



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION 6
1445 ROSS AVENUE, SUITE 1200
DALLAS TX 75202-2733

MAY 23 2016

Ms. Lisa Swanson, P.E., Environmental Manager
Energy Transfer, Lone Star NGL Fractionators, L.L.C.,
Lone Star NGL, Mont Belvieu Gas Plant
1300 Main Street
Houston, TX 77002

Dear Ms. Swanson:

This letter is in response to your April 29, 2016 request for a rescission of the EPA-issued Prevention of Significant Deterioration (PSD) permit for greenhouse gases (GHGs) associated with the Energy Transfer Partners, L.P., Lone Star NGL, FRAC III Gas Plant (Lone Star NGL) (PSD-TX-110274-GHG). The EPA has reviewed the information contained in your rescission request and, with this letter, approves the rescission of the Lone Star NGL GHG PSD permit issued by EPA on April 16, 2014. Please be aware that this rescission approval does not grant relief from requirements that, while similar or identical to the EPA-issued Step 2 permit terms, are mandated by separate statutory or regulatory provisions¹.

The public notice for the EPA's approval of your rescission request will begin on May 31, 2016 and will end August 1, 2016. A copy of the public notice and basis of decision are enclosed for your information. The public notice will be published in *The Baytown Sun* newspaper and will also be posted to the EPA Region 6 website (see: <http://www.epa.gov/caa-permitting/ghg-psd-permitting-epas-south-central-region>). The rescission will automatically become effective 60 days after the publication of the rescission.

You requested a rescission of the GHG PSD permit because you were classified as a Step 2 source. Generally speaking, Step 2 sources are sources that were classified as major, and were required to obtain a PSD or title V permit, based solely on their GHG emissions. Such sources are generally known as Step 2 sources because EPA deferred the requirements for such sources to obtain PSD and title V permits until Step 2 of its phase-in of permitting requirements for GHG under the PSD and title V GHG Tailoring Rule, 75 FR 31514, 35569-71 (June 3, 2010); 40 CFR § 52.21(b)(49)(v). In *Utility Air Regulatory Group (UARG) v. Environmental Protection Agency*, 134 S. Ct. 2427 (2014), the United States Supreme Court held that the EPA may not treat GHGs as an air pollutant for purposes of determining whether a source is a major source required to obtain a PSD or title V permit and thus invalidated regulations implementing that approach. In order to begin the process of rescinding Step 2 permits in response to the Supreme Court's decision, on April 30, 2015, the EPA issued a direct final rule to narrowly amend the permit rescission provisions in the federal PSD regulations and the rulemaking became effective on July 6, 2015.

¹ Memorandum from Cynthia Giles, Assistant Administrator for Enforcement and Compliance Assurance, for Janet McCabe, Acting Assistant Administrator for Air and Radiation (December 19, 2014), <http://www.epa.gov/earth1r6/6pd/air/pd-r/ghg/oeca-noaction-assurance-memo121914.pdf>.

The EPA Region 6 issued the GHG PSD permit based on the applicability provisions described, at the time of permit issuance, at 40 CFR § 52.21(b)(49)(v)(b). In accordance with the permit rescission regulations at 40 CFR § 52.21(w)(2), this PSD permit is rescinded effective 60 days after publication of the rescission announcement. If you have any questions regarding this matter, please contact Mr. Jeff Robinson, Chief, Air Permits Section at (214) 665-6435.

Sincerely,



Wren Stenger
Director
Multimedia Planning and
Permitting Division

Enclosures

cc: Mr. Mike Wilson, P.E., TCEQ, Director, Air Permits Division
Ms. Ashley Harrison, Lone Star NGL Fractionators LLC, Mont Belvieu, TX
Ms. Cindy Pate, Lone Star NGL Fractionators LLC, Mont Belvieu, TX
Mr. Norman Rokyta, Lone Star NGL Fractionators LLC, Mont Belvieu, TX