

# Sublette County Banking/Voluntary Emissions Reduction Policy

October 10, 2011

## Banking

In the winter months of 2008 ozone values above the standard were recorded in Sublette County. In response to the high readings, the Division issued on July 21, 2008 an Interim Policy on Demonstration of Compliance with WAQSR Chapter 6, Section 2(c)(ii) for Sources in Sublette County (Interim Policy), providing companies with options to make a demonstration under Chapter 6, Section 2(c)(ii) that a new or modified source would not prevent maintenance or attainment of the ozone standard. Most companies to date have chosen to provide offsets. Some companies committed to voluntary reductions of NO<sub>x</sub> and VOC over and above those necessary to offset new emissions. Indications are that this area (Sublette County) will be nonattainment for ozone. In the near future, the Division will develop a nonattainment State Implementation Plan (SIP) that will include an emissions control strategy addressing emissions from existing and new sources. In developing the control strategy, the Division will determine the emissions reduction obligation for each company. To ensure equity, the Division will allow companies to bank voluntary reductions. Below is an outline of the Division's plan for banking emissions.

- **Creditable Offsets: Must be made enforceable in a Chapter 6, Section 2 permit or waiver**
  - **Production sites:**
    - Permitted prior to 7/2008: Actual emission reductions based on Jan-Mar, 2008 average production rate.
    - Constructed, reconstructed or modified after 7/2008: Emissions reduction from the permitted levels.
    - If a voluntary reduction is made at a facility and then at a later date an increase in emissions occurs, the offsets will be evaluated to ensure that the operator is not penalized for performing an early voluntary emission reduction.
    - Attached is the calculation methodology for production equipment.
  - **Compressor engines:**
    - Permitted prior to 7/2008: Actual emission reductions based on the average of 2006/07 operations.
    - Constructed, reconstructed or modified after 7/2008: Emissions reduction from the permitted levels.
    - If a voluntary reduction is made at a facility and then at a later date an increase in emissions occurs, the offsets will be evaluated to ensure that the operator is not penalized for performing an early voluntary emission reduction.

- Other
  - Will be determined on a case-by-case basis.
  - If a voluntary reduction is made at a facility and then at a later date an increase in emissions occurs, the offsets will be evaluated to ensure that the operator is not penalized for performing an early voluntary emission reduction.
- Permitted Increases
  - Permitting actions after 7/2008 that result in an increase in NO<sub>x</sub> and/or VOC emissions
    - Offset ratios, per the Interim Policy, will be applied to increases
      - NO<sub>x</sub> - 1.1:1
      - VOCs - 1.5:1
      - No inter-pollutant trading will be allowed (i.e. VOC creditable offsets cannot be used for NO<sub>x</sub> permitted increases)
- Emissions Tracking
  - Voluntary reductions will continue to be tracked at the facility level.
- Voluntary reduction credit
  - Non-attainment SIP will include plan to demonstrate attainment.
  - Voluntary reduction credits will be used in SIP development to determine each company's emission reduction obligation.
  - Details of the plan have not been finalized but one option would be an emissions cap. Whatever option is chosen, our objective will be to make sure each company is doing their fair share taking into consideration early reductions.
  - Voluntary reduction credit will be determined by summing permitted increases and creditable offsets.
  - If a company has made emission reductions above those required by the plan, the balance will be a credit for the company that can be used for future permitting or sold to another company.
    - For example, Company X commits to early reductions and installs controls to reduce their VOC inventory in the nonattainment area to 200 tons per year (tpy). If, in development of the nonattainment SIP plan it is determined that Company X is required to limit its VOC inventory of 300 tpy. Company X would have 100 tons of credit that could be used for future permitting or sold to another company within the non-attainment area.

**Voluntary Reductions prior to 1/31/2012**

For companies making voluntary reductions to reduce NO<sub>x</sub> and/or VOC emissions prior to January 31, 2012, permitting requirements are as follows:

- Emission control schemes with no associated emissions increases (e.g. replacing high-bleed with low-bleed pneumatic controllers): No prior approval is required before installation of the control technology. A letter to the Division is required December 31, 2011 notifying the Division of the facility name, emission control scheme and the associated emissions decrease with each installation. The Division will issue a permit/waiver to make the installation and emissions reduction enforceable. Multiple installations may be addressed under one letter.
- Control installations with an associated emissions increase (e.g. pneumatic pump routed to a combustor): NO<sub>x</sub> increases associated with the combustion of VOCs will be considered insignificant in terms of impact and rate. The Division is waiving permitting requirements to install the controls provided a letter/application is submitted to the Division by December 31, 2011, notifying the Division of the facility name, controls installed and the associated emission change with each installation. For voluntary reductions that result in an increase in NO<sub>x</sub> emissions shall not require a Chapter 6, Section 2(c)(ii) demonstration (e.g. increases in NO<sub>x</sub> emissions due to controlling VOC emissions will not be required to be offset). However, the Division encourages industry to utilize technology, where possible, that does not result in an increase in NO<sub>x</sub> emissions. In general, one (1) tpy of NO<sub>x</sub> emissions are produced for every 30 tpy of VOC emissions controlled. The increase in NO<sub>x</sub> emissions by the end of the year due to controlling VOCs emissions will be minimal in comparison to the VOC emissions that could be reduced. Based on this information, the Division is satisfied that the small increase in NO<sub>x</sub> emissions associated with controlling VOC emissions by the end of the year will not prevent maintenance or attainment of any ambient standard. The Division will issue a permit/waiver to make the installation and emissions reduction enforceable. Multiple installations may be addressed under one letter/application. Installation of control equipment that results in an increase in another pollutant is not considered a modification under the Oil and Gas Guidance.

**Voluntary Reductions after 1/31/2012**

Companies making voluntary reductions to reduce NO<sub>x</sub> and/or VOC emissions shall comply with the requirements of Chapter 6, Section 2 of the WAQSR. Permitting requirements are as follows:

- Emission control schemes with no associated emissions increases (e.g. replacing high-bleed with low-bleed pneumatic controllers): No prior approval is required before installation of the control technology. A letter to the Division is required within one (1) month of completing the installation notifying the Division of the facility name, emission control scheme and the associated emissions decrease with each installation. The Division will issue a permit/waiver to make the installation and emissions reduction enforceable. Multiple installations may be addressed under one letter.

- Control installations with an associated emissions increase (e.g. pneumatic pump emissions routed to a combustor): NO<sub>x</sub> increases associated with the combustion of VOCs will be considered insignificant in terms of impact and rate. The Division is waiving permitting requirements to install the controls provided a letter/application is submitted to the Division one (1) month prior of the installation, notifying the Division of the facility name, controls installed and the associated emission change with each installation. For voluntary reductions that result in an increase in emissions, application shall be submitted within six (6) months that shall include a Chapter 6, Section 2(c)(ii) demonstration in accordance with the Interim Policy. The Division will issue a permit/waiver to make the installation and emissions reduction enforceable. Multiple installations may be addressed under one letter/application. Installation of control equipment that results in an increase in another pollutant is not considered a modification under the Oil and Gas Guidance.

Dated this \_\_\_\_\_10th\_\_\_\_\_ day of October, 2011

A handwritten signature in cursive script that reads "Steven A. Dietrich". The signature is written in black ink and is positioned above a horizontal line.

Steven A. Dietrich  
Administrator  
Wyoming Air Quality Division