



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION IX

75 Hawthorne Street

San Francisco, CA 94105-3901

August 21, 2014

Arnaud Marjollet  
Director of Permit Services  
San Joaquin Valley Air Pollution Control District  
1990 East Gettysburg Avenue  
Fresno, CA 93726

Dear Mr. Marjollet,

Thank you for the opportunity to provide comments on your Preliminary Decision for a significant title V permit modification and to issue an Authority to Construct (ATC) for installation of an offset lithographic printing press at the Pacific Southwest Container facility, located at 4530 Leckron Road, Modesto, CA (Project # N-1141679).

EPA has determined that the Application Review evaluation does not correctly calculate quantity of offsets required for this project. On page 11 of the evaluation, the evaluation determines that the project will result in a Federal Major Modification (FMM) because the Net Emission Increase (NEI) for the project is 7,174 lb/yr of VOC which is in excess of the FMM threshold of 0 lb/yr. EPA notes that the Baseline Actual Emissions is zero for "new units".

On page 12, the evaluation determines that offsets are required because the post-project stationary source potential to emit (SSPE2) is greater than the offset thresholds specific in Rule 2201 (e.g., 20,000 lb/yr for VOC). On page 13, the quantity of offsets required is calculated. The evaluation states: "...offsets must be provided for all increases in Stationary Source emissions, calculated as the sum of the difference between the post-project Potential to Emit and the Baseline Emissions of **all new and modified emission units.**" (Emphasis added) EPA notes this language is consistent with Rule 2201 Section 4.7.1.1. The evaluation continues by stating that the baseline emissions (BE) of the new and modified units and the post-project potential to emit (PE) are both 73,403 lb/yr, and therefore the increase in Stationary Source emissions is zero. This calculation is not correct, as it is not consistent with the requirements of Rule 2201 Section 4.7.1.1. To determine the quantity of offsets required the baseline and potential to emit of only the "new and modified" units may be considered. For this project, no units are being modified, there are only new units being added. Therefore, for these new units the BE is zero and the PE is 7,174 lb/yr, resulting in an emission increase of 7,174 lb/yr of VOC. This is the amount of emissions that must be offset.

In addition, EPA notes that Section 182(e) of the Clean Air Act contains specific requirements for areas classified as "extreme" nonattainment areas. Subsection (2) – Modifications, specifies that a modification occurs when there is "any increase in emissions from any discrete operation, unit or other pollutant emitting actively at the source..." Thus in an extreme ozone nonattainment area a source can not rely on any emission reductions at the facility to "net out" from the requirement to provide offsets which are triggered by "any increase" of VOC or NOx emissions.

In light of this issue, EPA is requesting that the District provide us with a revised evaluation and proposed ATC for this proposed permit prior to issuing the final ATC. We are concerned that the facility is subject to offset requirements and that such offsets are currently not being required. The source must also provide the necessary offsets, prior to the District issuing the ATC for this project. If you have any questions, please contact Laura Yannayon at (415) 972-3534 or myself at 415-972-3974, if you have any questions related to this matter.

Sincerely,



Gerardo C. Rios  
Chief, Permits Office  
Air Division

Enclosure

cc: Mike Tollstrup, CARB

cc: Matt Salazar, Enforcement Division, EPA