



October 8, 2019

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U. S. EPA Docket Center (EPA/DC)  
U.S. Environmental Protection Agency  
Mail Code: 28221T  
1200 Pennsylvania Avenue, NW  
Washington, DC 20460

**Attn: DOCKET ID No. EPA-HQ-OAR-2018-0048**

**Re: Prevention of Significant deterioration (PSD) and Nonattainment New Source Review (NNSR): Project Emissions Accounting; Proposed Rule, 84 Fed. Reg. 39244 (August 9, 2019).**

Dear Administrator Wheeler and Staff:

In response to the above-referenced docket, American Municipal Power, Inc. (AMP) and the Ohio Municipal Electric Association (OMEA) hereby provide the following comments for the record. We are supportive of proposed project emissions accounting rule proposed on August 9, 2019.

### **Background on AMP/OMEA**

Ohio-based AMP is the non-profit wholesale power supplier and services provider for 135 locally regulated municipal electric entities located in Delaware, Kentucky, Indiana, Michigan, Maryland, Ohio, Pennsylvania, Virginia, and West Virginia. AMP's members collectively serve more than 650,000 residential, commercial, and industrial customers and have a system peak of more than 3,400 megawatts (MW). AMP's core mission is to be public power's leader in wholesale energy supply and value-added member services. AMP offers its member municipal electric systems the benefits of scale and expertise in providing and managing energy services.

AMP's diverse energy portfolio makes the organization a progressive leader in the deployment of renewable and advanced power assets that includes a variety of base load,

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intermediate and distributed peaking generation using hydropower, wind, solar and fossil fuels, as well as a robust energy efficiency program. AMP has actively worked over the past decade to diversify our power supply portfolio, to the point that our assets and power purchase agreements provided approximately 25% renewable power in 2018. Our fossil fuel assets currently include a 368 MW ownership share of the 1,600 MW coal-fired Prairie State Generating Company located in Lively Grove, Illinois, as well as the 707 MW (fired) natural gas combined cycle AMP Fremont Energy Center in Fremont, Ohio. Most of AMP's members are in the PJM Interconnection, LLC regional transmission organization footprint, while some members are located within the Midcontinent Independent System Operator, Inc. footprint. The OMEA represents the state and federal legislative interests of AMP and member Ohio municipal electric systems.

Because of AMP's structure, we closely follow regulatory initiatives that have the potential to impact our members. This proposed rule would provide a streamlined approach to permitting new projects that maintains strong environmental protection and encourages the development and installation of more efficient energy production.

### **Comments in Support of the Rule Proposal**

The proposed rulemaking is a natural outgrowth from EPA's March 13, 2018 guidance reinterpreting the rules defining when a project triggers the Clean Air Act's New Source Review (NSR) provisions.<sup>1</sup> The proposal represents a new interpretation of the NSR regulations that would allow facilities to consider the overall emission impact of a proposed project at an earlier stage of determining the NSR program's applicability to a project.

Historically, EPA and state permitting authorities have not allowed the type of analysis contained in the proposal, as it was asserted the NSR rules did not permit consideration of project decreases in the first step of the NSR analysis. However, with the issuance of the 2018 guidance, the analysis has been reconfigured as "Project Emissions Accounting" to allow sources to use this type of project analysis to assess whether an NSR permit is required.

To understand the impact of project emissions accounting, it is helpful first to understand how the EPA previously interpreted its regulations. In order to trigger NSR at an existing major source, there must be (A) a physical change or change in the method of operation, and (B) a significant increase in emissions. In part B of the applicability analysis, the agency has historically followed a two-step process to determine if there is a significant emission increase. In Step One, the permittee identifies the emission increases from the project by comparing the baseline actual emissions to the projected actual emissions (or the potential to emit) after the project is completed. Emission decreases from the project were not yet considered. In Step Two, the permittee determines whether there would be significant "net emissions increase" by examining "contemporaneous" (within five years) emission increases and decreases throughout the facility — and only decreases that were "federally enforceable" under a permit or other legally binding measure could be considered.

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<sup>1</sup> [https://www.epa.gov/sites/production/files/2018-03/documents/nsr\\_memo\\_03-13-2018.pdf](https://www.epa.gov/sites/production/files/2018-03/documents/nsr_memo_03-13-2018.pdf)

Whereas in the past, in Step One, the EPA only allowed sources to evaluate emission increases, EPA's new interpretation allows the consideration of both increases and decreases. While the decreases must still be part of the "project", nevertheless the impact of allowing emission decreases to be considered in Step One is significant for several reasons.

First, by allowing facilities to consider emission decreases at Step One, permittees can consider emission reductions from various changes at emission units within the scope of the proposed project or that are impacted by the proposed project. This more practical review encourages efficiency and pollution prevention efforts up-front without the burden of going through the complicated and time-consuming Step Two netting process.

Second, the new policy specifically allows permittees to consider the addition of pollution controls as part of the overall project in Step One. By considering pollution controls in Step One, permittees can reduce projected emission increases based on the expected performance of such controls. Importantly, unlike Step Two, it is not necessary for the emission reductions considered in Step One to be federally enforceable, but only need to be projected to occur after the project is completed and operational. This approach provides significant flexibility by allowing industrial facilities to account for the expected operation of pollution controls prior to incorporating into a federally enforceable permit.

Under the proposal, permittees appear to be given flexibility in defining the scope and impact of a proposed project. Permittees should have substantial deference when assessing what constitutes the "project" and where resulting emissions decreases may be identified. However, because the March 2018 memorandum and the proposal caution permittees not to define a project in a manner that would circumvent NSR, AMP encourages EPA to provide further clarification or guidance on properly defining a "project" more broadly in this context.

While by no means exhaustive, the comments provided represent issues of most concern to AMP/OMEA relative to the proposed rule. We thank EPA for this opportunity to provide input to the agency and for its recognition of the need for practical, workable NSR accounting procedures providing a concise pathway to major source permitting. Allowing both increases and decreases to be counted in the first step of the NSR analysis will exclude minor projects from the burdensome traditional netting process and encourage efficiency projects that might otherwise not be pursued due to NSR's complex netting analysis.

Respectfully Submitted

A handwritten signature in black ink, appearing to read "Jolene M. Thompson", followed by a horizontal line extending to the right.

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