UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION IX
75 Hawthorne Street
San Francisco, CA 94105

March 29, 2011

Larry Kennedy, Major Source Permits Supervisor
Nevada Division of Environmental Protection
901 South Stewart St., Suite 4001
Carson City, NV 89701

Re: Draft Air Quality Operating Permit- Lockwood Regional Landfill (LRL)

Dear Mr. Kennedy,

This letter is in response to Nevada Division of Environmental Protection (NDEP) Draft Air Quality Operating Permit, FIN A0018, AP4953-1148.01 for LRL, owned and operated by Refuse, Inc., in Storey County, Nevada. The draft permit includes a significant revision to the Title V permit for the existing 555 acre landfill for the installation of three new 2,233 horsepower internal combustion engines. The engines will combust landfill gas collected at the site to generate usable energy. It is our understanding that the EPA 45-day review concludes on April 8, 2011.

Comments in the enclosure address several concerns regarding the significant permit revision. Although the aggregate potential to emit of carbon monoxide from the proposed engines exceeds 250 tons per year, LRL will avoid Prevention of Significant Deterioration (PSD) permitting requirements by limiting facility-wide emissions. In order to avoid requirements to obtain a PSD permit based on GHG emissions from this source, Refuse, Inc. may need to begin actual construction related to the modification before July 1, 2011.

We look forward to working with you to address our comments. Please contact me at (415) 972-3974 or Omer Shalev of my office at (415) 972-3538 if you have any questions.

Sincerely,

Gerardo C. Rios
Chief, Permits Office

Enclosure
cc: Greg Remer, Nevada Division of Environmental Protection
Michael Elges, Nevada Division of Environmental Protection

EPA Comments on Refuse, Inc. Lockwood Regional Landfill (LRL)–
Class I (Title V) Significant Revision

Significant Revision and Synthetic Minor Source

Applicable federal requirements for stationary sources of air pollution may differ significantly depending on whether a stationary source is classified as a major source of criteria pollutant emissions. For those sources where emission estimates and/or emission limits are relatively close to the federal major source thresholds, EPA encourages a 5-10% buffer between the permitted emission limits and the federal threshold.

We have identified estimated emissions of certain pollutants that are within a margin of less than 5% of the federal annual threshold limits. These limits include the Prevention of Significant Deterioration (PSD) major source threshold (MST) of 250 tons per year (tpy) for carbon monoxide (CO). Moreover, in the Technical Review, NDEP has determined that because LRL will not exceed the MST for CO, it is not a PSD major source of CO, and therefore not subject to PSD review. Although the facility-wide emission limit of 249.0 tpy for CO is enumerated in the permit, the permit should also state that if this limit is relaxed at any time, the facility will be subject to the requirements of 40 Code of Federal Regulations (CFR) 52.21(r)(4). In addition, if the 249.0 tpy limit is exceeded, the facility may trigger PSD requirements and may be treated as a source that should have obtained a PSD permit for CO.

40 CFR 52.21(r) Source obligation-

(4) At such time that a particular source or modification becomes a major stationary source or major modification solely by virtue of a relaxation in any enforceable limitation which was established after August 7, 1980, on the capacity of the source or modification otherwise to emit a pollutant, such as a restriction on hours of operation, then the requirements or paragraphs (j) through (s) of this section shall apply to the source or modification as though construction had not yet commenced on the source or modification.

Condensable Particulate Matter (PM)

Accurate emissions inventories are critical for regulatory agencies to develop control strategies and demonstrations necessary to attain and maintain air quality standards. EPA has completed the revision of Test Method 202– Condensable Particulate Matter, and the transition period allowing for the exclusion of condensable PM ended on January 1, 2011, 40 C.F.R. 52.21(b)(50)(vi). Therefore, permits issued by NDEP for major sources should quantify condensable PM emissions, and in particular condensable $PM_{2.5}$ emissions.

Greenhouse Gas (GHG) Emissions

The proposed LRL permit does not quantify GHG emissions resulting from the modification of the facility. PSD permitting requirements apply to GHG emissions from sources subject to PSD permitting requirements as of January 2, 2011 as stated in "Reconsideration of Interpretation of Regulations that Determine Pollutants Covered by Clean Air Act Permitting Programs." (75 FR 17004) (April 2, 2010). In addition, existing sources that have the potential to emit 100,000 TPY carbon dioxide equivalent emissions (CO_2e) or more and experience a modification increasing its

CO_2e emissions by 75,000 TPY or more that *begin actual construction*, as defined in 40 CFR 52.21(b)(11), after July 1, 2011 may do so only after obtaining a PSD permit. Without a quantification of GHG emissions, it is difficult to determine whether the following modification would make LRL subject to the GHG requirements. Although EPA's proposed action entitled "Deferral for CO_2 Emissions From Bioenergy and Other Biogenic Sources Under the Prevention of Significant Deterioration (PSD) and Title V Programs: Proposed Rule" (76 FR 15249) (March 21, 2011) likely applies to this source and modification, it is important to note that this deferral applies to only CO_2 emissions and has not been finalized as of the date of this letter.

40 CFR 52.21(b)(11)

Begin actual construction means, in general, initiation of physical on-site construction activities on an emissions unit which are of a permanent nature. Such activities include, but are not limited to, installation of building supports and foundations, laying underground pipework and construction of permanent storage structures. With respect to a change in method of operations, this term refers to those on-site activities other than preparatory activities which mark the initiation of the change."