



State of Oregon
Department of
Environmental
Quality

Internal Management Directive

Subject:		IMD Number:	
Netting Basis-Emission Reductions Required by Rule		AQ-00-016	
Effective Date:	September 1, 2009	Pages:	3
Revision Date:	August 31, 2009		
Approval:	Andrew Ginsburg - Air Quality Administrator		

Directive to Air Quality Permit Writers:

Emission reductions required by rule should be removed from the netting basis on the date that the rule becomes effective. This will be the date the rule is filed with the Oregon Secretary of State's office unless a later effective date is specified in the rule. Emission reductions required by a permit or other department order should be removed from the netting basis on the date of issuance.

The Plant Site Emission Limit (PSEL) should be reduced on the compliance date of the rule, order, or permit in accordance with OAR 340-222-0041 and 340-222-0043. Since the PSEL is a rolling 12-month limit, the PSEL will be reduced by 1/12th of the reduction required by rule each month for 12 months following the compliance date of the rule, order, or permit.

Emission reductions for the affected devices or emission units will be determined consistent with the approach used to determine the netting basis prior to the regulatory action reducing the emissions by substituting the previous emission rate with the emission rate established by rule, order or permit using appropriate conversion factors when necessary.

Examples:

1. Devices and emission units that existed in the baseline period:

$$NBD_{pre\ rule} = \text{actual emissions} = ER_A \times P_A$$

$$NBD_{post\ rule} = ER_R \times P_A$$

$$NBS_{post\ rule} = BS_{pre-rule} - NBD_{pre-rule} + NBD_{post\ rule}$$

2. New Source Review devices and emission units

$$NBD_{pre\ rule} = PTE = ER_{NSR} \times P_C$$

$$NBD_{post\ rule} = ER_R \times P_C$$

$$NBS_{post\ rule} = NBS_{pre-rule} - NBD_{pre-rule} + NBD_{post\ rule}$$

Where;

- $NBD_{pre\ rule}$ = The portion of the netting basis attributable to the devices and emissions units affected by a rule, order, or permit requirement prior to the rule, order, or permit.
- $NBD_{post\ rule}$ = The portion of the netting basis attributable to the devices and emissions units affected by a rule, order, or permit requirement after the rule, order, or permit.
- $NBS_{pre\ rule}$ = Netting basis for the source before a rule, order, or permit requirement affecting the netting basis.
- $NBS_{post\ rule}$ = Netting basis for the source after a rule, order, or permit requirement affecting the netting basis.
- ER_A = Actual emission rate (e.g., lb/1000 lb steam, lb/ton, lb/hour, etc.) for a device or emissions unit during the baseline period.
- P_A = Actual annual production or process throughput consistent with the emission rate during the baseline period
- ER_R = Emission rate required by rule after appropriate conversions if necessary to be consistent with the production or process throughput associated with a device or emission unit.
- PTE = Potential to emit as defined in OAR 340-200-0020
- ER_{NSR} = Emission rate used to establish the netting basis for a device or emissions unit during an NSR permitting action. This is usually equivalent to the PTE for the device or emissions unit based on a Best Available Control Technology (BACT) determination.
- P_C = Annual production or process throughput for a device or emissions unit operating at full capacity.

Background:

Netting Basis is the baseline for determining if physical changes or changes in operation at a source will be subject to the New Source Review requirements in OAR 340, Division 224. Netting Basis is defined in OAR 340-200-0020(71) as the "baseline emission rate MINUS any emission reductions required by rule, orders, or permit conditions required by the SIP or used to avoid SIP requirements, MINUS any unassigned emissions that are reduced from allowable under OAR 340-222-0045, MINUS any emission reduction credits transferred off site, PLUS any emission increases approved through the New Source Review regulations."

Section (d) of the definition specifies that "Emission reductions required by rule, order, or permit condition affect the netting basis if the source currently has devices or emissions units that are subject to the rules, order, or permit condition. The baseline emission rate is not affected."

Accordingly, in the case when netting basis is required to be reduced due to reductions required by rule, the netting basis should be reduced on the date that the rule becomes effective. This will be the date the rule is filed with the Oregon Secretary of State's office unless a later effective date is specified in the rule. Emission reductions required

by a permit or other department order should be removed from the netting basis on the date of issuance. Waiting to reduce the netting basis until the compliance date of a rule, order, or permit condition (if the compliance date is later than the effective date of the rule, order or permit condition) could negate the environmental benefit from the netting basis reduction. This is because a source could either add controls or shut the affected equipment down before the compliance date, and then use the required emission reductions to lower the net emission increase from other emission devices or activities at the source to avoid triggering New Source Review.

At the same time, though, the relevant Plant Site Emission Limit (PSEL) will not be reduced until the compliance date of the rule, order, or permit condition, OAR 340-222-0043. Otherwise, the source would be in violation of the PSEL between the time that the rule was adopted or an order or permit was issued and the compliance date of the rule, order, or permit condition. Since the PSEL is a rolling 12-month limit, the PSEL will be reduced by 1/12th of the reduction required by rule each month for 12 months following the compliance date of the rule, order, or permit.

Applicability:

Plant Site Emission Limits - OAR 340, Division 222
New Source Review - OAR 340, Division 224
Emission Reduction Credits - OAR 340, Division 268

Definitions:

Netting Basis - OAR 340-200-0020
Major modification - OAR 340-200-0020
Major source - OAR 340-200-0020

Internal Contact:

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Internal Management Directive:

This document is an internal management directive that is intended only as direction to department staff in the absence of different direction provided by department management. This internal management directive does not establish policy or legal interpretations that may be relied upon by permittees or other third parties.

Approved:


Andrew Ginsburg, Air Quality Administrator 8/31/09
Date