

Copano Processing, L.L.C.,
Houston Central Gas Plant GHG PSD PERMIT (PSD-TX-104949-GHG)
Copano's Request to EPA for PSD Permit Rescission
Basis of Decision
August 27, 2015

In a letter dated July 31, 2015, Copano Processing, L.L.C., Houston Central Gas Plant (Copano) requested that the U.S. Environmental Protection Agency, Region 6 rescind the EPA-issued Prevention of Significant Deterioration (PSD) greenhouse gas (GHG) permit issued on March 8, 2013. The permit was issued based on the applicability provisions described, at the time of permit issuance, at 40 CFR § 52.21(b)(49)(v)(b).

Background

Copano requested rescission of its GHG PSD permit because its Houston Central Gas Plant, Cryogenic 3 Process Unit project was classified as a Step 2 source. Generally speaking, Step 2 sources are sources that were classified as major, and required to obtain a PSD or title V permit, based solely on GHG emissions. Such sources are generally known as Step 2 sources because EPA deferred the requirements for such sources to obtain PSD and title V permits until Step 2 of its phase-in of permitting requirements for GHG under the PSD and title V GHG Tailoring Rule, 75 FR 31514, 35569-71 (June 3, 2010); 40 CFR § 52.21(b)(49)(v). In *Utility Air Regulatory Group (UARG) v. Environmental Protection Agency*, 134 S. Ct. 2427 (2014), the Supreme Court held that EPA may not treat GHGs as an air pollutant for purposes of determining whether a source is a major source required to obtain a PSD or title V permit and thus invalidated regulations implementing that approach. EPA issued a direct final rule to narrowly amend the permit rescission provisions in the federal PSD regulations and the rulemaking became effective on July 6, 2015.

The newly effective federal rescission rule allows for the rescission of EPA-issued Step 2 PSD Permits and generally applies to new and modified stationary sources that obtained an EPA-issued Step 2 PSD permit under the federal PSD regulations found at 40 CFR 52.21 solely because the source or a modification of the source was expected to emit or increase GHG emissions over the applicable thresholds. This includes (1) sources classified as major for PSD purposes solely on the basis of their potential GHG emissions; and (2) sources emitting major amounts of other pollutants that experienced a modification resulting in an increase of only GHG emissions above the applicable levels in the EPA regulations.

EPA expects GHG PSD permit-holders that are interested in qualifying for the rescission of an EPA-issued Step 2 PSD permit under 40 CFR 52.21(w) to provide information to demonstrate that either (1) the source did not, at the time the source obtained its EPA-issued Step 2 PSD permit, emit or have the potential to emit any regulated pollutant other than GHGs above the major source threshold applicable to that type of source; or (2) a modification at a source emitting major amounts of a regulated NSR pollutant other than GHGs did not result in an increase in emission of any regulated pollutant other than GHGs in an amount equal to or greater than the applicable significance level for that pollutant. EPA also considers in its evaluation if the source intends to rely on the EPA-issued Step 2 PSD permit for any other regulatory purpose.

For EPA-issued Step 2 PSD permits for Texas industry, EPA Region 6 retained the permitting authority for those sources in the recent final SIP and FIP actions (November 10, 2014) for Texas GHG PSD permitting. Under this authority, EPA Region 6 reviews and issues rescissions for approvable EPA Region 6-issued Step 2 GHG PSD permits. From January 2, 2011 until November 10, 2014, EPA issued GHG PSD permits for facilities in the State of Texas. EPA approved the Texas GHG Permitting program on November 10, 2014, and Texas is currently the permitting authority for GHG PSD permits. EPA's action to rescind Step 2 PSD permits applies only to GHG PSD permits that were issued by EPA between January 2, 2011 and November 10, 2014.

REVIEW

Copano has included in the July 31, 2015 rescission request information to demonstrate:

- 1) At the time of issuance of the EPA GHG PSD permit, the modification at the existing major source did not result in an increase in emissions of any regulated New Source Review (NSR) pollutant other than GHGs in an amount greater than the applicable significant level for that pollutant. The Texas Commission on Environmental Quality (TCEQ), as the current permitting authority for non-GHG and GHG pollutants, has issued minor NSR permits (standard permit number 104949, (the RTO was removed from this standard permit in 2014) and modified standard permit 101369-Existing Flare) for the non-GHG emissions associated with the project EPA issued the GHG PSD permit. The permit special conditions and the standard permit maximum emission rate tables (MAERT) associated with the TCEQ standard permits demonstrates that the project has been reviewed for the maintenance of the National Ambient Air Quality Standards (NAAQS), federal, state and local requirements, and the non-GHG emission levels associated with the project are below the applicable significant level(s) for all other regulated pollutants.
- 2) Copano has asserted to EPA that the EPA-issued GHG PSD permit is not used, or planned to be used, for any other regulatory or compliance purpose and the information contained in the rescission request to EPA is factual and correct.

RECOMMENDATION

Based on the information provided to EPA Region 6 on July 31, 2015 and August 26, 2015, Copano has provided sufficient information to support the required rescission elements outlined in 40 CFR § 52.21(w)(2). EPA's recommendation is to approve the rescission request and authorize publication of the public notice announcing the approval of the rescission.

Table 1. Project Emission Summary Table¹

TCEQ EPN	EPN Description and EPA Permit EPN	Project VOC Emissions (TPY)			Project NO _x Emissions (TPY)			Project CO Emissions (TPY)			Project SO ₂ Emissions (TPY)			Project Total PM Emissions (TPY)			Project Total PM ₁₀ Emissions (TPY)			Project Total PM _{2.5} Emissions (TPY)		
		Baseline	Proposed	Increase	Baseline	Proposed	Increase	Baseline	Proposed	Increase	Baseline	Proposed	Increase	Baseline	Proposed	Increase	Baseline	Proposed	Increase	Baseline	Proposed	Increase
TURB-5	Combustion Turbine, TURB-5	-	3.50	3.50	-	18.07	18.07	-	30.57	30.57	-	1.71	1.71	-	3.31	3.31	-	3.31	3.31	-	3.31	3.31
TURB-6	Combustion Turbine, TURB-6	-	3.50	3.50	-	18.07	18.07	-	30.57	30.57	-	1.71	1.71	-	3.31	3.31	-	3.31	3.31	-	3.31	3.31
HTR-3	Heater No. 3, HTR-3	-	0.04	0.04	-	0.74	0.74	-	0.62	0.62	-	0.004	0.004	-	0.06	0.06	-	0.06	0.06	-	0.06	0.06
HTR-4	Heater No. 4, HTR-4	-	0.04	0.04	-	0.74	0.74	-	0.62	0.62	-	0.004	0.004	-	0.06	0.06	-	0.06	0.06	-	0.06	0.06
RTO-3	Regenerative Thermal Oxidizer, RTO-3	-	2.28	2.28	-	0.73	0.73	-	3.74	3.74	-	0.09	0.09	-	0.04	0.04	-	0.04	0.04	-	0.04	0.04
TANK-3	Amine Tank, not included in EPA GHG PSD permit	-	2.28	0.01	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FLARE	Elevated Flare, not included in EPA GHG PSD permit	5.30	7.96	2.66	1.83	2.67	0.84	3.66	5.34	1.68	0.00	0.00	0.00	-	-	-	-	-	-	-	-	-
CRYO3 Fugitives	Process Fugitives from the Cryogenic 3 Process Unit, CRYO3 FUG	-	2.67	2.67	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Project Non-GHG Emission Increases				14.70			39.18			67.79			3.51			6.78			6.78			6.78
Significant Modification Threshold				40			40			100			40			25			15			10

¹ Project emissions are based on the review and analysis contained in the July 31, 2015 rescission request, Table B-1 and Emails from August 26, 2015 from Ms. Rebecca Beatty, Apex TITAN, Inc. Emission levels are also based on the review and analysis contained in the associated MAERT and TCEQ Construction Permit Source Analysis & Technical Review documents written by Mr. Guillermo Reyes, TCEQ, for Copano Processing, L.L.C., Houston Central Gas Plant Cryogenic 3 Process Unit project, RN101271419 and CN604532515.