



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 5
77 WEST JACKSON BOULEVARD
CHICAGO, IL 60604-3590



REPLY TO THE ATTENTION OF:

Andrew Stewart
Chief
Permits and Stationary Source Modeling Section
Wisconsin Department of Natural Resources
101 South Webster Street
P.O. Box 7921
Madison, Wisconsin 53707

Dear Mr. Stewart:

The Wisconsin Department of Natural Resources (WDNR) has proposed a revision to the Clean Air Act Title V operating permit for the Wisconsin Public Service Corporation JP Pulliam Plant (JP Pulliam). This Title V permit revision is being proposed in response to an Order (V-2009-1) in which the U. S. Environmental Protection Agency granted a petition to object to the JP Pulliam Title V permit.

In order to ensure that the permit meets Title V permitting requirements, and that the permit record provides adequate support for WDNR's decisions, EPA has the following comments on the February 16, 2012, "Response to Comments on the Preliminary Determination for WI Public Service Corporation – JP Pulliam Plant, Permit 405031990-P21" (RTC) memorandum from Carol V. Crawford, P.E.

(1) WDNR states in its response to comment number 3 that it "has re-examined the projects covered under permits 87-AJH-027, 88-AJH-101 and 88-JH-101A" and "has determined that limiting boiler capacity through permit conditions such as a fuel usage limit or heat input limit is not an EPA recognized method for avoiding the applicability of NSPS." WDNR further states that it has not made a determination that boiler capacity and nitrogen oxides (NOx) emissions did increase as a result of the projects covered in the aforementioned permits, but provided in footnote 4 of the RTC that "[b]ased on the permit reviews, the Department does not believe that particulate matter (PM) or sulfur dioxide (SO₂) emissions could have increased as a result of these projects. The projects replaced existing distillate oil burners with somewhat larger natural gas burners. In 1988, distillate oil had a sulfur content of 0.5% by weight and would have had significantly higher PM and SO₂ emissions than that from the natural gas combustion." Acting upon a request from the permit applicant, WDNR limited NOx emissions to the same level as required under applicable New Source Performance Standards (NSPS). However, WDNR noted that "[t]his is not a statement that NSPS is applicable to these boilers, only that an emission limitation equivalent to NSPS will be applied to the boilers after issuance of this permit. Since the applicability or non-applicability of NSPS will not change the applicable emission limitations

for the boilers after the issuance of this permit, WDNR will not be conducting any additional follow-up to determine if these boilers are subject to NSPS.” RTC at 4.

It is not clear from the RTC whether NSPS is an applicable requirement to the facility. In fact, the RTC provides that WDNR is not making a determination of NSPS applicability. Title V requires that all applicable requirements be included in the Title V permit. *See* 40 C.F.R. §§ 70.5(c)(4) and 70.6(a)(1). The term "applicable requirement" as defined in 40 C.F.R § 70.2 includes, among other things, "[a]ny standard or other requirement under section 111 of the Act, including section 111(d)...." If the JP Pulliam plant is subject to any NSPS, all the requirements of the NSPS must be included as applicable requirements in the Title V permit. Further, if the NOx emissions increased and the limits taken in the 1987 and 1988 permits were not adequate to avoid NSPS applicability, it appears that NSPS may have become applicable. Regarding footnote 4, could WDNR provide emissions calculations to support its conclusion that the Department does not believe that particulate matter or sulfur dioxide emissions could have increased as a result of these projects?

(2) We have the same comments and questions as above for the response to number 4 of the RTC and number 7 of the RTC, including the footnotes incorporated within those responses.

(3) In the response to comment number 5, although WDNR believes that the comment is “not germane” to the issues WDNR had to address in response to EPA's Order, it discusses the applicability of the Prevention of Significant Deterioration (PSD) requirements to the projects at the JP Pulliam plant that were the subjects of construction permits 87-AJH-027 and 88-AJH-101. WDNR believes the projects allowed under the 1987 and 1988 permits did not lead to a significant net emissions increase and, therefore, were not subject to PSD. WDNR states that it is not aware of any documentation that indicates that this change would have led to an increase in emissions from the boilers. To the contrary, due to natural gas being a lower emitting fuel than either coal or distillate oil, it appears more likely that its use would have led to lower emissions from the boilers. In either case, WDNR has no evidence that the installation of these burners would have led to additional use of the boilers or to higher emissions from the boilers. Thus, based on the available information, the projects were not major modifications under the PSD Program.” RTC at 8.

WDNR's RTC states that it appears more likely that the use of natural gas would have led to lower emissions from the boilers. Could WDNR provide emissions calculations to support the conclusion the projects were not major modifications under the PSD Program?

(4) We have the same comment as above for the PSD response portion of number 7 of WDNR's RTC.

(5) Part of comment number 5 made on the draft permit was that “The PD states that the permits (87 and 88) were intended to be synthetic minor permits. Preliminary Determination (PD) at 16. However, that cannot be true because the limits were not set to ensure that emissions from each boiler did not exceed the baseline actual (24 months total/2 prior to change) plus 39 tons per year (TPY) for SO2 and NOx and plus 25 TPY for PM/15 TPY for PM10. Rather, the limits were set only so that emissions from natural gas did not exceed the 40 TPY threshold for NOx. A

determination of whether a 'major modification' occurred, however, is based on the source (or, at the smallest, the unit) and not fuel by fuel." RTC at 7.

Could WDNR respond to this comment by explaining whether or not the limits taken in the 1987 and 1988 permits were adequate to avoid PSD, or why the comment was not germane to the revisions made in the draft permit that was public noticed?

(6) The response to comment number 6 provides in part that WDNR agrees that a Title I permit action is needed to change the condition in permit 87-AJH-027 that limits natural gas usage to startup and flame stabilization, and that the limitation on gas usage continues to be an applicable requirement absent the Title I permit action. However, WDNR states that including the requirement in this revision would be a significant change that was not in the draft permit available to public comment, and would require immediate compliance by JP Pulliam upon issuance. WDNR represents that the facility intends to file a construction permit revision application to remove this requirement through a proper Title I action, and that it anticipates that this application will be reviewed and the revision issued prior to the 45-day EPA comment period on this permit. Therefore, WDNR has not included the condition in the proposed permit. RTC at 9.

Title V requires that all applicable requirements be included in the Title V permit. *See* 40 C.F.R. § 70.6(a)(1). The term "applicable requirement," as defined in 40 C.F.R § 70.2 includes "any term or condition of any preconstruction permits issued pursuant to regulations approved or promulgated through rulemaking under Title I, including parts C or D, of the Act." WDNR's RTC states that the limitation on gas usage from the 1987 permit continues to be an applicable requirement. Thus, this requirement should be included in the current Title V permit. At such time that there is a Title I change which makes this condition no longer applicable to the facility, the requirement no longer will be an applicable requirement under Title V, and WDNR can remove it from the permit.

We look forward to working with you to address our comments before WDNR issues a final permit. If you have questions on these comments, please feel free to contact Susan Kraj, of my staff, at (312) 353-2654.

Sincerely,



Genevieve Damico
Chief
Air Permits Section