

IN REPLY: AIR-3
REFER TO: NSR 2

Richard K. McQuain
Vice President
HEI Power Corp. Guam
P.O. Box 3160
Honolulu, HI 96802-3160

Dear Mr. McQuain:

This is in response to your request for a determination of the applicability of the Prevention of Significant Air Quality Deterioration (PSD) regulations (40 CFR 52.21) to your project on the island of Guam. The proposed project is the renovation/repair and operation of the existing Tanquisson Power Plant on Guam.

Our review of the information submitted indicates that pollutants are projected to be emitted in the amounts as listed below:

Pollutant	Project Emissions in tons/year		
	Baseline Emissions (1992 baseline year)	Representative Actual Annual Emissions	Max Net Emissions Increase
NO _x	1,508	1,508	0
SO ₂	3,354	2,194	-1,160
CO	72	72	0
PM-10	50	50	0

According to our analysis of the facility's historical emissions and the projected representative actual emissions after the renovation, the proposed project will not have a significant net emissions increase and, therefore, is not a "major modification" as defined in 40 CFR 52.21(b).

However, in order for the proposed project to be exempt from PSD, the operator must maintain and submit to the EPA (Attn: AIR-3) on an annual basis for a period of 5 years from the date the facility resumes regular operation, information demonstrating that the renovation did not result in a significant emissions increase. The required information must

include, at the minimum, records on annual fuel use, hours of operation and fuel sulfur content. When calculating emission increases, the operator does not have to include that portion of his emissions attributable to increased utilization at the unit due to the growth in electrical demand for the utility system as a whole since the baseline period (see 40 CFR 52.21(b)(33)(ii)).

Based on the information you have provided us in your submittal, the EPA has determined that this project is conditionally exempt from the requirements of the PSD regulations. This project will remain conditionally exempt for a period of 5 years from the date the facility resumes regular operation. Although exempt from PSD, the source is still subject to all applicable local air pollution rules and regulations. Also future construction, modification, or changes in operation procedures may require review by this office concerning any necessary permits if such actions are planned.

After the issuance of this letter, should the EPA determine that the project is a major modification and subject to PSD, then this source will have to immediately apply for a federal PSD permit. All requirements of the PSD regulations will have to be satisfied even though construction may be complete. In the event that vendor guaranteed emission rates are not achieved, it will still be the source's responsibility to comply with all PSD requirements. Failure to comply with the requirements of the PSD regulations or continued operation of such a source prior to receiving a final PSD permit may subject the source to federal enforcement action pursuant to Section 113 of the Clean Air Act.

If you have any questions regarding this matter, please contact Bob Baker of our Permits Office at (415) 744-1258.

Sincerely,

David P. Howekamp
Director
Air Division

cc: Guam EPA