

the total NO_x emissions inventory, thus contributing to the ozone and PM-10 non-attainment status of the area. These engines also emit particulate matter directly.

Thus, replacing these relatively dirty stationary diesel engines with much cleaner currently available diesel engines will help air quality immediately. The anticipated future standards which are expected to further reduce emissions from nonroad engines will also mean that new agricultural engines in California should have even better emission performance in the future, providing more emission benefits as farmers replace their engines in later years.

What Would Happen if This Change Were not Made?

Under Title V, farms need to assess their inventories of emissions. If the total of these emissions exceeds a certain level (called the major source threshold), they would be subject to the permitting requirements of Titles I and V of the CAA. One of these permitting requirements is the NSR program. NSR requires major stationary sources that desire to construct for the first time or to modify their facility to get a NSR permit (also called a preconstruction permit) and meet emission control requirements. The other permitting requirement is EPA's operating permits program. This requires major stationary sources to get an operating permit, but does not require emission control. Thus, farm engines classified as stationary sources and operated on a farm which has collective emissions great enough to trigger the major source threshold would be subject to both these permitting programs. Under today's action, stationary farm engines that meet the nonroad certification requirement would not be subject to these two permitting programs. They also would not be subject to other potential state or local requirements directed specifically at stationary sources (e.g., NO_x RACT programs under Title I), but could be subject to other state or local requirements directed at nonroad engines (e.g., state nonroad engine emission standards or use restrictions).

What Do We Expect Will Happen as a Result of This Change?

As noted above, stationary engines in agricultural applications have in the past not been required to control their emissions under either federal regulations or under any State of California regulation or program aimed at improving air quality. In most cases, diesel engines represent the predominant source of NO_x emissions

on the farm. Even after taking into account the engines that were already replaced under the Carl Moyer program, we estimate that around 2,200 uncontrolled stationary diesel agricultural engines remain in use in California. We estimate that replacing these over the next two years with engines meeting the existing Tier 2 and Tier 3 nonroad emission standards would result in a reduction of up to 4,400 tons of NO_x annually from agricultural operations. Particularly in areas with intensive levels of farming, such reductions would be significant. We estimate replacing the current stationary diesel engines with new nonroad engines would reduce NO_x emission for all current agricultural diesel engines, both stationary and nonroad, by about 20 percent. It would also represent a significant reduction in direct PM emissions from such engines.

This regulatory change will specify that stationary diesel engines used in agricultural applications in California be treated as nonroad sources if they otherwise meet the applicable nonroad emission requirements and are part of an engine family that includes engines that otherwise meet the nonroad engine definition. As a voluntary program, not all farming operations may choose to switch their stationary diesel engines to compliant nonroad engines. However, under Title V, agricultural operations have to inventory their sources of stationary emissions and estimate the combined level of annual emissions from these sources. For ozone nonattainment areas, operations which exceed an annual air emissions threshold for a pollutant (50 tons per year for areas designated as having "serious" air pollution, 25 tons per year for areas designated as having "severe" air pollution and 10 tons per year for areas designated as having "extreme" air pollution) are designated as "major" sources of air pollution and have to annually report these emissions. For PM-10 nonattainment areas, the thresholds are 100 tons for operations in moderate nonattainment areas and 70 tons for areas in serious nonattainment. Additionally, operations designated as "major" stationary sources must meet the NSR and NO_x RACT requirements discussed below. For a significant number of agricultural operations, switching from their existing stationary source diesel engines to new nonroad certified engines will remove these engines from the stationary source category, reducing farms' stationary source emissions enough so that they will no longer be considered major sources of NO_x emissions, thus avoiding

the obligations noted above. For those remaining agricultural operations which would still exceed the "major" source threshold even after switching to nonroad certified engines, these operations may choose to make this switch anyway as this will reduce some of the reporting and other procedural obligations under any potential future stationary source control programs. Finally, we anticipate that some of the cost of the new engines may be subsidized by the USDA, consistent with eligibility requirements under the EQIP or perhaps via continued funding under the State of California's Carl Moyer program. For these reasons, we believe that it is likely that all agricultural pump engines currently used in operations which would otherwise exceed the threshold for major source designation and subject to regulation under Title V will be converted to new nonroad certified engines. In addition, as this regulation will encourage the manufacture of agricultural equipment containing engines meeting the nonroad engine standards, it is also likely that this approach will result in greater use of lower-emitting agricultural engines even in locations that do not exceed major source thresholds.

As noted above, this is a voluntary program so the agricultural operation has the opportunity to choose to take advantage of this regulation change or not. No adverse impact on agricultural operations is anticipated under this rule.

While this rule would exclude a set of sources in California from certain provisions of Title I and V, we would expect a lesser degree of emission control from these engines if this regulation change were not being adopted. The State or localities may choose not to require controls for many engines, particularly those that are not located in major sources. Those engines not on farms designated "major" sources may not be controlled, and it is not clear that even engines that are controlled would be controlled to the same level of emissions as nonroad certified engines. Since the nonroad rules are generally aimed at achieving the greatest emission control available, it would be unlikely stationary source controls would result in any greater control.

NSR requirements, which apply only to new or modified sources, would require Lowest Achievable Emissions Rate (LAER)⁵ in nonattainment areas or

⁵ LAER is defined as the most stringent emission limitation derived from either of the following: (1) The most stringent emission limitation contained in