Nucor where they had to aggregate.

- Y N 3. When requests are made to permit new or modified emissions units as separate minor changes over time, do you evaluate whether the permitting process is purposely staged as minor when the changes are really one permitting action subject to major NSR?

For more complex sources, the same engineer is assigned to the source for successive permits. Also, CAATS is an excellent tracking system.

II. Prevention of Significant Deterioration (PSD)

Note: The PSD program implements part C of Title I of the Clean Air Act for new or modified major stationary sources.

A. Program Benefits Quantification

- Y N 1. In your opinion, is the PSD program an incentive to reduce emissions below major source levels?

EPA downplays air quality impact of NSR in NSR Reform training sessions, but Indiana disagrees. Indiana believes that BACT is driving down NSPS and continues to be lower than NSPS. Indiana has a number of permits that have much lower emission rates because they went through BACT. Because of BACT, the existing affordable technology that is available is much better than otherwise would exist.

- Y N 2. In your opinion, have PSD permits been used as the authority to implement other priorities such as toxic emission reductions and improved monitoring and

reporting?

Indiana believes that PSD definitely helps reduce toxics emissions. Synthetic minor limits taken to avoid PSD as well as BACT reductions help reduce toxics emissions.

- Y N 3. In your opinion, does the case-by-case nature of a PSD permit allow you to implement emission reducing programs or controls more quickly than rulemaking?

This gives the State more ability to reduce emissions on a case by case basis, which, in IDEM's experience, has been more effective than waiting for a source-specific or source category-wide rule.

- Y N 4. In your opinion, does the PSD program provide communities a mechanism to be involved in improving their own air quality?

- Y N 5. In your opinion, has the PSD program contributed to sustaining good air quality?

PSD has resulted in more controls and more synthetic minor reductions. Example: Indiana received a lot of public complaints about Dalton Foundry. The source eventually went through PSD and installed an advanced oxidation system that was the first of its kind in Indiana. This has greatly reduced the smoke, odor, and blue haze that used to exist in the nearby residential neighborhood.

B. Best Available Control Technology (BACT)

- Y N 1. Do you require permit applicants to use the "top-down" method for determining BACT? If no, what approach do you require?

- Y N 2. Do you commonly use information resources other than the RACT/BACT/LAER Clearinghouse (RBLC) to identify control options, costs, etc.? If yes, what resources do you commonly use and rate the usefulness of each one?

Indiana usually uses the RBLC, but has also received information from other state regulatory agencies and manufacturers. Internally, permit staff can search CAATS for past Indiana determinations. The permit staff either search online or call other States to find out other determinations.

Indiana has found that having other States with permits available online is a very efficient way to obtain BACT information. The State will also talk to vendors to obtain information on add-on controls. The RBLC is helpful as a starting point - but the State rarely is able to rely on it without a follow up call to the permitting agency.

- Y N 3. Do you provide a detailed documentation/explanation of draft BACT determinations in the public record?

An appendix to the technical support document of a PSD permit contains the BACT analysis that has the top-down process. This details if and why certain options were eliminated.

- Y N 4. In your public record for draft BACT determinations, do you provide an economic rationale if a BACT option is rejected as being prohibitively expensive?

The draft permit will provide a \$/ton amount and an explanation for rejecting an option. The State has great difficulty in finding the cost per ton figures for other sources. This information is typically only available when an option is rejected.

5. What procedures do you use to calculate baseline emission rates for calculation of cost effectiveness values? What do you view as "uncontrolled" emissions?

Indiana considers as uncontrolled emissions before a control device but after the effect of any enforceable production limits and pollution prevention techniques. Any limit taken to affect a BACT cost analysis is considered a BACT limit and cannot be relaxed without triggering BACT again. Such a limit is identified as a BACT limit in the PSD permit.

- Y N 6. Do you consider combinations of controls when identifying and ranking BACT options (e.g., low organic solvent coatings plus thermal oxidation)?

Example: Waupaca Foundry core room PSD permit. This project used a combination of pollution prevention options and add-on controls. A combination of lower-VOC resin usage and an acid scrubber control device was considered in the BACT analysis, was found to be equivalent to top-ranked control option (thermal oxidation), and was selected as BACT.

- Y N 7. Do you ever re-group the emissions units included in a cost evaluation? For example, if an applicant's approach is to evaluate the cost of controlling each unit separately, do you ever consider combining units for control by one control device? Conversely, if an applicant combines all units for control by one control device and concludes this approach is too expensive, do you ever consider controlling individual units or a small group of units that have the greatest percentage of total emissions?

Yes to both. Indiana does this often. This issue has recently been discussed for a project at Dalton Foundry.

- Y N 8. Do your PSD permits specify emissions limits and control methods consistent with the basis (and capabilities) of the selected BACT options?

All limits that went into a BACT determination are included in the permit.

9. How do you establish the compliance averaging times for BACT emissions limits?

Indiana looks in the RBLC, other permits, and consults with their Compliance Data Section to establish averaging times. This is part of the BACT evaluation. The analysis drives not only the emission limit but also the averaging times. The averaging time may be based on the compliance method used.

- Y N 10. Do you make sure that permit conditions impose restrictions consistent with BACT evaluation assumptions? For example, if the annual emissions used in a BACT cost evaluation are based on an assumption of less than continuous operation and/or operation at less than maximum capacity, do permit conditions contain limits based on the assumption used?

See question 5 above. Example: Waupaca Foundry. This source took a production limit so that a regenerative thermal oxidizer would not be cost effective as BACT. The source took a limit on the amount of VOC in the resin. The permit includes a condition that limits VOC resin usage.

For questions 11-16 regarding BACT cost evaluations:

- Y N 11. Do you allow deviation from EPA's recommended cost evaluation procedures? If yes, please explain.

Indiana relies on the procedures in the 1990 NSR workshop manual.

12. Do you place primary reliance on total or incremental cost effectiveness values? If you give greatest (or equal) weight to incremental costs, what is your basis for doing so?

Total cost. Indiana gives very little weight to incremental costs (see Waupaca). For example, in the Waupaca Foundry permit, Indiana didn't agree to incremental-based cost rejection and the source took a production limit to raise its total cost above the BACT cost effectiveness range.

13. Do you place primary reliance on a comparative cost approach or a "bright line" test?

Indiana uses a comparative cost approach. The problem the State has is finding enough information to use a comparative cost approach. Such information is sometimes very hard to find. If there isn't enough information available, then Indiana has to rely on a judgement of what other sources have done.

- Y N 14. If you place greatest importance on a comparative cost approach, do you try to obtain cost data for projects outside your permitting jurisdiction?

- Y N 15. If you use what can be described as a "bright line" test, what is the basis of your "bright line" cost effectiveness value and do you change the value over time to account for inflation? **N/A.**

- Y N 16. Do you use a different cost approach for different pollutants? If yes, please explain.

Indiana uses a comparative cost approach for each individual pollutant.

17. Under what circumstances do you conduct a BACT cost evaluation independent of the cost evaluation provided by the applicant? (An independent evaluation could entail obtaining additional vendor quotes.)

Indiana does not believe this is a good question because they would have to work through the source to perform an additional evaluation. Requests for additional information from the source are frequent. The State finds it difficult to get a vendor quote if a vendor doesn't think source will install equipment. Indiana does provide an independent review of information that is provided. The State conducted an independent cost evaluation for the SDI PSD permit because that permit was appealed to the EAB and remanded to the State.

- Y N 18. Are cost estimates required to be referenced to a common baseyear (e.g., 1998) so that cost estimates can be easily compared?
- Y N 19. Are other agencies contacted to determine if their cost estimates need to be normalized before comparisons can be made?
- Y N 20. Do you perform a BACT assessment for all new/modified emissions units or activities emitting a pollutant subject to PSD review no matter how small the emissions from an affected unit or activity?

This is challenging because it is difficult to get information on previous BACT determinations at small units.

- Y N 21. Do you consider increases or decreases in corollary toxic/hazardous air pollutants as part of a BACT evaluation? [This question addresses implementation of EPA's "North County Resource Recovery Remand" memo dated September 22, 1987.] If yes, please give a specific example.

For example, Indiana considers ammonia slip in the turbine SCR projects. Indiana also considers corollary toxic decreases to bolster the justification for a BACT selection.

- Y N 22. Do you provide BACT evaluation training to new (or newly-assigned) new source review (NSR) permitting staff (other than on-the-job training)? If yes, describe the nature of the training provided.

New staff takes NSR training through Gary McCutchen which only touches on BACT evaluations. Indiana is planning to

send some senior staff to an upcoming Gary McCutchen training that is specifically about BACT.

- Y N 23. Do you provide BACT evaluation refresher training to experienced NSR permitting staff? If yes, how frequently do you provide this training and what is the nature of the training provided?

Every 2-3 years staff attend a repeat of McCutchen advanced NSR training. This year will be first time for BACT specific training. Indiana will likely send staff to this training in the future if it determines the upcoming training to be useful to IDEM staff.

- Y N 24. Do you provide an information outreach program on BACT evaluations for owners of regulated sources? If yes, how frequently do you provide such information and how do you provide it?

- Y N 25. Do you provide an information outreach program on BACT evaluations to the public? If yes, how frequently do you provide such information and how do you provide it?

The general principles of BACT were included in the NSR citizen training provided by IDEM and Region 5 in 2000.

- Y N 26. Do you enter each BACT determination in the RACT/BACT/LAER Clearinghouse?

Yes, but Indiana is a few years behind schedule. Indiana does not have anyone approved to enter online at this time. Forms for adding information to the RBLC are very difficult. The problem with online access is that everything has to go through one person and it has to be a technical person - which means that a technical person has to devote a lot of time entering data into this database.

- Y N 27. Before establishing BACT as work practice, design, or operational standards do you determine that emissions limits (e.g., lbs/mmBTU, lbs/hr) are not feasible? If no, please explain.

- Y N 28. Do you apply BACT to fugitive emissions? If no, please explain.

BACT is usually a fugitive dust control plan.

C. Class I Area Protection For PSD Sources

1. How do you determine which proposed projects need a Class I impacts analysis, including consideration of distance of the source from Class I areas (e.g., maximum distance criteria)? Please explain.

Sources within 100km of a Class I area. However, almost the entire State is greater than 100km from the nearest Class I area. Only the very southern tip of Indiana is within 100km of Mammoth Cave National Park in Kentucky.

- Y N 2. For new or modified sources within 10 kilometers of Class I areas do you require sources to submit an impact analysis for all pollutants to determine if any have impacts greater than 1 ug/m³?

N/A. Closest Class I area is 90km from Indiana.

- Y N 3. Do you require applicants to submit a Class I increment analysis for each pollutant subject to PSD review for which an increment exists? **Yes**

- Y N 4. Do you require applicants to identify and provide a cumulative impacts analysis (maximum impact within Class I areas) for all Class I areas impacted by the source? **Yes**

- Y N 5. Do you have a formal procedure for notifying Federal Land Managers (FLMs)? If yes, please explain.

No formal procedures, but the State does notify the FLM when a source is within range of class I area.

- Y N 6. Do your permitting procedures require the applicants to notify Federal Land Managers? If yes, please explain.

This is required in the modeling procedures.

- Y N 7. Is there communication, consultation, and discussion between you and FLMs? If yes, to what extent(e.g, high, moderate, minimal).

Yes, when applicable.

- Y N 8. Is there communication, consultation, and discussion

between the applicant and FLMs? If yes, to what extent (e.g., high, moderate, minimal)?

N/A. This almost never comes up in Indiana and has not occurred in the last 5 years.

Y N 9. Do you actively seek input from FLMs during the permitting process?

Y N 10. Is the applicant required to address potential adverse impacts on air quality related values (AQRVs) that are identified by the FLM during the notification process?

Y N 11. Do you require prior approval of Class I area impact analysis procedures that applicants plan to use?

Yes, this is a part of the modeling protocol.

Y N 12. Do you require applicants to perform a visibility analysis for Class I areas?

Y N 13. If a visibility impairment is indicated, do you require the applicant to notify the appropriate FLM for the Class I area?

Indiana would probably also notify the FLM themselves.

Y N 14. Is the applicant required to address potential effects on scenic vistas associated with Class I areas that may have been identified by the FLM during the notification process?

Doesn't happen in Indiana. But if there was such a thing, yes.

Y N 15. Do you have a formal process for handling Class I area increment violations if predicted?

The same process as regular increment violations.

Y N 16. Have you issued PSD permits where the FLM objected? If yes, please explain and identify the projects.

D. Additional Impacts -Soils, Vegetation, Visibility, Growth

Y N 1. Do your PSD application forms specifically require

information regarding additional impacts? If yes, include a copy of the forms.

Indiana has a protocol of what is required in a permit application before they start modeling. This protocol includes requirements for an additional impact analysis.

HAPs modeling is triggered for new or existing sources emitting 10 tons/year for one HAP or combined HAPs over 25 tons/year. Only the HAPs exceeding those thresholds will be modeled. For existing sources, HAPs from the modification (new emissions) only are modeled. All HAP emissions are modeled for a new source. This procedure is used for major PSD sources. For HAPs that are regulated under 29 CFR Part 1910, IDEM often expresses the maximum ground level off property concentrations predicted by modeling to the corresponding PEL. OSHA sets PELs to protect workers against the health effects of exposure to hazardous substances. PELs are regulatory limits on the amount or concentration of a substance in the air in the workplace. OSHA PELs are based on an 8-hour time weighted average (TWA) exposure. Concentrations that are a very small percentage of the PEL, e.g., 0.5%, the informal IDEM limit indicate that there should not be a significant impact on public health and welfare. There are no health standards for HAPs in the ambient air.

Major PSD sources emitting 10 tons/year for one HAP or combined HAPs over 25 tons/year will trigger a Cumulative Exposure Project (CEP) health benchmark analysis by IDEM. These CEP benchmarks developed by U. S. EPA, represent an estimated HAP concentration that might cause 1 case of cancer if 1 million people were in constant contact with the HAP for 24 hours a day for 70 years.

Y N 2. If no, do you require applicants to submit sufficient information necessary to complete an additional impact analysis?

See above.

3. What resources do you use for researching additional impacts?

Indiana uses Purdue educational soil surveys and State & Federal endangered species lists. 50 CFR Part 17, Subpart B lists endangered and threatened wildlife and plants.

Y N 4. Do you include environmental justice issues in your analysis?

Y N 5. Has an additional impact analysis in the last 5 years been a cause for concern in an issuance of a PSD permit? If yes, please explain.

Sometimes there is a public comment on this, but this has never turned out to be an issue.

Y N 6. Do you generally allow arguments that the protection of the NAAQS will assure protection of vegetation? If yes, please explain.

The secondary NAAQS established ambient concentration levels that protect vegetation.

Y N 7. Do you require that predicted short-term impacts (e.g., one hour NOX impacts) be used to assess impacts on vegetation for pollutants which do not have short term ambient standards? If no, please explain.

NOX emissions are annual. They do not model short term rates for NOX since it only has an annual standard. It is IDEM's understanding there are no short term impacts numbers for vegetation. If there is a short term value to look at, Indiana says they will consider it.

Y N 8. Regarding visibility impacts, do you require assessments for vistas (e.g., parks, airports) near the proposed source or modification? If no, please explain.

IDEM does not perform a local visibility impacts analysis when issuing a major source permit. The State does have measures in place which address this issue indirectly through opacity and fugitive dust rules. Limits from these rules are set forth in the permit. Over the years, IDEM is not aware of a situation where local visibility was ever an issue as a result of a PSD permit. IDEM believes the state rule measures have prevented local visibility problems more so than a modeling analysis would.

E. Preconstruction Monitoring

Y N 1. Do you have formal preconstruction monitoring

requirements?

Indiana uses the Federal preconstruction monitoring concentration thresholds.

- Y N 2. Do you have a formal public participation process regarding requirements for preconstruction monitoring for specific proposed projects?

When an issue is raised by the public, Indiana will discuss preconstruction monitoring issues with interested parties. Sometimes this happens before the start of the public comment period if there is significant public interest. Example: AE Staley permit public meeting. This was held before public comment period due to public interest. This is done case by case.

- Y N 3. Have you ever consulted with FLM regarding preconstruction monitoring requirements for a proposed source or modification?

Sources have always been greater than 100km from a Class I areas.

- Y N 4. In the last five years have you ever required an applicant applying for a PSD permit to conduct preconstruction ambient monitoring or meteorological monitoring?

No one has exceeded the preconstruction monitoring threshold in the last 5 years. Some applicants exceed the threshold, but in those cases, Indiana has existing data for areas of similar and more conservative (i.e.; Indianapolis) characteristics.

- Y N 5. Do you have a formal approval/denial process at the conclusion of preconstruction monitoring?

The monitoring staff works out the details of what is acceptable at a preconstruction monitoring site.

- Y N 6. Do you have a formal process during preconstruction monitoring for resolving conflicts between the FLM and the applicant? If yes, please explain.

This has never has come up in Indiana.

- Y N 7. Do you routinely provide ambient monitoring data in lieu of requiring applicants to perform preconstruction monitoring? If yes, please briefly describe the monitoring network used and the basis for the monitoring value selected.

The monitoring network is statewide for all criteria pollutants. The closest monitor is usually selected. If there are no nearby monitors, the State could pull data from an area that is similar geographically, economically, etc. and make conservative assumptions for the applicant.

- Y N 8. Do you follow EPA guidance (e.g., siting, equipment, data validation, audits) regarding collection of preconstruction monitoring data?

IDEM's Ambient Monitoring Section follows EPA guidance. Modelers are not greatly involved in this process.

9. Under what circumstances would you require post construction ambient monitoring as a condition of a PSD permit?

Indiana will require this if there is request from the public or if they see a need based on the modeling results.

Example: SDI Brownsburg

F. Increment Tracking Procedures

1. What method do you use to assign baseline dates, e.g., county-specific, region-specific, or entire state?

County-specific

- Y N 2. Do you have a list of the minor source baseline dates for each area?

This date has been triggered in almost all counties.

- Y N 3. Do you have an understanding of receptor location dependence vs. source location dependence for increment tracking?

Increment is very location specific. Indiana will remodel a source to assure that increment is not being used up. Also, the State analyzes which source(s) are consuming the

increment. State has a limit to use only 80% of available increment.

4. Do you have a formal or informal program for increment tracking?

Formal. A Microsoft Excel database to track increment consuming sources by county.

- Y N 5. Do you maintain and update a computerized emission source database for increment tracking that includes minor sources that affect increment? If yes, does the database include the information needed for modeling (e.g., source locations, stack parameters, emissions)?

Indiana does not include minor sources. The database includes the information for modeling. It would be an intense resource burden for Indiana to begin tracking all minor sources.

6. Do you use allowable or actual emissions for increment tracking purposes? If actual emissions, how do you calculate emissions for each averaging period covered by the increments? **Allowables**

- Y N 7. Are area sources included in increment tracking analyses, e.g., growth-related and transportation-related emissions?

This has never been done in Indiana. To do so would be major resource undertaking.

8. How frequently is increment consumption evaluated - on a scheduled basis or just when occasioned by a new permit application?

When occasioned by a new permit application.

9. How "transparent" (i.e., understandable) is the emission source inventory used for PSD modeling? Could an outside reviewer (such as a member of the public) clearly identify the sources included (e.g., name, location, stack parameters) and the sources excluded in a modeling analysis?

No. This is very specific/detailed information and is not brought forward in the modeling technical support document. The public is not looking for the minutia of details, but rather looking for health impacts - which is difficult to provide.

10. How do you handle interstate increment tracking (for state reviewing authorities) or interjurisdiction tracking (for local reviewing authorities), including consistency of tracking across jurisdiction boundaries?

Indiana does not track interstate increments. They will provide their state increment inventory to another jurisdiction upon request. For sources near a State border, Indiana has sources contact the other State for increment analysis by the other permitting authority.

11. What procedure do you follow in planning for and incorporating new modeling tools?

Indiana has an office workplan. The workplan is submitted to Region 5 for review and includes schedules for rolling out new models.

- Y N 12. Do you provide increment tracking training to NSR permitting staff (other than on-the-job training)? If yes, describe the nature of the training provided.

The NSR permitting staff does not work on increment tracking. Indiana's modeling group does this work.

G. Endangered Species Act (ESA)

- Y N 1. Do you have a PSD program that is fully approved by EPA (i.e., SIP-approved)?
- Y N 2. Do you have a fully or partially-delegated PSD program? (Note: ESA obligations apply only when all or portions of a PSD program have been delegated.) If yes, answer questions 3 through 6 below.
- Y N 3. Do you notify PSD permit applicants of their ESA obligations? If so, please provide a copy or description of your notice. **N/A**

- Y N 4. Do you know the difference between a formal vs. an informal consultation process? **N/A**
- Y N 5. Do you advise applicants, concerning their ESA obligations, to consult with a.) EPA; b.) The U.S. Fish and Wildlife Service; and/or c.) Federal Land Manager? If yes, please explain, and describe what information you provide to applicants concerning their ESA obligations. **N/A**
- Y N 6. Does an ESA consultation affect the timing of your issuance of a proposed or final PSD permit? If yes, please explain. **N/A**

III. Nonattainment NSR

A. Program Benefits

- Y N 1. In your opinion, is the nonattainment NSR program an incentive to reduce emissions below major source levels?

Indiana believes the NSR program is a huge incentive to create synthetic minor emission limits to avoid NSR. The first SCR installed in Indiana was the result of a synthetic minor in a nonattainment area - Bethlehem Steel.

- Y N 2. In your opinion, have nonattainment NSR permits been used as the authority to implement other priorities such as toxic emission reduction and improved monitoring and reporting?

Indiana has issued only 3 such permits since 1993, but believes NSR permits could be used that way. Example: Covanta municipal waste incinerator issued in late 1980s. This permit included dioxin, furan limits because Indianapolis was nonattainment for PM at the time.

- Y N 3. In your opinion, does the case-by-case nature of a nonattainment NSR permit allow you to implement emission reducing programs or controls more quickly than rulemaking?

This hasn't happened in Indiana because there have been very few nonattainment NSR permits issued in the State.

- Y N 4. In your opinion, does the nonattainment NSR program provide communities a mechanism to be involved in improving their own air quality? **No.**
- Y N 5. In your opinion, have the nonattainment NSR requirements contributed to reducing emissions or avoiding emissions increases in nonattainment areas?

Nonattainment areas are avoiding emissions increases through synthetic minor limits.

B. NSR Offsets

- Y N 1. Do you have an emissions "bank" for offsets? If no, go directly to 10.
- Y N 2. Is the bank a database used for emissions trading? Please explain how the trading works.

Indiana has application forms for registering, transferring, and using credits. Source A can register reduction credits in the emission credit registry (ECR). Source B can find the credits in the ECR and contact Source A about using them. Source B then applies to transfer the credits to their name. Then they submit a application to use the credits for the project they are proposing to construct. IDEM reviews each one of these steps to make sure the reductions are creditable, surplus, permanent, and enforceable and are used properly, but IDEM is not involved in sale of the credits. IDEM advertises this registry through its website.

- Y N 3. Do you, as the reviewing authority, control the trading of credits in the "bank"? If no, who controls the trading?

The bank is market driven. Indiana would track who possesses them and who uses them, but won't control the trades.

- Y N 4. Are the credits certified "creditable" (including surplus for attainment planning purposes and other Clean Air Act requirements) by you at time of entry into the bank?

Before going into the bank, credits must be certified as creditable through a permit action.

Y N 5. Are the credits evaluated and certified "creditable" (including currently surplus) at the time of withdrawal and use? If no please explain.

6. How long are the "offsets" valid from time of reduction?

Offsets are valid for 5 years plus time for construction.

Y N 7. Are the banked credits included in the attainment demonstration and inventory as "real emissions" (i.e., emissions being emitted into the air)?

Three stages of Indiana rule applicability during the transition to the 8-hour ozone standard: Appendix S, transition SIP rules, and final NSR 8hr SIP rules. Appendix S and transition SIP rules allow reductions in allowable due to controls as creditable.

Y N 8. Are the banked credits used for NSR offsets only? If no, what are the other uses?

Source may also use the banked credits for netting within the same source.

Y N 9. Are the banked credits discounted with time? If yes, please explain the discounting procedures.

10. How do you determine that the reductions being used are properly included in the attainment demonstration?

The reductions are tracked by the emission inventory staff. The review is included in the technical support document for the Rate of Further Progress plan.

Y N 11. Are the emissions reductions available for NSR offsets only allowed from the same nonattainment area as the proposed source or modification? If no, please explain.

A source may obtain offsets from another nonattainment area, if the area has an equal or higher nonattainment classification than the area in which they wish to construct; and the emissions from that area are contributing to the nonattainment violation in the area in which they wish to construct.

12. What procedures do you use to determine the baseline to quantify the reductions? How do you quantify the amount of creditable reduction?

Indiana calculates the average actual emission prior to the emission reduction using the baseline actual emission definition from the NSR rule (both pre- and post- Reform). For modifications they calculate the annual emission rate following the reductions and subtract that from the average actual emissions prior to the reduction. For curtailments they calculate the allowable annual emission rate following the curtailment and subtract that from the actual annual emissions prior to the curtailment. Reduction credits expire after 5 years in Indiana.

- Y N 13. Are the records for determining actual emissions available for review by you?

Indiana would request this information if not available.

- Y N 14. Are copies of permits required as part of the permit application to determine if the reductions from other sources being proposed as NSR offsets are federally enforceable?

15. How do you verify that the reductions proposed for NSR offsets are "surplus" to other Act requirements and are "real," i.e., reductions in emissions that were actually emitted into the air?

By reviewing the emission credit registry and their past permits. Past permits and/or Title V permits are detailed and include all emission limits. Indiana may require a stack test to determine real emissions levels. This is the same process as a regular past actual determination.

16. What process do you use to verify that the reductions were not used in a previously issued permit?

Indiana looks in the emission credit registry and at past permits. The source providing credits would have permit limits established.

- Y N 17. Do you allow interpollutant trading for NSR offsets? If yes, please describe this trading procedure (e.g., pollutants allowed, ratio of reductions

required, eligibility criteria, etc.).

- Y N 18. For serious and severe ozone nonattainment areas do you allow "internal offsets" instead of lowest achievable emissions rate (LAER)? What is the offset ratio?
- Y N 19. Do you allow credits used for netting to be used as nonattainment NSR offsets?
- Y N 20. Do your nonattainment NSR rules require the offset ratios prescribed in the Clean Air Act? If no, please explain what other ratios are used?
- Y N 21. Do you require that applicants proposing to use NSR offsets include a "net air quality benefit" modeling analysis as part of their permit application? If yes, please describe what information is required.

Indiana hasn't done this because offset permits have been extremely rare. Indiana doesn't understand this question since their understanding is that offsets are the air quality benefit tool in nonattainment NSR.

C. LAER Determinations

- Y N 1. Do you require permit applicants to use a top-down approach to determine the most stringent control option available for LAER? If no, what approach do you require?
- Y N 2. Do you require a permit applicant to identify all available control options? If yes, do you require the applicant to identify control options as being:
- Y N a. Achieved in practice?
- Y N b. Contained within the SIP of any other state or local reviewing authority?
- Y N c. Technologically feasible?
- Y N d. Cost effective?
- Y N 3. Do you use information sources other than the

RACT/BACT/LAER Clearinghouse to identify control options? If yes, what information sources do you commonly use and rate the usefulness of each?

Indiana usually uses the RBLC, but has also received information from other state regulatory agencies and manufacturers -including information on other states' SIP requirements. (Similar response as in BACT section)

4. Please describe under what circumstances you would conduct a LAER analysis independent of the analysis conducted by the permit applicant.

Indiana says they always check the applicant's analysis and informs them if there is an option that they must consider.

- Y N 5. Do you submit your LAER determinations to the EPA's RACT/BACT/LAER Clearinghouse?

Yes, but Indiana is a few years behind schedule. Indiana does not have anyone approved to enter online at this time. Forms for adding information to the RBLC are very difficult. The problem with online access is that everything has to go through one person and it has to be a technical person - which means that a technical person has to devote a lot of time entering data into this database. (same as BACT response)

- Y N 6. Do you consider technology transfer in your LAER determinations?

7. If you consider cost effectiveness in LAER determinations, please describe the procedures used. (For example, describe the procedures used to calculate the baseline emission rate in the cost effectiveness determination.) For each criteria pollutant, provide the dollar/ton threshold used to determine whether a control option is cost effective (and state whether this is total or incremental cost).

Indiana does not consider cost effectiveness in LAER determinations.

- Y N 8. Do you use a different cost approach for different pollutants? If yes, please explain. **N/A**

- Y N 9. Do you provide detailed documentation or explanations of proposed LAER determinations in the technical support document (TSD) or public record?

An appendix to the TSD of an NSR permit would contain the LAER analysis including details of why certain options were eliminated. (same as BACT response)

- Y N 10. Do you provide an economic rationale in the TSD or public record if a LAER option is rejected as being prohibitively expensive? **N/A**

- Y N 11. Do you consider combinations of controls when identifying and ranking LAER options?

- Y N 12. Do you perform a LAER assessment for all new/modified emission units or activities emitting a nonattainment pollutant subject to major NSR review no matter how small the emissions from an affected unit or activity?

- Y N 13. Does your LAER analysis include "time of" considerations? (For example, if a new or modified source had constructed without a permit and at a later time went through nonattainment NSR review, would you consider LAER at the time of permit issuance or at the time of emission unit construction/ modification?)

Time of permit issuance.

- Y N 14. Do your permits contain conditions requiring specific emission limits/ control method conditions/work practice standards consistent with the basis (and capabilities) of the selected LAER option?

15. Please describe how you establish compliance averaging times for LAER emission limits.

Indiana looks in the RBLC, other permits, and consults their Compliance Data Section for averaging times. (Same as BACT response)

- Y N 16. Do your permits contain conditions requiring emissions testing, monitoring, recordkeeping, and reporting so that inspectors and enforcement

personnel can easily determine compliance with LAER requirements? If no, please explain.

- Y N 17. Do you ensure that permit conditions impose restrictions consistent with the LAER determination? (For example, if emissions used in the LAER determination are based on an assumption of less than continuous operation and/or operation at less than maximum capacity, do permit conditions contain limits or restrictions based on the assumptions used?)

18. Please describe how you incorporate public comments into your LAER determinations.

If a commentor pointed out something Indiana may have missed, the State would evaluate that information.

- Y N 19. Do you provide LAER evaluation training to new (or newly-assigned) NSR permitting staff other than on-the-job training? If yes, please describe the nature of the training provided.

New staff takes NSR training through Gary McCutchen which only touches on BACT/LAER evaluations. Indiana is planning to send some senior staff to an upcoming Gary McCutchen training that is specifically about BACT/LAER. (same as BACT response)

- Y N 20. Do you provide LAER evaluation refresher training to experienced NSR permitting staff? If yes, how frequently do you provide this training and what is the nature of the training provided?

Every 2-3 years.

- Y N 21. Do you provide an information outreach program on LAER evaluations for owners or operators of regulated sources? If yes, how frequently do you provide such information and how do you provide it?

- Y N 22. Do you provide an information outreach program on LAER evaluations to the general public? If yes, how frequently do you provide such information and how do you provide it?

D. Alternatives Analysis

- Y N 1. Does each nonattainment NSR permit action address the alternatives analysis as required by section 173(a)(5) of the Clean Air Act?

If source has gone through the entire nonattainment NSR process then Indiana considers them to have satisfied this requirement.

- Y N 2. Is this alternatives analysis a specific requirement of your nonattainment NSR rules?

- Y N 3. Do you have criteria that would address the depth of analysis required for a specific project?

- Y N 4. Do you include project-specific environmental justice issues that are raised as part of this analysis?

- Y N 5. Do you know of any projects where this analysis resulted in changes to proposed projects? If yes, what changes resulted?

E. Compliance of Other Major Sources in the State

- Y N 1. Do you require the permit applicant to demonstrate that all major stationary sources owned or operated by the applicant in your State are subject to emission limitations and are in compliance, or on a schedule for compliance, with all applicable emission limitations and standards?

2. Please describe - a) the criteria used by an applicant in a statewide compliance demonstration, and b) when in the permitting process you require the applicant to make the statewide compliance demonstration.

The source certifies compliance. The State permit staff can verify the compliance history with the State compliance staff. This is the same as what is required for the Title V annual compliance certification.

IV. Minor NSR Programs

A. NAAQS/INCREMENT Protection

Y N 1. Do you use modeling to assure that minor sources and minor modifications will not violate the NAAQS?

On a case-by-case basis if the permit reviewer believes there is the possibility of a NAAQS violation.

Below is an example of a Minor Source Modeling request and the results of the modeling. IDEM permits staff requested this project be modeled and the IDEM modeling staff followed through with the analysis.

August 20, 2004

Minor source modeling- BUCKO Construction in Lake County 089-00179

PM10 (ug/m3)

ANNUAL - .2833 (Highest Modeled Concentration) + 23 (Background-Gary) = **23.3** NAAQS - 50
24 HOUR - 4 (Highest Modeled Concentration) + 45.3 (Background-Gary) = **49.3** NAAQS -150

SO2 (ug/m3)

ANNUAL - .0943 (Highest Modeled Concentration) + 15.72 (Background-Gary) = **15.8** NAAQS - 80
24 HOUR - 1.33 (Highest Modeled Concentration) + 94.32 (Background-Gary) = **95.7** NAAQS 365
3 HOUR - 3.7 (Highest Modeled Concentration) + 181(Background-Gary) = **184.7** NAAQS 1300

NO2 (ug/m3)

ANNUAL - .3738 (Highest Modeled Concentration) + 37.6 (Background-Gary) = **38.0** NAAQS - 100

CO (ug/m3)

8 HOUR - 5.9 (Highest Modeled Concentration) + 3630 (Background-East Chicago) = **3635.9**
NAAQS - 10000
1 HOUR- 9.2 (Highest Modeled Concentration) + 6103 (Background-East Chicago) = **6112.2**
NAAQS 40000

HAPs was not modeled because the levels were below the 10 and 25 ton per year thresholds. Emission rates modeled were after controls.

Y N 2. As a result of modeling are air quality monitors required for some sources as a permit condition?

Indiana has put monitors in places because of neighbor complaints but not because of modeling.

Y N 3. For the pollutants with PSD increments established do you have a list of areas where the minor source baseline has been triggered? **See increment section.**

Y N 4. Do you model minor sources for PSD increments if the

minor source baseline is triggered?

Y N 5. Do you have procedures in place to identify minor sources that consume or expand PSD increment?

6. How does the public access a list of sources that affect PSD increments?

A list of PSD sources can be printed off our website. The website address is:

www.in.gov/idem/air/programs/modeling/psd%20inventory.xls

B. Control Requirements

Y N 1. Does your SIP require any level of control for emissions units not subject to major NSR requirements (e.g., BACT or LAER)? For example, do you have a BACT or similar requirement for minor modifications?

Indiana has a state VOC BACT (326 IAC 8-1-6) that applies to minor sources (25 tpy or more).

Y N 2. Are there any monitoring or reporting requirements for minor sources?

Minor sources often need to do compliance monitoring or stack testing to show that they are not major.

Y N 3. Does the application or permitting process require modeling for minor sources?

Y N 4. Do you require minor sources with Federally applicable permit limits for MACT, NSPS, or NESHAP to report compliance?

C. Tracking Synthetic Minor NSR Permits

Y N 1. Do you have records listing sources permitted as synthetic minors? If yes, how is this list updated?

Indiana's CAATS tracking system tracks all permit decisions, but at this time it cannot specifically query synthetic minor permits.

Y N 2. Do you have an established procedure for tracking

synthetic minor permits?

CAATS is used to track all permits, but not specifically track synthetic minor permits.

- Y N 3. Do you include "prompt deviation" reporting requirements in synthetic minor source permits? If yes, how do you define "prompt deviation"?

Deviation reports are due quarterly. Emergencies must be reported in 4 hours.

- Y N 4. Do permit applications your agency reviews, and permits issued identify the requirements (e.g., PSD, nonattainment NSR, Title V, NESHAP) being avoided by keeping the source minor?

IV. Public Participation

A. Public Notification

1. What criteria are used to determine if a permit is public noticed?

- Y N Are new nonattainment NSR and PSD permits noticed?
Y N Are major modifications noticed?
Y N Are synthetic minor permits noticed?
Y N Are netting permits noticed?
Y N Are minor permits noticed?
Other?

Minor sources below the minor source operating permit level (25 tpy) are subject to a registration and not required to have public notice. Indiana has sent registrations to public notice in the past when there is a public concern with the source.

- Y N 2. Do you publish notices on proposed NSR permits in a newspaper of general circulation?

Most Indiana counties have 1 main newspaper. If there are multiple papers, IDEM will choose the paper from the town closest to source. Indiana has occasionally published in multiple papers if there is a great public interest. Lake County has 2 major papers and Indiana will publish notices in both papers.

Y N 3. Do you use a state or other publication designed to give general public notice? If yes, please describe.

Y N 4. Do you have procedures for notifying the public when major NSR permit applications are received?

When Indiana anticipates public interest in a source, they will send out letters notifying people who are on their mailing list. Indiana always posts notifications on their website.

Y N 5. Have you developed a mailing list of interested parties for NSR permit actions [e.g., public officials, concerned environmentalists, citizens]? If yes, how does one get on the list?

The list contains interested parties that are required by rule to be notified. Also other interested parties are added automatically if they've commented on the permit or they can also request to be added to the list. Citizens can contact Indiana via telephone or a website form to get on the list. Citizens can get on the list for a particular source or for a particular county.

Y N 6. Aside from methods described above, do you use other means for public notification? If yes, what are they (e.g., post notices on your webpage, email)?

Public notice letters and draft permits are posted on IDEM website. Indiana does not send out e-mail notifications, but would like to begin doing this in the future.

Y N 7. Do your public notices clearly state when the public comment period begins and ends?

The date is based on the day the newspaper prints the notice, so the State can only include in the notice a statement that it starts on the day it is published and ends in 30 days because they cannot know ahead of time when the notice appears in the paper. Indiana says they always considers comments after the end of the comment period to assure that comments are addressed even if commentor missed the 30 day mark. More complex permits will sometimes receive a 60-day comment period to allow citizens more time to review the permit. The IDEM

website will list the specific public notice begin and end dates.

8. What is your opinion on the most effective ways to provide public notice?

Direct mailing. But, e-mail could potentially be equally or more effective.

- Y N 9. Do you provide notices in languages besides English?

Spanish, if relevant, but this is not done routinely. Indiana paid for an ad for the Covanta municipal waste incinerator and another source in a Hispanic newspaper.

- Y N 10. Have you ever been asked by the public to extend a public comment period? If yes, did you grant the extension? If no, please explain?

Indiana always grants the extension. They will also extend the comment period if there is a public hearing (extended to date of hearing). Indiana now publishes a notice if public period has been extended.

11. What approximate percentage of your major NSR permits are revised due to public comments?

The State does not track this data. They only get comments on major source permits about 10-20% of the time. Indiana responds to comments in writing.

12. If a draft permit is revised, what criteria do you use to determine if a permit should be re-issued in draft?

Indiana re-public notices permits when there is a new applicable requirement such as a NESHAP, or if there have been significant revisions to the permit since the original public notice. Indiana rarely re-public notices permits.

13. What type of comments or other concerns trigger a public hearing?

A request for a public hearing. Indiana will also schedule a public hearing if they anticipate public interest.

14. How are public hearings noticed? How much notice

is given?

Via newspaper and website. IDEM gives about 2-3 weeks notice. IDEM sends out a notice to the interested parties mailing list and will work with the requestor to find appropriate time for the hearing.

15. What is your process for the public to obtain permit-related information (such as permit applications, draft permits, deviation reports, monitoring reports) especially during the public comment period?

IDEM's file room is open to the public or the State will send information upon request. Documents are also available at the local library where the new construction is located. Indiana almost never charges citizens for copies. A State rule requires a photocopy charge, but IDEM uses a "public interest" clause to waive costs. Monitoring documents are maintained by IDEM's compliance branch and is not kept together with the permit files.

- Y N 16. Do you have a website for the public to get permit-related documents? What is available online? How often is the website updated? Is there information on how the public can be involved?

Permits, application forms, program information, public participation information, guidance, policy documents, rules, etc. are available online. Indiana's website is updated almost daily (or every other day). The website includes blank application forms, but source cannot submit applications online at this time. IDEM's website includes information on public participation and general information about the NSR program. The site also includes a public hearing calendar.

- Y N 17. Do you provide training to citizens on public participation or on NSR? If yes, approximately how many training opportunities have been provided in the last five years.

IDEM has held 2 major citizen training sessions - one on NSR and one on Title V. The public is invited to IDEM's current series of NSR reform training sessions. The State has also held smaller regional training (at least 6 structured training sessions) plus more informal meetings.

18. How do you notify affected States (including tribes and Canada) of draft permits?

Indiana notifies affected States via e-mail based on contiguous counties for PSD.

Y N 19. Do public notices for PSD permits specifically state the amount of increment consumed?

Yes, in the air quality analysis section of the technical support document.

Y N 20. Are public notices for PSD permits sent to each party identified in 40 CFR 51.166(q)(2)(iv)?

B. Environmental Justice (EJ)

Note: By EJ analysis we refer to any procedures applied during the permitting process, regardless of whether they are called EJ, that consider demographics (race, income, nationality, etc.), cumulative effects, (burden, exposure, risk), comparative effects or modifications to the public involvement processes to address unique characteristics of the project.

Y N 1. Do you consider EJ issues during the permitting process? If yes, please provide a description of the criteria, guidelines, or screening procedures used to address EJ issues.

Yes, on a case-by-case basis. Criteria includes proximity to an EJ area, significant environmental impact, and significant public interest. Indiana relies on federal guidance. Indiana has three publications for citizens. They are multimedia and in plain English. Indiana's procedures and guidelines are: look at proximity to EJ areas. If they anticipate public interest or an impact, they will look at those criteria. Indiana tries to provide sufficient public notification regardless of the area. They try to target Spanish or African-American newspapers in appropriate areas.

Y N 2. Regarding section 173(a)(5) of the Clean Air Act, do you conduct an alternatives analysis as part of your nonattainment area permitting process? If yes, please provide a description of the EJ criteria or guidelines used for this analysis. **N/A**

Y N 3. Regarding section 165(a)(2) of the Clean Air Act, does your NSR permitting program and public comment process for PSD regulated pollutants provide for consideration of alternatives?

4. How are the demographics of the affected community taken into account in the permitting process?

If areas have high minority demographics, IDEM will advertise in an appropriate newspaper. IDEM uses EJ maps (available electronically). Sources located in an EJ area is noted to management. Indiana will take into consideration significant environmental impact.

5. How are cumulative effects and/or pre-existing burden addressed in the permitting process?

The rules aren't set up to address cumulative effects. Indiana could require additional monitoring or request additional measures such as road paving. This is all case by case and there is no regulatory authority to require the source to do anything.

6. What additional community information and/or demographics (for example - children, the elderly) do you consider important for an EJ analysis?

Children - for example the "School 21" project. This is important if a source is near a school. Example: Citizens Coke facility is located near a school.

Y N 7. Do you allow public involvement during an EJ analysis? If yes,

a. What stakeholder groups do you try to involve?

Neighborhood groups, local government officials, local environmental groups. IDEM tries to find a neighborhood group and will contact local officials and local environmental groups. This can be done prior to public notice period.

b. At what point in the EJ analysis or permitting process do stakeholders become involved?

Pre-public notice or at public notice - depending on the situation.

- c. To what degree and in what manner do stakeholders or the community influence the permit decision making process?

It depends on the concerns and what Indiana has the legal authority to do.

- d. To what degree do you know about how stakeholders or the affected community participated in the permit decision making process?

Based on comments received during a hearing or the public comment period.

- e. Describe how you make information available to stakeholders and the affected community. (For example - translation of information, understandable and accessible materials, personal contacts, clearly explained technical information including potential risk, distribution of information, public meetings, etc.)

Citizen summary at public meetings & Plain English Guide to Public Participation. Indiana provides a citizen summary for a public hearing to explain the project and rules in plain English. Indiana also has a plain English summary of how to appeal a permit. IDEM works to make itself accessible to citizens and has established personal contacts with stakeholders.

- Y N 8. In the EJ analysis, do you consider direct and indirect benefits and burdens from the proposed actions? If yes,

Indiana focuses on environmental impacts and not economic benefits. It is very difficult to address community issues when there is a split between pollution and jobs.

- a. Describe what benefits you consider in the EJ analysis. (For example - economic, social, cultural, health, environmental, etc.)
- b. Describe what burdens you consider in the EJ analysis. (For example - economic, social,

cultural, health, environmental, etc.)

- Y N 9. In the EJ analysis, do you consider comparative and disproportionate impacts? If yes,

This should be addressed at the local zoning level. IDEM does not have the authority to reject a source based on comparative impacts.

- a. Describe the criteria or procedures used to determine any potential or actual adverse health or environmental effects or impacts.
- b. Describe the criteria or procedures used to determine whether evidence exists to describe these effects or impacts.
- c. Describe the criteria or procedures used to determine whether the proposed project complies with all applicable environmental laws.

V. Program Staffing and Training Issues

1. What is the total number of staff dedicated to permitting for your NSR program? Please provide an organizational chart.

IDEM provided an organization chart during the audit. Indiana spends about \$5 million on personnel in branch and \$3 million in contractors.

From the organization chart: The 2 groups on left are primarily NSR and groups on right are primarily Title V. Staff handle many Title V/NSR combined actions - these involve mostly NSR work.

IDEM has hired 26 work years in contractor staff for air permits and also receives 8 work years from local agencies for air permits. These resources are divided about equally between NSR and Title V activities.

2. For your NSR program please breakdown the staff into the different job functions (e.g., number of modelers, review engineers, technicians, environmental scientists, clerical, supervisory,

enforcement).

IDEM provided a staffing chart during the program evaluation.

3. Please describe your training program for new and existing staff who work on NSR permitting and issues. List any materials you use or training course you try to attend.

All permit staff have attended Gary McCuthchen's NSR training. In addition to the training materials he provides, they use the NSR workshop manual, NSR Reform training manual, and Indiana's model permit. On-the-job training covers a large portion of staff's training. Don Poole and Mack Sims are mentors who provide on-the-job training. IDEM is sending some staff to BACT training in September and sent some staff to Michigan recently for NSR Reform training. Indiana would like to contact State agencies with a good structured training program them. Indiana's staff training are not as structured as they would prefer them to be.

4. Describe any additional training that you believe would be beneficial. Would you like for EPA to provide more NSR training?

Indiana would like training on limiting PTE. They had this type of training about 10 years ago.

- Y N 5. Do you provide NSR program training opportunities for the public, including the regulated community? If yes, please describe.

IDEM has provided state-wide workshops, mini-workshops in Lafayette and Northwest Indiana. IDEM provided several NSR Reform workshops in Indianapolis and one in Elkhart in 2004. Also, there have been pre-hearing public meetings for Qualitech, SDI Whitley, ConAgra, and AE Staley. Indiana held a Title V citizen training in 2000. Last fall, the State had a workshop on IDEM's permitting process. Some citizens have requested NSR reform training (workshops are mostly attended by industry).

VI. General NSR Program Issues

- Y N 1. Do you implement EPA issued program guidance and

policy for NSR? In no, please explain.

- Y N 2. In general, how do you learn about federal NSR rule changes? Do you use EPA's TTN website at www.epa.gov/ttn to monitor NSR program changes and implementation issues?

IDEM receives Federal Register updates. IDEM doesn't rely solely on the TTN. The State receives updates thru STAPPA calls.

3. How do you determine if emissions factors (e.g., AP-42) are acceptable for NSR applicability purposes?

If it is in AP-42, Indiana generally considers is acceptable. If the AP-42 emission factor has a low rating, Indiana requires a stack test. If available stack test data for a similar source differs from AP-42, then Indiana makes a decision on what data to use. Indiana works with EPA and industry to address emission factor issues. Examples: New emission factors for fiberglass plants, VOC emissions from foundries.

4. Please provide any comments, suggestions, or concerns you may have regarding the NSR program.

If new NSR Reform rules really focus on true emissions increases, then Indiana will be satisfied. Indiana did not like the past actual to future potential test. However, Indiana does not want the new rules to be a loophole for sources.

5. Please provide the number of non-major permits you issued last year, not counting renewals.

Indiana has issued 117 minor NSR approvals in the last 12 months preceding this program evaluation. This does not include registrations, SSOA, or exemptions. This number only counts permits that go to public notice.

6. How many PSD permits did you issue last year?

Nine. Indiana saw an increase during the gas turbine boom, but the numbers have stayed around 10-15. Indiana's PSD rates previously were around 3-6 per year.

7. How many nonattainment NSR permits did you issue

last year? 0 Since 1990? 3

8. For PSD permits what is the average time (months) taken by you to issue the permit, starting from the time the application was determined complete?
For nonattainment NSR permits?

The rule requires PSD and emission offset permits to be issued in 270 days. Indiana does not make an official completeness determination. The average permit issuance time is 9-12 months. This is real time as opposed to "clock time". Clock time is limited to 270 days. Indiana's legislation has zero tolerance on going beyond 270 days and IDEM hasn't exceeded that limit in 6 or 7 years.

- Y N 9. Do you have a formal procedure for establishing past permit violations related to NSR requirements?

This is handled by IDEM's compliance group. During the permitting process, permit staff will write up a referral to the compliance group regarding past violations.

- Y N 10. Do you have a formal procedure for dealing with "self reported" NSR violations?

The Office of Enforcement has a procedure and a penalty policy. A State Statute provides for limited liability for self reporting. Sources that self report violations get a lower penalty.

- Y N 11. Do you have formal enforcement procedures for dealing with past violations of NSR requirements, including applicable BACT or LAER requirements of major NSR?

Indiana uses EPA's injunctive relief policy. IDEM's permit staff works with IDEM's compliance staff and with Region 5's enforcement staff.

- Y N 12. Do you include PM10 condensable emissions in the total amount of PM10 emissions when determining PSD applicability, BACT, PSD increment, and NAAQS?

Condensibles are also required to be included in modeling for increment consumption and compliance with the NAAQS.

- Y N 13. When PM10 testing is required do you include a permit condition that requires testing and specifies testing methods for PM10 condensibles?"

But Indiana does not specify the test method to be used. The test method is established after operation starts.

VII. Effective Construction Permits

Do your construction permits:

- Y N 1. Identify each emissions unit regulated?
- Y N 2. Establish emissions standards or other operational limits that must be met, including appropriate averaging times for numeric limits?
- Y N 3. Include specific methods for determining compliance and excess emissions, including reporting, record keeping, monitoring, and testing requirements?

Permits are broken down into sections for limits, recordkeeping, reporting, compliance monitoring.

- Y N 4. Outline procedures necessary to maintain continuous compliance with emission limits?
- Y N 5. Establish specific, clear, concise, and enforceable permit conditions?
- Y N 6. Include conditions necessary for a source to avoid otherwise applicable requirements (e.g., keeping a modification "minor")?

APPENDIX B: File Review

The file review part consisted of review of each of the following type of permits: a PSD permit with a BACT analysis, a netting permit, a permit with public interest, a nonattainment NSR permit and a synthetic minor permit. The choice of the permits was at IDEM's discretion, and the permits chosen were:

- A. Waupaca Foundry (PSD permit)
- B. Lehigh Cement (netting permit)
- C. Superior Aluminum Alloys (public interest permit)
- D. Whiting Clean Energy (nonattainment NSR permit)
- E. GM Bedford (synthetic minor permit)

Files Summary

A. Waupaca Foundry (permit number 123-12948)

Waupaca Foundry is an example of a PSD permit issued by IDEM. The state's Waupaca file contains the permit application from the source (including general forms, a narrative describing the project, and emission calculations), extensive communication letters between the source and IDEM, and IDEM's BACT analysis form. The file also includes a public notice procedure checklist and an administrative checklist with key contacts (including the Federal Land Manager). The file was not limited to documents from this permitting action and included inspection reports, malfunction reports, COM reports, violation letters, and FESOP quarterly emission reports.

B. Lehigh Cement (permit number 093-15822)

Lehigh Cement is an example of a permit issued by IDEM that relies on net emission credits to avoid PSD. The state's Lehigh Cement file contains the source's permit application, the draft permit, the final permit, and other permits issued to this source. The file also included a public notice procedure checklist. The file was not limited to documents from this permitting action and included malfunction reports, excess emission reports, Title V compliance certifications, inspection reports, and operation and maintenance plans. During the review, USEPA was unable to find any documents that helped clarify the source's net emissions history.

C. Superior Aluminum Alloys (permit number 003-11927)

Superior Aluminum Alloys is an example of a permit issued by IDEM that generated significant public interest. The state's permit file contains the source's permit application, the draft permit and the final permit. The file contained a checklist of government officials notified of this project and a list of affected parties. Also included in the file were public comment documents from the city of New Haven, Indiana.

D. Whiting Clean Energy (permit number 089-11194)

Whiting Clean Energy is an example of a nonattainment NSR permit issued by IDEM. The state's permit file contains the final permit and various emissions calculations. The permit includes conditions requiring specific shutdowns from other (specified) sources in order to generate NSR offset credits. The file includes a letter from the source to IDEM informing the state that VOC offset credits have been exchanged between the sources involved and a letter from NiSource regarding potential NOX credit transfers to Whiting Clean Energy. The file also includes public notification documents, a list of interested parties, acid rain documents, and a notice of deficiency letter.

E. GM Bedford (permit number 093-13639)

GM Bedford is an example of a synthetic minor permit issued by IDEM. The state's permit file contains the source's permit application, the draft permit, and the final permit. The file includes letters from the source to IDEM regarding this proposed project and the source's comments on the draft permit. Also included are a public notice checklist and IDEM inspection reports for this source.

Attachment A:

Indiana Collocated Sources Checklist

Information list for determination of Major Source for Collocated Sources

Source names, application numbers and addresses:

Permit Reviewer:

Criteria	Yes or No	Additional Comments
1. Common Control or Common Ownership		
<p>(a) Do the sources have a common owner?</p> <p>Common ownership exists if:</p> <p>(i) if a third person/business owns more than 50% of each of the sources, or</p> <p>(ii) if the sources share common corporate officers or managers, in whole or in part, who are responsible for day to day operations, or</p> <p>(iii) if one owns more than 50% of the other.</p> <p>If yes, state the details of ownership.</p>		
<p>(b) Are the sources under common control? If yes, state the name of the common controller, or describe the contract or other relationship between the sources that indicates common control.</p>		

Information list for determination of Major Source for Collocated Sources

Source names, application numbers and addresses:

Permit Reviewer:

2. Same SIC Code or Support Relationship



(a) Do the sources have the same two digit SIC Code?

Note that the SIC Code listed by the sources may not have been chosen correctly. Different activities may be grouped under one SIC Code where one is an auxiliary activity or the industrial description includes such combined activities.

Examples:

(i) one source manufactures brand X bicycles. A nearby commonly controlled source repairs brand X bicycles. The repair shop repairs only bicycles that are sent to it by the manufacturer. It does not repair bicycles for the general public. The two share the same SIC Code since the repair shop is an auxiliary unit.

(ii) one source provides on-site scrap processing, the scrap is used in the second source, an on-site foundry. A third on-site source takes all the waste material from the foundry and recycles or disposes of it. The three sources have the same SIC Code because the activities are part of the description of a foundry, SIC Code 33, and the foundry is the primary activity.

Indicate the specific SIC Codes.

(b) Does any source provide any of its output to the other source(s)?

Note: Activities may still belong to the same industrial grouping even with first 2 SIC codes are not the same if one can be characterized as a support facility for a primary activity.

Information list for determination of Major Source for Collocated Sources

Source names, application numbers and addresses:

Permit Reviewer:

(c) If yes to 2 (b), state the % of the total output that is provided to the other source(s) and provide details of the support given in each direction (only the output % is used to determine support, but the other details may effect an SIC code determination and other factors).

Examples of details to be provided:

- (i) Plant A makes 100 units/hr and sends them all to Plant B, where Plant B paints all of them, and this is all of Plant B's total production. [Support relationship would exist in this example]
- (ii) The same scenario as in (i), the difference is that the 100 units/hr are 10% of Plant B's total production. Plant B paints other units that they make themselves.[Support relationship may exist, or may be same SIC code for both]
- (iii) Plant A makes 100 units/hr, but only sends 10 units/hr to Plant B, where Plant B paints all of the 10 units/hr and this 10 units/hr is all of Plant B's total production. [Support relationship would not exist]

3. Contiguous or Adjacent

- | | | | |
|-----|--|--|--|
| (a) | Are the sources located on the same property or contiguous properties?
Contiguous means the 2 sources are touching/abutting each other. | | |
| (b) | If the sources are located on separate properties, state the shortest distance between the properties (in feet, yards or miles). | | |
| (c) | Is there a physical connection between the sources, such as a dedicated rail spur, pipeline, private roads, etc.? | | |
| (d) | Are there any employees common to both sources, such as staff or managers?
If yes, provide details. | | |

Information list for determination of Major Source for Collocated Sources		
Source names, application numbers and addresses:		
Permit Reviewer:		
(e)	Were there any previous approvals or PSD decisions made that indicate that these sources have been considered as one source? If yes, provide details.	
(f)	Is one source in a contractual relationship with the other source? If yes, provide details.	
4. Additional Questions		
(a)	Are there any evidence or documents that already indicated that these sources are operating as one source? If yes, provide details.	
(b)	Are there any evidence or documents that already indicated that these are separate sources?	
(c)	Did the sources indicate that they should not be considered as one major source? If yes, provide details of their arguments.	
(d)	Do the sources care if they are considered as one major source?	
(e)	Did a source request that it be considered one major source?	
(f)	Indicate any inspector's recommendation on whether the sources are one major source.	
(h)	State any other issues or facts that should be considered.	
5. Recommendation		
Based on the information presented above and application of the guidance, the recommendation is:		

Attachment B:

**IDEM Office of Air Quality Permits Branch
Organization Chart**