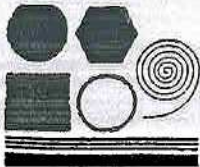


Original: 2535



RECEIVED

2006 AUG -7 PM 3: 59

INDEPENDENT REGULATORY
REVIEW COMMISSION



SPECIALTY STEEL INDUSTRY OF PENNSYLVANIA

Address correspondence to: Allegheny Ludlum Corporation, 1000 Six PPG Place, Pittsburgh, PA 15222
Phone: (412) 394-2836 Facsimile: (412) 394-3010

July 26, 2006

Environmental Quality Board
P.O. Box 8477
Harrisburg, PA 17105-8477

Subject: SSIPA Comments on Proposed Rulemaking, Non-Attainment New Source Review

Dear Board Members,

We are writing to the board in regard the proposed Non-Attainment New Source Review (NA NSR) Rulemaking that was published in the Pa. Bulletin on April 29, 2006. We urge the board to reconsider the need for this regulation and respectfully ask that the Board adopt the federal NA NSR regulations by reference as is the case for Attainment NSR.

Specialty Steel Industry of Pennsylvania (SSIPA) is the trade association that represents specialty alloy manufacturers in the state. SSIPA companies employ over 7,000 Pennsylvania citizens and contribute significantly to our state's local and regional economies.

Pennsylvania companies, particularly the specialty steel industry, compete against many domestic, as well as foreign, manufacturers. The application of more stringent requirements than our competitors face places Pennsylvania companies at an economic disadvantage, especially when dealing with the complexity, cost and permitting delays associated in obtaining an NSR permit.

The Department of Environmental Protection (DEP) has not demonstrated any air quality benefit that would result due to this rulemaking. Indeed, no supporting analysis is provided of projected emission reductions that would occur as a result of the rulemaking, the cost to the regulated community to comply with the rule, or impact on non-attainment status that will occur as a result of the rule.

The remaining large manufacturing sources in the state have been subject to NA NSR permitting for the past thirty-five years. These large sources are also subject to PSD, MACT, NSPS, NESHAPS, and Area Source emission reduction programs. The DEP has already subjected these facilities to additional programs to further reduce non-attainment pollutants. These include the RACT permitting requirements and the adoption of model rules issued by the Ozone Transport Commission.

Under the federal NA NSR rule, these manufacturers would still be subject to NA NSR permitting and its requirements for state-of-the-art pollution control equipment for projects that exceed the thresholds for NSR review.

SSIPA questions the value of the additional restrictions that would be placed upon our manufacturing base. Given that the state has not demonstrated any benefit to air quality or non-attainment status that would result from adopting a more stringent rule, SSIPA urges the Board to disapprove this rulemaking and recommends the adoption of the federal NA NSR program by reference.

If the board decides to approve this rulemaking, it must eliminate the proposed five-year look back period for emission off-sets and adopt the ten-year look-back provided in the federal rule as it relates to both NA NSR permitting and the establishment of Plant-Wide Applicability Limits
The purpose of the federal ten-year period is the recognition that business cycles can be much longer than five years and to account for fluctuations in a company's emissions associated with its business cycle.

The DEP is penalizing Pennsylvania companies by adopting an arbitrary five-year look-back instead of adopting the ten-year look-back that is representative of actual emissions from a facility. The following demonstrates the arbitrariness of this requirement.

A company that is coming out of a peak of its business cycle, and therefore having higher actual emission levels during the past five years, may not be subject Pennsylvania's NA NSR. The same facility could be subject to NA NSR permitting for the same project if it were coming out of the valley of its business cycle when actual emissions are lower. While Pennsylvania companies would be subjected to this arbitrary requirement, bordering states are aggressively protecting their existing manufacturing businesses by following the federal lead.

The DEP's decision to use the five-year does not consider the purpose of the look-back period, accounting for fluctuations in business cycles. Its purpose is not even mentioned in the rulemaking. Again, no estimation of air quality benefits is provided for the five-year requirement verses the ten-year look-back period. This arbitrary requirement needs to be changed to provide a level playing field for Pennsylvania's manufacturing base and to eliminate arbitrary permitting requirements.

Additionally, DEP has proposed adding PM_{2.5} precursors to the list of NA NSR pollutants. The draft rule doesn't explicitly identify these precursor pollutants, but NO_x and SO₂ are the two most prominent ones. VOC and ammonia are also considered PM_{2.5} precursors. In the case of NO_x, SO₂, and VOCs, the rule could effectively drop the NA NSR threshold from 40 or 25 tpy to 15 tpy, subjecting facilities to costly and unjustified LAER and offset requirements for modifications that have been considered minor in the past.

This is a significant change that is worthy of more careful consideration due to the potential costs and widespread impacts.

There is no apparent need to include PM_{2.5} precursors on the list of NA NSR pollutants. Modeling conducted by EPA suggests that current emission reductions that are projected due to the implementation of the Clean Air Interstate Rule will bring 21 of 22 Pennsylvania counties that have been designated as nonattainment for the PM_{2.5} NAAQS into attainment by the year 2010.

The lone exception is Allegheny County, which is impacted by local sources and out of state sources of PM_{2.5}. Applying a 15 tpy applicability threshold for PM_{2.5} precursor emissions could force affected sources throughout the state to install advanced controls that will have no effect on PM_{2.5} levels in Allegheny County. DEP presents no information in the proposed rulemaking on the impact this onerous requirement would have on non-attainment designations or the cost to Pennsylvania businesses and their employees.

SSIPA believes that adequate measures are already in place to rapidly address PM_{2.5} non-attainment issues and that DEP does not need to impose further non-competitive restrictions on Pennsylvania businesses in this rulemaking.

In summary, SSIPA believes that this rulemaking places Pennsylvania businesses at a competitive disadvantage while providing little or no benefit in improving non-attainment status in the state. SSIPA believes that the EQB should adopt the federal NA NSR regulations by reference as is the case for Attainment NSR.

Thank you for your consideration with this matter.

Sincerely,



Sean McGowan
Chairman, SSIPA Environmental Committee