

requirements for individual process units.

C. Combustion Related NESHAP

Plywood and composite wood products facilities operate combustion units such as boilers, fuel cells, and thermal oil heaters that supply heat to process units such as dryers and presses that are used in the manufacture of PCWP. When the combustion unit supplies heat by directly exhausting the combustion gas through a dryer, the dryer is considered a "direct-fired dryer." Therefore, the HAP emissions from a direct-fired dryer are actually a combination of the emissions from the combustion unit exhausting into the dryer and the emissions that result from drying the wood. Because today's proposed rule regulates emissions from direct-fired dryers, those combustion units associated with direct-fired dryers are excluded from the requirements of other combustion-related NESHAP, such as the Industrial/Commercial/Institutional Boilers NESHAP and the Process Heaters NESHAP. However, those combustion units that supply heat or steam to indirect-fired dryers or presses (*i.e.*, combustion unit exhaust does not contact wood particles or veneers), and those thermal oil heaters that supply hot oil for presses but which don't exhaust through dryers are not covered by today's proposed rule and would be subject to the requirements of the applicable combustion related NESHAP.

D. New Source Review/Prevention of Significant Deterioration Applicability

We expect that many of the PCWP facilities impacted by today's proposed rule will install RTOs to comply with the proposed HAP control requirements. However, RTOs can generate NO_x emissions during normal operation. If NO_x emission increases are great enough, they may trigger the need for preconstruction permits under the nonattainment new source review (NSR) or prevention of significant deterioration (PSD) program (referred to in the remainder of this preamble as "major NSR"). During the development of today's proposed rule, representatives from the PCWP industry requested that we consider the application of an RTO to reduce HAP emissions to be a pollution control project (PCP), as defined within the context of PSD and NSR, such that RTOs installed to meet today's proposed rule would qualify for an exemption from NSR/PSD.

In 1992, the EPA adopted an explicit PCP exclusion for electric utility steam generating units (57 FR 32314). In a July 1, 1994 guidance memorandum, we

provided guidance to permitting authorities on the approvability of PCP exclusions for source categories other than electric utilities. In that guidance (available on the TTN; see "Pollution Control Projects and New Source Review (NSR) Applicability" from John S. Seitz, Director, OAQPS, to EPA Regional Air Division Directors), we indicated that add-on controls and fuel switches to less polluting fuels may qualify for an exclusion from major NSR as a PCP. To be eligible to be excluded from otherwise applicable major NSR requirements, a PCP must, on balance, be "environmentally beneficial," and the permitting authority must ensure that the project will not cause or contribute to a violation of the NAAQS or PSD increment, or adversely affect visibility or other air quality related values (AQRV) in a Class I area, and that offsetting reductions are secured in the case of a project which would result in a significant increase of a nonattainment pollutant. The permitting authority can make these determinations outside of the major NSR process. The 1994 guidance did not supercede existing NSR requirements, including approved State NSR programs, nor void or create an exclusion from any applicable minor source preconstruction review requirements in an approved SIP. Any minor NSR permitting requirements in a SIP would continue to apply, regardless of any exclusion from major NSR that might be approved for a source under the PCP exclusion policy.

In the July 1, 1994 guidance memorandum, we specifically identified the RTO as an example of an add-on control that is an appropriate candidate for a case-by-case exclusion from major NSR as a PCP. We believe that the current guidance on the PCP exclusion adequately provides for the possible exemption from major NSR for PCP resulting from today's proposed rule. Permitting authorities should follow that guidance to the extent allowed under the applicable SIP in order to determine whether the installation of an RTO in a given circumstance qualifies as a PCP. Projects that qualify for the exclusion would be covered under minor source regulations in the applicable SIP, and permitting authorities would be expected to provide adequate safeguards against NAAQS and increment violations and adverse impacts on AQRV in Federal Class I areas. Only in those areas where potential adverse impacts cannot be resolved through the minor NSR programs or other mechanisms would major NSR apply.

E. Interrelationship Between MACT Provisions and PSD

We have received comments from some in industry who would like to use the provisions of the proposed PCWP rule to satisfy requirements for PSD. While many of the proposed PCWP provisions for HAP may be used to comply with PSD, the PCWP provisions are not universally applicable. In cases where one rule is more stringent than the other, you must comply with both rules.

We do not usually state this explicitly in rule preambles because it is established as a matter of law and precedence. However, because of some misunderstandings from some in industry and our on-going enforcement review of PSD compliance in the PCWP industry, we believe it is helpful to discuss areas where the proposed PCWP rule and PSD may have different requirements.

First, the proposed PCWP rule is a rule that would regulate HAP. Decisions on control levels and compliance demonstrations are based on HAP reductions. If decisions had been based on control of VOC, the control level may have been different. For example, this proposed rule requires 90 percent reduction of HAP from affected process units. Prevention of significant deterioration may require control efficiencies in excess of 90 percent. Another example is which process units require control. In the proposed PCWP rule, the level of control that represents the MACT floor for dry rotary dryers and hardwood veneer dryers is no emissions reductions. We determined that requiring controls was not cost effective for HAP. However, these process units emit more VOC than HAP; therefore, we may determine for PSD that dry rotary dryers and hardwood veneer dryers should be controlled.

Second, we want to clarify that THC is not the same as VOC. Two of the compliance options in the proposed PCWP rule are based on measurement of THC, as carbon, either with or without methane, as a surrogate for measuring HAP. While THC, as carbon, is a good way to determine percent reduction of a control device for HAP of concern for the PCWP industry, it may not be appropriate for VOC.

F. Effluent Guidelines

Effluent guidelines applicable to categories and subcategories of industrial point sources are issued under authority of the Clean Water Act (sections 301, 304, 306, 307, 308, 402, and 501). The current effluent guidelines are applicable to many PCWP