

**ONEOK Hydrocarbon, L.P.,
Mont Belvieu NGL Fractionation Plant, Frac-2 Unit GHG PSD PERMIT (PSD-TX-106921-GHG)
ONEOK's Request to EPA for PSD Permit Rescission
Basis of Decision
January 26, 2016**

In a letter dated January 5, 2016, ONEOK Hydrocarbon, L.P., Mont Belvieu NGL Fractionation Plant (ONEOK) requested that the U.S. Environmental Protection Agency, Region 6 rescind the EPA-issued Prevention of Significant Deterioration (PSD) greenhouse gas (GHG) permit issued on July 23, 2013. The permit was issued based on the applicability provisions described, at the time of permit issuance, at 40 CFR § 52.21(b)(49)(v)(b).

Background

ONEOK requested rescission of its GHG PSD permit because its Mont Belvieu NGL Fractionation Plant, Frac-2 Unit Project was classified as a Step 2 source. Generally speaking, Step 2 sources are sources that were classified as major, and required to obtain a PSD or title V permit, based solely on 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 Supreme Court held that 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. 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.

The newly effective federal rescission rule allows for the rescission of EPA-issued Step 2 PSD Permits and generally applies to new and modified stationary sources that obtained an EPA-issued Step 2 PSD permit under the federal PSD regulations found at 40 CFR 52.21 solely because the source or a modification of the source was expected to emit or increase GHG emissions over the applicable thresholds. This includes (1) sources classified as major for PSD purposes solely on the basis of their potential GHG emissions; and (2) sources emitting major amounts of other pollutants that experienced a modification resulting in an increase of only GHG emissions above the applicable levels in the EPA regulations.

EPA expects GHG PSD permit-holders that are interested in qualifying for the rescission of an EPA-issued Step 2 PSD permit under 40 CFR 52.21(w) to provide information to demonstrate that either (1) the source did not, at the time the source obtained its EPA-issued Step 2 PSD permit, emit or have the potential to emit any regulated pollutant other than GHGs above the major source threshold applicable to that type of source; or (2) a modification at a source emitting major amounts of a regulated NSR pollutant other than GHGs did not result in an increase in emission of any regulated pollutant other than GHGs in an amount equal to or greater than the applicable significance level for that pollutant. EPA

also considers in its evaluation if the source intends to rely on the EPA-issued Step 2 PSD permit for any other regulatory purpose.

For EPA-issued Step 2 PSD permits for Texas industry, EPA Region 6 retained the permitting authority for those sources in the recent final SIP and FIP actions (November 10, 2014) for Texas GHG PSD permitting. Under this authority, EPA Region 6 reviews and issues rescissions for EPA Region 6-issued Step 2 GHG PSD permits. From January 2, 2011 until November 10, 2014, EPA issued GHG PSD permits for facilities in the State of Texas. EPA approved the Texas GHG Permitting program on November 10, 2014, and Texas is currently the permitting authority for GHG PSD permits. EPA's action to rescind Step 2 PSD permits applies only to GHG PSD permits that were issued by EPA between January 2, 2011 and November 10, 2014.

REVIEW

ONEOK has included in the January 5, 2016 rescission request information to demonstrate:

1) At the time of issuance of the EPA GHG PSD permit, the modification at the existing minor source did not result in an increase in emissions of any regulated New Source Review (NSR) pollutant other than GHGs in an amount greater than the nonattainment major source threshold for severe ozone areas or an amount that is equal to or greater than the applicable PSD major source level for that pollutant. The Texas Commission on Environmental Quality (TCEQ), as the current permitting authority for non-GHG and GHG pollutants, has issued a minor NSR permit (PSD-TX-106921) to the existing minor source (standard permit number 95807) associated with the project EPA issued the GHG PSD permit. The permit special conditions and the maximum allowable emission rate table (MAERT) associated with the TCEQ minor NSR permit demonstrate that the project has been reviewed for the maintenance of the National Ambient Air Quality Standards (NAAQS), federal, state and local requirements, and the non-GHG emission levels associated with the project are below the applicable threshold level(s) for all other regulated pollutants.

Project Emission Summary Table¹

Air Contaminant	Project Allowable Emission Rates (TPY)	Nonattainment NSR Applicability		PSD Applicability	
		Nonattainment major source threshold for severe ozone classification ² , 30 TAC 116.12, Table 1 (TPY)	Nonattainment NSR Review Required?	PSD Major Source Threshold, 40 CFR 51.166(b) (TPY)	PSD Review Required?
CO	87.58	-	-	250	No
NO _x	22.50	-	-	250	No
SO ₂	35.06	-	-	250	No
PM	15.80	-	-	250	No
PM ₁₀	11.86	-	-	250	No
PM _{2.5}	9.89	-	-	250	No
Ozone: (VOC)	18.71	25	No	250	No
Ozone: (NO _x)	22.50	25	No	250	No
HAPs (H ₂ S)	0.11	-	-	NA	NA

2) ONEOK has asserted to EPA that the EPA-issued GHG PSD permit is not used, or planned to be used, for any other regulatory or compliance purpose and the information contained in the rescission request to EPA is factual and correct.

RECOMMENDATION

Based on the information provided to EPA Region 6 on January 5, 2016, ONEOK has provided sufficient information to support the required rescission elements outlined in 40 CFR § 52.21(w)(2). EPA's recommendation is to approve the rescission request and authorize publication of the public notice announcing the approval of the rescission.

¹ Project emissions are based on the review and analysis contained in the TCEQ Technical Review document written by Mr. Mr. Rick Goertz, TCEQ, for ONEOK Hydrocarbon, L.P., Mont Belvieu NGL Fractionation Plant, Frac-2 Unit Project, RN106123714, CN603674086 and Project Number 185336. TCEQ represented in its analysis for issuance of the minor NSR permit that neither PSD nor NNSR were triggered for the project.

² The ONEOK Hydrocarbon, L.P., Mont Belvieu NGL Fractionation Plant is located in Chambers County, Texas. At the time of EPA's permitting action, the area was classified as severe nonattainment for ozone. The site was an existing minor source and the proposed project increases of VOC and NO_x were individually quantified by TCEQ and did not exceed the nonattainment major source thresholds.