

May 25, 2007

Mr. J.I. Palmer, Jr.  
Regional Administrator  
U.S. Environmental Protection Agency, Region 4  
Atlanta Federal Center  
61 Forsyth Street, SW  
Atlanta, Georgia 30303-8909

Subject: Section 110(a)(2)(D)(i) Requirements

Dear Mr. Palmer:

This letter addresses the North Carolina Department of Environment and Natural Resources, Division of Air Quality's (NCDAQ) efforts to meet the requirements of Section 110(a)(2)(D)(i). In particular, this letter responds to the guidance memorandum from William T. Harnett, dated August 15, 2006, and EPA's April 25, 2005 finding of failure to submit.

North Carolina is subject to the Clean Air Interstate Rule, and NCDAQ submitted to EPA a State rule adopting the requirements of CAIR on August 7, 2006. NCDAQ believes this submittal adequately addresses the "significant contribution" and the "interfere with maintenance" requirements of section 110(a)(2)(D)(i).

With regard to the "prevention of significant deterioration" requirement of section 110(a)(2)(D)(i), NCDAQ submitted nonattainment new source review (NNSR) rules to EPA on November 30, 2005, and prevention of significant deterioration (PSD) rules on March 16, 2007. During a call with your staff on May 9, 2007, it was pointed out that both of these rules referenced the 2003 version of 40 CFR 51.165 (NNSR) and 40 CFR 51.166 (PSD). However, the final 8-hour ozone implementation rule published on November 29, 2005, modified 40 CFR 51.165 and 40 CFR 51.166, and the rules need to be revised to reflect this latest citation. Following is the schedule on which these rule changes will be implemented:

July 2007	Concept to AQC
September 2007	Draft rules to AQC
November 2007	Request EMC for public hearing
January 2008	Public hearing
March 2008	Present hearing record to EMC for action
April 2008	Rules Review Commission review
May 2008	Rule Effective

The rule change will formally acknowledge NO<sub>x</sub> as a precursor to ozone. However, NCDAQ has treated NO<sub>x</sub> as a precursor to ozone during the permitting process since 1995 after a 1994 study on ozone formation in Atlanta by the Georgia Institute of Technology concluded that NO<sub>x</sub> was primary ozone precursor in Atlanta and much of the

Southeast. Also, the rule change will declare the PM10 is to be used as a surrogate to PM2.5. However, again, this has been standard practice in North Carolina permitting activities since April 1, 1999 when the 1997 PM2.5 standards took effect in North Carolina.

The final requirement of Section 110(a)(2)(D)(i) is the “protect visibility” requirement. Since regional haze State implementation plans (SIPs) are not due until December 17, 2007, NCDAQ does not believe it is possible to assess whether there is any interference with measures in the applicable SIP for another State designed to “protect visibility” for the 8-hour ozone and PM2.5 national ambient air quality standards until the regional haze SIPs are submitted and approved. NCDAQ is on schedule to submit the 8-hour ozone SIPs by June 15, 2007, the regional haze SIPs by December 17, 2007, and the PM2.5 SIPs by April 5, 2008.

NCDAQ believes it has in good faith addressed the requirements of Section 110(a)(2)(D)(i) through the various SIP submittals discussed in this letter. The changes to the permitting rules are minor in nature, and will have no practical impact on how the new source review and prevention of significant deterioration permitting programs are implemented in North Carolina.

Please contact Sheila Holman of my staff at (919) 715-0971 if you have questions regarding this letter. I look forward to working with you as we implement programs to address the NAAQS and regional haze requirements.

Sincerely,

B. Keith Overcash, P.E.

Cc: Kay Prince  
Brock Nicholson  
Sheila Holman