

former NSR rules because the final rule would result in reductions in emissions of air pollution. We found that four of the five provisions in the final rule would result in environmental benefits, and the other provision would have no significant effect. Specifically, for each of the rule's five provisions, the analysis concludes the following:

(1) The PAL provisions will result in tens of thousands of tons per year (tpy) of volatile organic compounds (VOC) reductions from just three industrial categories where PALs are likely to be used most often. Overall reductions will be greater because it is likely that PALs also will be adopted in other source categories.

(2) The Clean Unit Test will be environmentally neutral for most sources, but some sources will likely control emissions earlier or more extensively than under the former rules, and, as a result, a net benefit will occur. The amount of this benefit is uncertain nationally, but likely will be significant in individual cases, like the estimated 9,300 tpy reduction in smog-causing VOC seen in one example.

(3) The PCP Exclusion will lead to a small increase in the number of environmentally beneficial projects because it removes NSR barriers to such projects. The amount of this benefit is uncertain nationally, but will likely be relatively small.

(4) The portion of the rule addressing baseline actual emissions will not have a significant environmental impact. The former program already allowed sources to use a more representative baseline period, with the approval of the reviewing authority, instead of the two-year period before the change specifically delineated in the former rules. The final rules provide an expanded time frame from which you may select a representative baseline but eliminate the option of going beyond this period of time. While the new rules may allow a small number of existing emissions units to use higher baselines, other units will be required to use lower baselines due to the requirement to adjust the baseline downward to account for any new emission limitations at that emissions unit. The changes overall impact will be small because the portion of the rule addressing baseline actual emissions does not affect new sources, new units built at existing sources, electric utilities, and many modified sources.

(5) The change to the actual-to-projected-actual test will have a net environmental benefit, but a relatively small one. The benefit stems from removing: (1) Incentives to keep actual emissions high before making a change,

and (2) barriers to projects that will reduce emissions. The size of this benefit nationally is uncertain. Its impact would be small because the change in emissions calculation methodology does not affect either of the following: (1) New sources, new units built at existing industrial facilities, and electric utilities, or (2) any modifications at existing facilities that actually result in significant increases in emissions. Historically, under the previous major NSR rule, virtually all other sources making a physical or operational change have accepted "permit limits" so as to be confident that they will not trigger major NSR. Our analysis concludes that the benefits from this aspect of the program are likewise largely unaffected because such sources must still assure that actual emissions do not significantly increase as a result of a change.

The supplemental environmental analysis uses quantitative information where possible but also notes limitations on our ability to quantify impacts of the rule. We used qualitative information to supplement the analysis when such limitations are present. We also noted that the final rules will result in economic benefits that stem from improved flexibility, increased certainty, and reduced administrative burden. These benefits are important, but were not quantified as part of this environmental analysis.

The analysis is available in the docket for today's action and is also available on the Internet at <http://www.epa.gov/nsr>. We request comment on all aspects of the environmental impact of the final rule.

B. Plantwide Applicability Limitations (PALs)

1. Background

The December 31, 2002 final major NSR rule included an innovative approach to managing major NSR applicability at major stationary sources based on actual plantwide annual emissions. Under these provisions, an owner or operator (you) of a major stationary source (source) may elect to establish a source-wide cap on emissions, known as a "plantwide applicability limitation" (PAL), based on your source's baseline actual emissions. As long as you do not exceed this "actuals PAL," a significant emissions increase has not occurred. Without a significant emissions increase, no change at your facility is considered a major modification, and you are not subject to major NSR.

Today, we are soliciting comment on two aspects of the PAL final rules. These issues are discussed below.

2. Emission Units for Which You Begin Actual Construction After the Baseline Period

In general, the PAL level is established as the sum of the baseline actual emissions of the PAL pollutant for each emissions unit at your major stationary source. The baseline period may be any consecutive 24-month period during the preceding 10 years, but you must use the same baseline period for all existing emissions units. However, the final rules contain special provisions for an emissions unit on which you began actual construction after the 24-month baseline period. The reviewing authority must use the potential to emit (PTE) of such emissions units in establishing the PAL. See 40 CFR 51.165(f)(6), 51.166(w)(6), 52.21(aa)(6). This provision is intended to serve as a counterpart to the requirement to exclude from the PAL level any emissions from emissions units that were permanently shut down after the baseline period.

We included these provisions in recognition that the set of emissions units at your source at the time of PAL permit issuance may be different from the set of emissions units that existed during the baseline period. You may have constructed additional emissions units, permanently shut down previously existing emissions units, or both. The actuals PAL rule is designed to ensure that the PAL level is adjusted to reflect the present-day configuration of emissions units at your source. Thus, it instructs the reviewing authority to exclude from the PAL level emissions from permanently shut down units and to add to the PAL level the PTE of emissions units on which you began actual construction after the baseline period.

We considered applying the procedures for determining baseline actual emissions at 40 CFR 51.165(a)(1)(xxxv), 51.166(b)(47), and 52.21(b)(48); however, under these procedures the baseline actual emissions of the existing emissions units on which you began actual construction after the selected baseline period would be zero. When these procedures are used for determining applicability of the major NSR requirements, we believe this is an appropriate outcome because such determinations ordinarily involve a limited set of emissions units (those that are part of a modification) at the major stationary source and issues related to start up and shutdown of emissions