

Wisconsin Department of Natural Resources
Natural Resources Board Agenda Item

SUBJECT:

Request that the Board authorize public hearing for Board Order AM-21-12, proposed rules affecting chs. NR 400, 405, 408, and 410 related to consistency with federal major source permit review requirements and clean-up of rules related to the former indirect source permit program.

FOR: September 2013 Board meeting

PRESENTER'S NAME AND TITLE: Pat Stevens, Administrator, Air, Waste, and Remediation & Redevelopment Division and Gail Good, Chief Air Monitoring Section

SUMMARY:

The main focus of the proposed rules is to correct deficiencies in chs. NR 405 and 408 identified by the U.S. Environmental Protection Agency (EPA). These corrections are necessary to ensure that the Department implements its major new source review permit programs consistent with the Clean Air Act and U.S. EPA requirements. These deficiencies have resulted in disapproval of portions of the Department's state implementation plan and could result in the issuance of a federal implementation plan by the U.S. EPA if not corrected.

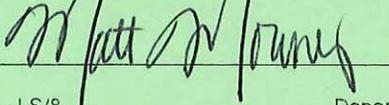
The Department is also proposing to make changes of a clean-up nature to chs. NR 400 and 410 relating to the former indirect source permit program. The Department previously operated an indirect source permit program under ch. NR 411, as previously authorized in s. 285.60, Stats. Chapter NR 411 was repealed through legislative action under 2011 Wisconsin Act 121. The Department is proposing to repeal rules in chs. NR 400 and 410 which previously had the sole purpose of supporting the indirect source permit program.

These proposed rules are not expected to be controversial or to have an economic impact on small business.

RECOMMENDATION: That the Board authorize public hearing for Board Order AM-21-12.

LIST OF ATTACHED MATERIALS (check all that are applicable):

- Background memo
- Statement of scope
- Fiscal estimate and economic impact analysis (EIA) form
- Response summary
- Attachments to background memo
- Governor approval of statement of scope
- Environmental assessment or impact statement
- Board order/rule

Approved by	Signature	Date
Bart Sponseller, Bureau Director		9/11/13
Pat Stevens, Administrator		9/11/13
Cathy Stepp, Secretary		9/12/13

cc: Board Liaison - AD/8
Robert Eckdale - AM/7

Kendra Fisher - LS/8

Department rule coordinator - LS/8

DATE: September 10, 2013

TO: All Members of the Natural Resources Board

FROM: Cathy Stepp, Secretary

SUBJECT: Background memo on Board Order AM-21-12, relating to authorization of public hearings.

Why is the rule being proposed?

The main focus of the proposed rules is to correct deficiencies in chs. NR 405 and 408 identified by the U.S. Environmental Protection Agency (EPA) and which resulted in disapproval of select portions of the Department's State Implementation Plan (SIP). These corrections are necessary to ensure that the Department implements its major new source review permit programs consistent with the Clean Air Act and U.S. EPA requirements. Failure to maintain consistency with the EPA requirements addressed in the proposed rule package may lead to the promulgation of a federal implementation plan (FIP), whereby EPA can take back a portion of a state's permit program.

The Department is also proposing to repeal portions of chs. NR 400 and 410 relating to the former indirect source permit program. The Department previously operated an indirect source permit program under ch. NR 411, as previously authorized in s. 285.60, Stats. Chapter NR 411 was repealed through legislative action under 2011 Wisconsin Act 121. The Department is proposing to repeal rules in chs. NR 400 and 410 which previously had the sole purpose of supporting the indirect source permit program.

Summary of rule.

The proposed rule package addresses items identified by USEPA as being deficient with portions of Wisconsin's State Implementation Plans. Specifically, the changes pertain to the fuel use prohibition that is part of the definition of 'major modification' and the clarifications to definitions of precursors and condensables in chs. NR 405 and 408.

The need to address the fuel use prohibition that is part of the definition of 'major modification' was brought to the Department's attention in a letter from EPA detailing the inadequacy of specific portions chs. NR 405 and 408 because they failed to identify permits issued under federal authority. The letter recommended the insertion of federal citations to ensure recognition of all federally issued permits.

The proposed clarifications of precursors and condensables (both contained in the definition of a 'Regulated NSR air contaminant') were items identified by EPA through Federal Register notices that led to final disapproval to portions of Wisconsin SIPs. The federal register notices required clarification of language in chs. NR 405 and 408 to address the deficiencies. Failure to address the noted deficiencies will likely result in the promulgation of a FIP.

Additionally, the proposed rule package seeks to repeal the definitions and fees in chs. NR 400 and 410 associated with the indirect permit program that was repealed by Wisconsin Act 121.

How does this affect existing policy?

The proposed rules do not affect existing policy. Proposed changes relate to either major source permit programs for areas designated as attainment or nonattainment, or to an indirect source permit program no longer in effect. Proposed changes related to the major source permit programs do not represent a change in how the Department implements these permit programs. These changes are being proposed to ensure consistency with federal regulations and approvability by the U.S. EPA.

The portion of the proposed rule package related to the indirect source program does not affect existing policy because the Department no longer operates the indirect source program.

Has the Board dealt with these issues before?

The last board action was in October of 2012 when the statement of scope was approved.

Who will be impacted by the proposed rule? How?

The Department believes that the number of major sources affected by the proposed rule changes to chs. NR 405 and 408 will be small, if any. The Department recognizes that requirements contained in a federally issued major source construction permit apply to the source and are therefore included in the source's Title V operation permit, making the requirement fully enforceable under state and federal law. The Department is not aware of a single situation where this type of requirement existed in a federal construction permit and was not included the state Title V operation permit.

The additions to chs. NR 405 and 408 to clarify precursor and condensable language will have no impact on any entities because they are changes to language, not practice.

No entities will be affected by the proposed changes related to the indirect source permit program, previously implemented through ch. NR 411. Since ch. NR 411 was repealed through legislative action, rules whose only purpose was to support the implementation of ch. NR 411 are already moot. Therefore the proposed repeal of these rules will not have any effect.

Information on environmental analysis, if needed?

Under s. NR 150.03 (3), Wis. Adm. Code, an environmental analysis is not needed because this proposal is considered a Type III action. Type III actions normally do not have the potential to cause significant environmental effects, normally do not significantly affect energy usage and normally do not involve unresolved conflicts in the use of available resources.

Small Business Analysis.

The Department did not prepare a small business analysis since it is not expected than any small businesses will be impacted by the proposed rule changes.

ADMINISTRATIVE RULES Fiscal Estimate & Economic Impact Analysis

1. Type of Estimate and Analysis

Original Updated Corrected

2. Administrative Rule Chapter, Title and Number

NR 400 Air Pollution Control Definitions, NR 405 Prevention of Significant Deterioration, NR 408 Construction Permits for Direct Major Sources in Nonattainment Areas, and NR 410 Air Permit, Emission, and Inspection Fees

3. Subject

Proposed rules relating to consistency with federal major source permit review requirements and clean-up of rules related to the former indirect source permit program.

4. Fund Sources Affected

GPR FED PRO PRS SEG SEG-S

5. Chapter 20, Stats. Appropriations Affected

6. Fiscal Effect of Implementing the Rule

No Fiscal Effect Increase Existing Revenues Increase Costs
 Indeterminate Decrease Existing Revenues Could Absorb Within Agency's Budget
 Decrease Cost

7. The Rule Will Impact the Following (Check All That Apply)

State's Economy Specific Businesses/Sectors
 Local Government Units Public Utility Rate Payers
 Small Businesses (if checked, complete Attachment A)

8. Would Implementation and Compliance Costs Be Greater Than \$20 million?

Yes No

9. Policy Problem Addressed by the Rule

The DNR is proposing to amend definitions in chs. NR 400, 405, and 408, Wis. Adm. Code, related to the major new source permit review program for both attainment and nonattainment areas. Definitions proposed to be amended include PM2.5 emissions, PM10 emissions, major modification, and regulated New Source Review (NSR) air contaminant. These changes do not represent a policy problem, but are being proposed in response to deficiencies identified by the U.S. Environmental Protection Agency (EPA), and are necessary to maintain approval of the state implementation plan.

The DNR is also proposing to repeal several rule provisions whose purpose was in support of an indirect source permit program. This permit program was previously implemented through ch. NR 411, which was repealed through legislative action. The provisions include several definitions and permit fees in chs. NR 400 and 410, Wis. Adm. Code, respectively. These proposed changes do not represent a policy problem, but are appropriate since the purpose of the rules affected was only related to ch. NR 411.

10. Summary of the businesses, business sectors, associations representing business, local governmental units, and individuals that may be affected by the proposed rule that were contacted for comments.

The businesses that were contacted for comment were all those listed as major sources by the WDNR. Additionally, Wisconsin Manufacturers and Commerce, Wisconsin Paper Council, and the Wisconsin Utilities Association were contacted.

11. Identify the local governmental units that participated in the development of this EIA.

None

12. Summary of Rule's Economic and Fiscal Impact on Specific Businesses, Business Sectors, Public Utility Rate Payers, Local Governmental Units and the State's Economy as a Whole (Include Implementation and Compliance Costs Expected to be Incurred)

The proposed changes to the new source review program are being made to ensure consistency with federal regulations and implementation policy governing this permit program. DNR believes that the proposed rule changes will not have an economic impact on any of the entities listed or on the state's economy as a whole because there will be no change from the way DNR currently implements the requirements. In response to a request for information on the economic impacts

ADMINISTRATIVE RULES

Fiscal Estimate & Economic Impact Analysis

of the proposed rules, three companies responded that they had no input because they believed the proposed rules would not have an economic impact on them. One commenter responded that the proposed rule provided economic benefit and asked the DNR to consider providing an analysis of the benefit. Additionally, the commenter felt that the proposed rules addressed broader policy issues whose economic benefits should be analyzed. DNR does not believe the proposed rules provide economic benefit. The economic benefit from the repeal of ch. NR 411 occurred when the chapter was repealed through legislative action and is not due to the clean-up action. Testimony, including an estimate of the costs associated with the indirect source permit program, was given at the time of the legislative action. The portions of the rule package associated with the major new source review program found in chs. NR 405 and 408 are amendments to ensure that the rules align with current practice as well as U.S. EPA policy and do not represent changes in implementation. The economic impact analysis speaks to the economic impacts of the proposed rules, not the underlying statutes that give DNR the authority for rulemaking.

13. Benefits of Implementing the Rule and Alternative(s) to Implementing the Rule

The alternative to this rule action is to keep the rules as they are which U.S. EPA has already identified as an inconsistency with the major source permit program. In the Federal Register, U.S. EPA stated that they are under obligation to promulgate a Federal Implementation Plan (FIP) addressing the disapproved portions of the associated state implementation plan within 2 years. The Federal Register states that the FIP will not be promulgated if DNR rectifies the deficiencies within the 2 year timeframe. Not repealing sections of chs. NR 400 and 410 in response to the repeal of NR 411 by the legislature would potentially create confusion and perpetuate an inconsistency with DNR rules.

14. Long Range Implications of Implementing the Rule

The proposed rule changes to the new source review program do not represent changes in operation by WDNR, so there are no long term implications. The proposed rule changes to the indirect source fee structure are of a clean-up nature and also have no long term implications.

15. Compare With Approaches Being Used by Federal Government

The purpose of the proposed changes related to the major source permit program is to ensure state rules are consistent with federal regulations. The federal government does not have regulations for an indirect source permit program.

16. Compare With Approaches Being Used by Neighboring States (Illinois, Iowa, Michigan and Minnesota)

Illinois and Minnesota are states delegated by the U.S. EPA to implement the federal air pollution program, so they are directly implementing the federal program. Iowa and Michigan, similar to Wisconsin, are SIP-approved states, so they are also implementing a federal program, but through their own state rules and regulations. It is the goal of SIP-approved states to implement federal programs in accordance with federal regulations. The majority of this rule package addresses changes necessary to comply with federal regulations. Those changes not dictated by federal regulations are associated with the repeal of fees related to the indirect source program which is no longer existing in Wisconsin, thereby addressing a current internal inconsistency.

<h4>17. Contact Name</h4> <p>Gail Good</p>	<h4>18. Contact Phone Number</h4> <p>(608) 266-1058</p>
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This document can be made available in alternate formats to individuals with disabilities upon request.

ADMINISTRATIVE RULES
Fiscal Estimate & Economic Impact Analysis

ATTACHMENT A

1. Summary of Rule's Economic and Fiscal Impact on Small Businesses (Separately for each Small Business Sector, Include Implementation and Compliance Costs Expected to be Incurred)

2. Summary of the data sources used to measure the Rule's impact on Small Businesses

3. Did the agency consider the following methods to reduce the impact of the Rule on Small Businesses?

- Less Stringent Compliance or Reporting Requirements
- Less Stringent Schedules or Deadlines for Compliance or Reporting
- Consolidation or Simplification of Reporting Requirements
- Establishment of performance standards in lieu of Design or Operational Standards
- Exemption of Small Businesses from some or all requirements
- Other, describe:

4. Describe the methods incorporated into the Rule that will reduce its impact on Small Businesses

5. Describe the Rule's Enforcement Provisions

6. Did the Agency prepare a Cost Benefit Analysis (if Yes, attach to form)

- Yes No
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ORDER OF THE STATE OF WISCONSIN NATURAL RESOURCES BOARD
REPEALING, AMENDING, AND CREATING RULES

The statement of scope for this rule, SS 066-12, (which revised SS 056-12) was approved by the Governor on August 30, 2012, published in Register No. 681, on September 15, 2012, and approved by the Natural Resources Board on October 24, 2012.

The Wisconsin Natural Resources Board proposes an order to **repeal** NR 400.02 (101) and (106), and 410.03 (3); to **amend** NR 400.02 (123m) and (124), 405.02 (21) (b) 5. a. and b. and 6., and (25i) (a), 408.02 (20) (e) 5. a. and b. and 6., 408.02 (29m) (c), and 408.06 (1) (a); and to **create** NR 405.02 (25i) (ag) and (ar), and 408.02 (29m) (d), relating to revisions to chs. NR 405 and 408, necessary to maintain consistency with federal requirements, as well as the repeal of sections of chs. NR 400 and 410, related to the repeal of ch. NR 411, and affecting small business.

AM-21-12

Analysis Prepared by the Department of Natural Resources

- 1. Statute interpreted:** Section 285.11 (1) and (6), Stats. The State Implementation Plan developed under s. 285.11 (6), Stats., is revised.
- 2. Statutory authority:** Sections 227.11 (2) (a), 285.11 (1), (16) and (17), and 285.60 (11) (b)
- 3. Explanation of agency authority:** Section 227.11 (2) (a), Stats., gives state agencies general rule-making authority. Section 285.11 (1), Stats., gives the Wisconsin Department of Natural Resources (WDNR) the authority to promulgate rules implementing and consistent with, ch. 285, Stats. Section 285.11 (6), Stats., requires WDNR to develop a plan for the prevention, abatement, and control of air pollution. The plan must conform with the Clean Air Act and is necessary for new source review implementation. Section 285.11 (16) requires WDNR to promulgate rules that may limit the classification of a major source to specified air contaminants. Section 285.11 (17) requires WDNR to promulgate rules, consistent with the federal Clean Air Act, that modify the term 'modification' as it relates to specific categories of stationary sources. Section 285.60 (11) (b), Stats., establishes that the WDNR may not require a permit for an indirect source under ch. 285, Stats
- 4. Related statute or rule:** There are no related statutes that are not identified above.
- 5. Plain language analysis:** The objective of this rule package is to revise language in chs. NR 400, 405 and 408 to maintain consistency with federal requirements and definitions. Additionally, sections of chs. NR 400 and 410 need to be repealed due to the repeal of ch. NR 411.

In May 2006, WDNR requested approval by the U.S. Environmental Protection Agency (USEPA) of rules promulgated by Wisconsin to incorporate federal New Source Review Reform requirements as a revision to the State Implementation Plan (SIP). The USEPA approved the SIP revisions, but subsequently requested changes to language in chs. NR 405 and 408. The changes pertain to the fuel use prohibition that is part of the definition of "major modification".

Section NR 405.02 (25i) defines "Regulated NSR air contaminant" and specifically identifies volatile organic compounds as a precursor for ozone. USEPA has requested inclusion of nitrogen oxides (NO_x) in the definition for clarification purposes. Similarly USEPA requires, through its 2008 New Source Review Rule, explicit identification of NO_x and sulfur dioxide (SO₂) as precursors to particulate matter with a

diameter of 2.5 micrometers or less (PM_{2.5}) within the definition of “Regulated NSR air contaminant”. WDNR has also amended the definition of “Regulated NSR air contaminant” in s. NR 408.02 (29m) to specifically address precursor pollutants in nonattainment areas. Additionally, WDNR will amend the definitions of PM_{2.5} and particulate matter with a diameter of 10 micrometers or less (PM₁₀) to address a USEPA-identified SIP deficiency. The definitions as currently written do not specifically mention condensables as required in the federal 2008 New Source Review Rule.

On April 27, 2011, the Joint Committee for Review of Administrative Rules (JCRAR) adopted a motion under s. 227.26 (2) (d), Wis. Stats., suspending ch. NR 411. Subsequent passage of legislation introduced by JCRAR in support of the suspension (see 2011 Wisconsin Act 121), resulted in the repeal of ch. NR 411. The primary purpose of ch. NR 411 had been to control carbon monoxide emissions from indirect sources through conditions established in construction and operation permits. Therefore the WDNR proposes to repeal rules whose only purpose is in support of ch. NR 411. Rules proposed for repeal include ss. NR 400.02 (101) and (106), and 410.03 (3). Sections NR 400.02 (101) and (106) define ‘modified indirect source’ and ‘new indirect source’ respectively. Section NR 410.03 (3) establishes fees for the application and issuance of permits to construct or modify an indirect source.

6. Summary of, and comparison with, existing or proposed federal statutes and regulations: In a letter dated June 17, 2009, the USEPA notified the WDNR that the definition of the term “major modification” in s. NR 405.02 was inadequate because it failed to identify permits issued under federal authority. Wisconsin’s Prevention of Significant Deterioration (PSD) program was approved into its SIP on June 28, 1999. Before that, PSD construction permits were issued under federal authority. When s. NR 405.02 (21) (b) (5) was written, the references to federal authority were inadvertently omitted. Because the federal citations were omitted from the rule, USEPA identified that in a very limited situation, the current state definition would allow a source to make a change to use a different fuel or raw material without undergoing major new source permit review for the change, even though the change could be prohibited under a federal permit. The WDNR will amend this definition to ensure that it is consistent with USEPA rule and policy and recognizes all federally-issued permits. WDNR is likewise amending the definition of “major modification” at s. NR 408.02(20) for nonattainment area new source review.

The alternative to this rule action is to keep the rules as they are, which USEPA has already identified as an inconsistency with federal rules. However, in a Federal Register filed June 15, 2012, USEPA disapproved narrow portions of the SIP pertaining to permit requirements in NR 405 and 408 that would be addressed with this rulemaking. In the Federal Register, USEPA stated that they are under obligation to promulgate a Federal Implementation Plan (FIP) addressing the disapproved portions of the SIP within 2 years. The Federal Register states that the FIP will not be promulgated if WDNR rectifies the deficiencies within the 2 year timeframe.

The clarifications of NO_x as a precursor to ozone and NO_x and SO₂ as precursors to PM_{2.5}, as well as the clarification of accounting for PM_{2.5} and PM₁₀ condensables as a portion of PM_{2.5} and PM₁₀ emissions are not policy changes nor do they change how WDNR currently implements ch. 405 and 408 requirements. On June 15, 2012, USEPA disapproved a narrow portion of Wisconsin’s SIP for the 1997 ozone National Ambient Air Quality Standard pertaining to air construction permitting. This was done because NO_x was not explicitly identified as a precursor to ozone as part of PSD permit program requirements. The final disapproval triggered a requirement that USEPA promulgate a FIP addressing the deficiency no later than 2 years from the date of disapproval. USEPA published a proposed disapproval of Wisconsin's submittal on December 18, 2012, because the submittal did not meet the 2008 PM_{2.5} SIP requirements. Specifically, the revisions submitted did not explicitly define the precursors of PM_{2.5}, nor did they contain the prescribed language to ensure that gases that condense to form particulate matter (PM), known as condensables are regulated as part of PM_{2.5} and PM of less than 10 micrometer (PM₁₀) emissions. Final

disapproval to portions of the SIP relating to identifying precursors of PM_{2.5} will also result in the promulgation of a FIP unless the deficiencies are addressed.

Not repealing sections of chs. NR 400 and 410 in response to the repeal of NR 411 by the legislature would potentially create confusion and perpetuate an inconsistency with WDNR rules.

7. Comparison with similar rules in adjacent states (Illinois, Iowa, Michigan and Minnesota):

Illinois and Minnesota are delegated states, so they are directly implementing the federal program and not implementing their programs through a State Implementation Plan (SIP), as Wisconsin does. Iowa and Michigan, similar to Wisconsin, are SIP approved states, so they are also implementing a federal program, but through their own state rules and regulations. It is the goal of SIP-approved states to implement federal programs in accordance with the regulations set out in federal code. The majority of this rule package addresses changes necessary to comply with federal regulations. Those changes not dictated by federal regulations are associated with the repeal of fees related to the indirect source program which is no longer existing in Wisconsin, thereby addressing a current internal inconsistency.

8. Summary of factual data and analytical methodologies used and how any related findings support the regulatory approach chosen:

The WDNR did not use any factual data or analytical methodologies in developing the proposed rules. The changes proposed in this rule package are based on deficiencies in the rules identified by the USEPA and a comparison of the current state rules to the federal rules.

9. Analysis and supporting documents used to determine the effect on small business or in preparation of an economic impact analysis: The proposed changes to the new source permit review programs only affect major sources which typically do not include small businesses. The proposed changes related to the former indirect source permit program will not have any effect on small businesses since the indirect permit program has been repealed and the proposed changes are of a clean-up nature only.

The WDNR has not yet prepared an economic impact analysis under s. 227.137, Stats.

10. Effect on small business (initial regulatory flexibility analysis): WDNR does not believe that the proposed rule revisions will have an economic impact on small businesses.

11. Agency contact person: Gail Good; P.O. Box 7921, Madison, WI 53707-7921; Telephone number (608) 266-1058; email address: gail.good13@wisconsin.gov

12. Place where comments are to be submitted and deadline for submission:

Written comments may be submitted at the public hearings, by regular mail, fax or email to:

Gail Good
Department of Natural Resources
Bureau of Air Management
PO Box 7921
Madison WI 53707
Fax: (608) 267-0560

Written comments may also be submitted to the Department using the Wisconsin Administrative Rules Internet Web site at <http://adminrules.wisconsin.gov>.

Hearing dates and the comment submission deadline are to be determined.

SECTION 1. NR 400.02 (101) and (106) are repealed.

SECTION 2. NR 400.02 (123m) and (124) are amended to read:

NR 400.02 **(123m)** “PM_{2.5} emissions” means PM_{2.5} emitted to the ambient air as measured by an applicable reference method or an equivalent or alternative method specified by the department. PM_{2.5} emissions include filterable emissions and gaseous emissions from a source or activity that condense to form particulate matter at ambient temperatures.

(124) “PM₁₀ emissions” means finely divided solid or liquid material, with an aerodynamic diameter less than or equal to a nominal 10 micrometers, emitted to the ambient air as measured by an applicable reference method or an equivalent or alternative method specified by the department. PM₁₀ emissions include filterable emissions and gaseous emissions from a source or activity that condense to form particulate matter at ambient temperatures.

SECTION 3. NR 405.02 (21) (b) 5. a. and b. and 6. are amended to read:

NR 405.02 **(21)** (b) 5. a. The source was capable of accommodating the alternative fuel or raw material before January 6, 1975, unless the change would be prohibited under any federally enforceable permit condition which was established after January 6, 1975 pursuant to this chapter or ch. NR 406 or 408 or under an operation permit issued pursuant to ch. NR 407; or pursuant to a permit issued under 40 CFR 52.21, 40 CFR Part 51, Appendix S, or regulations approved pursuant to 40 CFR Part 51 subpart I.

b. The source is approved to use the alternative fuel or raw material under any permit issued under this chapter or chs. NR 406, 407, or 408; or pursuant to a permit issued under 40 CFR 52.21, 40 CFR Part 51, Appendix S, or regulations approved pursuant to 40 CFR Part 51 subpart I.

6. An increase in the hours of operation or in the production rate, unless the change would be prohibited under any federally enforceable permit condition which was established after January 6, 1975, pursuant to this chapter, ch. NR 406 or 408 or 40 CFR 52.21 or under an operation permit issued pursuant to ch. NR 407; or pursuant to a permit issued under 40 CFR Part 51, Appendix S, or regulations approved pursuant to 40 CFR Part 51 subpart I.

SECTION 4. NR 405.02 (25i) (a) is amended to read:

NR 405.02 **(25i)** (a) Any air contaminant for which a national ambient air quality standard has been promulgated and ~~any constituents or precursors for the air contaminants identified by the administrator, e.g., volatile organic compounds are precursors for ozone.~~

~~(Note) Nitrogen oxides have been identified by the administrator as precursors for ozone.~~

SECTION 5. NR 405.02 (25i) (ag) and (ar) are created to read:

NR 405.02 (25i) (ag) PM_{2.5} emissions and PM₁₀ emissions. As defined in s. NR 400.02 (123m) and (124), respectively, these terms include filterable emissions and gaseous emissions from a source or activity which condense to form particulate matter at ambient temperatures.

(ar) Any air contaminant that is identified under this paragraph as a constituent or precursor to an air contaminant for which a national ambient air quality standard has been promulgated by the EPA. The precursors identified by the administrator for purposes of this chapter are as follows:

a. Volatile organic compounds and nitrogen oxides are precursors to ozone in all attainment and unclassifiable areas.

b. Sulfur dioxide is a precursor to PM_{2.5} in all attainment and unclassifiable areas.

c. Nitrogen oxides are precursors to PM_{2.5} in all attainment and unclassifiable areas, unless the department demonstrates to the administrator's satisfaction or the EPA demonstrates that emissions of nitrogen oxides from sources in a specific area are not a significant contributor to the area's ambient PM_{2.5} concentrations.

SECTION 6. NR 408.02 (20) (e) 5. a. and b. and 6. are amended to read:

NR 408.02 (20) (e) 5. a. The source was capable of accommodating before December 21, 1976, unless the change would be prohibited under any federally enforceable permit condition which was established after December 21, 1976 pursuant to this chapter or ch. NR 405 or 406 or under an operation permit issued pursuant to ch. NR 407; or pursuant to a permit issued under 40 CFR 52.21, 40 CFR Part 51, Appendix S, or regulations approved pursuant to 40 CFR Part 51 subpart I.

b. The source is approved to use an alternative fuel or raw material under any permit issued under this chapter or ch. NR 405, 406, or 407; or pursuant to a permit issued under 40 CFR 52.21, 40 CFR Part 51, Appendix S, or regulations approved pursuant to 40 CFR Part 51 subpart I.

6. An increase in the hours of operation or in the production rate, unless the change would be prohibited under any federally enforceable permit condition which was established after December 21, 1976 pursuant to ch. NR 405 or 406 or this chapter, or under operation permits issued pursuant to ch. NR 407; or pursuant to a permit issued under 40 CFR 52.21, 40 CFR Part 51, Appendix S, or regulations approved pursuant to 40 CFR Part 51 subpart I.

SECTION 7. NR 408.02 (29m) (c) is amended to read:

NR 408.02 (29m) (c) Any air contaminant that is identified under this paragraph as a constituent

or precursor of a general air contaminant listed under par. (a) or (b), provided that a constituent or precursor pollutant may only be regulated under this chapter ~~or ch. NR 405~~ as part of regulation of the general air contaminant. The precursors identified by the administrator for purposes of this chapter are as follows:

1. Volatile organic compounds and nitrogen oxides are precursors to ozone in all ozone nonattainment areas.

2. Sulfur dioxide is a precursor to PM_{2.5} in all PM_{2.5} nonattainment areas.

3. Nitrogen oxides are presumed to be precursors to PM_{2.5} in all PM_{2.5} nonattainment areas, unless the department demonstrates to the administrator's satisfaction or the EPA demonstrates that emissions of nitrogen oxides from sources in a specific area are not a significant contributor to the area's ambient PM_{2.5} concentrations.

SECTION 8. NR 408.02 (29m) (d) is created to read:

NR 408.02 (29m) (d) PM_{2.5} emissions and PM₁₀ emissions. As defined in s. NR 400.02 (123m) and (124), respectively, these terms include filterable emissions and gaseous emissions from a source or activity which condense to form particulate matter at ambient temperatures.

SECTION 9. NR 408.06 (1) (a) is amended to read:

NR 408.06 (1) (a) ~~Offsets~~ Except as provided in par. (cm), offsets shall be of the same air contaminant class, that is, volatile organic compounds, particulate matter, carbon monoxide, nitrogen oxides, sulfur dioxide or lead.

SECTION 10. NR 410.03 (3) is repealed.

SECTION 11. EFFECTIVE DATE. This rule shall take effect on the first day of the month following publication in the Wisconsin administrative register as provided in s. 227.22 (2) (intro.), Stats.

SECTION 12. BOARD ADOPTION. This rule was approved and adopted by the State of Wisconsin Natural Resources Board on _____.

Dated at Madison, Wisconsin _____.

STATE OF WISCONSIN
DEPARTMENT OF NATURAL RESOURCES

By _____
Cathy Stepp, Secretary

(SEAL)