

New Source Review (NSR) Permit Streamlining Efforts of Other Agencies.

On October 11, 2011, Gary Rose, Director of Engineering and Enforcement in the Bureau of Air Management of the Department of Energy and Environmental Protection for the State of Connecticut requested information from members of the National Association of Clean Air Agencies as to methods used by those agencies to speed the New Source Review Permitting process.

There were seven responses to the Director's request. The responses came from five different state agencies and one local agency. Louisiana offered two responses. Below is a summary of the responses received including some follow-up information. A bullet list of conclusions is also included.

Louisiana

Two respondents from Louisiana Department of Environmental Quality (LDEQ) suggested we review their expedited permit program. The program allows an applicant to request that the application be expedited in exchange for a fee to cover the cost of overtime for staff review. The program is voluntary for both staff and applicant.

Based on information available on their website there are currently 80 requests for expedited permit processing of Air program permits, which accounts for over 30% of the applications received opting for this process. According to Bryan Johnston / LDEQ this represents well over 30 percent of the permit applications processed each year and results in cutting 60% off the total processing time of the average expedited permit. Permits subject to expedited permitting include those for major and minor sources, Title V and NSR programs, and new and modified permits. LDEQ has a "one permit program" so that construction permits are issued with, and contained within, the Title V permits, which explains the requests to expedite Title V permits.

LDEQ may prioritize or reject any request for an expedited permit, but has not yet had to do either. There have been sufficient staff volunteers and non-permitting staff has been trained to do minor permits on an overtime basis as well. The applicant specifies a cap to the amount they are willing to pay for expedited review and if the funds are exhausted the permit moves to regular processing unless the applicant increases the cap.

The regulatory authority for the process is contained in Title 33, Part I, Chapter 18, Sections 1801 thru 1809 of the Louisiana Administrative Code (LAC):

<http://www.deq.louisiana.gov/portal/Portals/0/planning/regs/title33/33v01-201011.pdf>

A brief description of the program and the application form can be found on the LDEQ's website:

<http://www.deq.louisiana.gov/portal/PROGRAMS/ExpeditedPermitProgram.aspx>.

Though not mentioned by either of the respondents it appears that LDEQ also expedited permits for oil and gas wells and pipelines LAC 33,I,15 (1505 C and D) which reduces the regulatory time frame for permit issue from 300 processing days to 60 processing days for these sources. Processing days do not

include time for hearing, comment or receipt of supplemental information from the applicant. Also, there is apparently a procedure for electronic submittals LAC 33, I, 21 through an Electronic Document Receiving System.

The link to LDEQ's Electronic Document Management System, which contains a great deal of information beyond permit applications, is:

<http://www.deq.state.la.us/portal/tabid/2604/Default.aspx>

These documents are generally scanned in but LDEQ is moving toward true electronic submittal of applications. The Management System eliminates the need for a file room and is more convenient for staff.

Louisville:

Louisville is a local agency with about 12 permit engineers, 5 compliance officers; and 8 administrative and managerial staff. They regulate an inventory of between 650 and 800 sources.

At this point Louisville prioritizes NSR permit applications based on the size of the company and the amount of complaints received. Louisville does not require a comment period for their minor source permits and will cancel applications when insufficient information is received from the applicant. The backlog of Title V permits is due, in part, to a recent effort to put more detail into the permits.

Louisville has reviewed methods for streamlining and intends to implement some or all of the following measures:

- Set up a *de minimis* level below which a permit is not required;
- Exempt air pollution control devices from permitting unless they are also emissions units (e.g. thermal oxidizers)
- Clarify that certain sources are exempt where their current rule is vague on this issue;
- Establish prohibitory rules (e.g. permit by rule).

Arizona

The following summary of Arizona's accelerated permit process can be found on their website:

Arizona provides for an accelerated processing of permits for those sources that request and are willing to pay for the actual cost of acceleration. As a result, ADEQ has established an Accelerated Permit Processing Program using outside contractors.

The permit applicants who wish to use this accelerated permit review process must inform ADEQ of the intent to submit a permit application under this program 60 days before actually submitting the permit application. This duration is needed to select the appropriate contractor and prepare the task assignment documents. The permit applicant also needs to submit appropriate permit application fees plus an

additional 50 percent of the amount. The permit application fee is applied towards the final cost of processing the permit. At any time after a permit application is submitted under the accelerated permit processing, ADEQ may request an additional advance payment fee based on the most recent estimated cost of accelerating the permit processing.

Once the permit application is submitted, a completeness determination shall be made by ADEQ as soon as possible but no later than 60 days.

For larger sources and for significant permit revisions ADEQ will prepare the proposed permit for public review within 120 days, from the date of determination of completeness of the permit application. For sources requiring a minor permit revision, ADEQ will make a final decision regarding permit issuance within 60 days of receiving the application.

South Carolina

South Carolina also instituted an expedited permit review process which requires additional fees ranging from between \$1,500 to \$25,000 depending on the application type. The air bureau selects a limited number of applications for this process per week. More on their process can be found at the following website:

http://www.scdhec.gov/environment/baq/docs/permitting/BAQ_Expedited_Review_Program_SOP-20070627.pdf

Iowa

Iowa used a continuous improvement process similar to the CT DEEP LEAN process. Their LEAN event managed to reduce permit issue time frames from 214 days to 180 days for complex permits and from 62 days to six days for certain NSR permits.

One aspect of Iowa's permit process is the online permit template that the applicant completes and submits to the Department for approval. This process is available for specific sources and is a hybrid of a permit by rule and a general permit. More information on this process is available at:

<http://www.iowadnr.gov/InsideDNR/RegulatoryAir/ConstructionPermits/ApplicationForms.aspx>

Further information on Iowa's LEAN process can be found on EPA's website:

<http://epa.gov/lean/government/state-initiatives/iowa-business.htm>

Iowa has an electronic application process which is accessible at:

<http://www.iowadnr.gov/InsideDNR/RegulatoryAir/SPARS.aspx>

Michigan

Michigan revised their process sometime around 2004 using a LEAN process called value stream mapping and a kaizen type event. The improved process is outlined on the Michigan DEQ's website and indicates a preference for Permit Scoping Meetings (PSM) to initiate the application. Under the process, the permit is expected to be issued within 180 days of the PSM. The PSM can last between one to three days. There are an initial 20 days to the process – this front-loaded time allows for an informal application submittal. If there is no PSM the process timeline is set for 216 days from receipt of application. In practice, the PSM is not often used as it places a significant preparatory burden on the applicant. Nevertheless, Michigan DEQ processes approximately two to three hundred NSR permits annually with 15 to 19 permit engineers and currently has no backlog.

Michigan continues to improve its permitting process and has revised other steps that were originally envisioned in the first value stream mapping. For example, the “Look-See”, a periodic evaluation of the individual application status has been dropped in favor of a more ongoing status check at key points in the processing. Also, the permit team is seldom used except for large coal-fired power plants. The Team could consist of one or more engineers assigned to different pollutant BACT reviews, a modeler, a 112(g) reviewer, a toxic air pollutant reviewer, and a reviewer for materials handling processes—all coordinated by a lead permit writer. For typical applications, the team consists only of the permit engineer and a modeler.

Michigan attempts to reject insufficient applications, as this was identified as a significant barrier to reduced processing time, but has found that applicants strongly resist this approach.

Michigan also makes use of general permits and rule exemptions to limit the number of applications.

Information on Michigan's process can be found at the following link:

<http://www.deq.state.mi.us/aps/miparp.shtml>.

Conclusions

Based on the above, we may be able to continue to improve our permit streamlining efforts by implementing any of the following measures:

- Continue the use of the permit by rule process and include more source categories;
- Make better use of electronic submittals and electronic availability of permit related information;
- Further attempt to cut, or eliminate, public comment period for minor source permits;
- Remove detail from Title V permits, and/or continue to improve the Title V process, allowing more time to be spent on NSR;
- Continue the LEAN process to incorporate efficiencies and cut unnecessary steps from permitting;
- Aggressively reject incomplete applications;

- Institute a pay for speed process;
- Prioritize applications based on preferred criteria;
- Include more exempt source categories;
- Increase permit thresholds;
- Require pre-application submittals and meetings.

Attachment – Email Correspondence

From: Rose, Gary [<mailto:Gary.Rose@ct.gov>]
Sent: Tuesday, October 11, 2011 10:38 AM
To: Misti Duvall
Cc: Pirolli, Ric
Subject: Faster Permitting for Governor's initiative

Misti - I am looking for information on a few states that have championed speedy NSR permitting in an attempt to address a governor's initiative on even faster permitting timeframes here in Connecticut.

Any state or local programs that come to mind would be a good start for us to start our investigation.

Thanks,

Gary S. Rose
Director, Engineering & Enforcement
Bureau of Air Management
Connecticut Department of Energy & Environmental Protection
79 Elm Street
Hartford, CT 06106-5127
☎ 860.424.3468
☎ 860.424.4064

✉ Gary.Rose@CT.gov
<http://www.ct.gov/deep>

Responses Received:

From: Donald Trahan [<mailto:Donald.Trahan@LA.GOV>]
Sent: Thursday, October 13, 2011 1:41 PM
To: Rose, Gary; Pirolli, Ric
Subject: FW: MEMBER Q: Faster Permitting for Governor's initiative

Louisiana has an "expedited permit program" where the permit applicant can pay the overtime for a DEQ employee to process the permit application beyond the normal work hours. See Chapter 8 of the Office of the Secretary Regulations.

<http://www.deq.louisiana.gov/portal/Portals/0/planning/regs/title33/33v01-201011.pdf>

If you have any questions,

Donald Trahan
Louisiana Department of Environmental Quality

Legal Division
602 N. 5th St.
P.O. Box 4302
Baton Rouge, LA 70821-4302
Donald.Trahan@la.gov
Telephone: 225 219-3985
FAX: 225 219-4068

From: Bryan Johnston [mailto:Bryan.Johnston@LA.GOV]
Sent: Tuesday, October 11, 2011 5:03 PM
To: Rose, Gary; Pirolli, Ric
Subject: RE: MEMBER Q: Faster Permitting for Governor's initiative

Gary and Ric:

Here's some basic information about LDEQ's expedited permit processing program:

<http://www.deq.louisiana.gov/portal/PROGRAMS/ExpeditedPermitProgram.aspx>.

Let me know if you need further details.

Thanks,
Bryan D. Johnston
LDEQ/Air Permits
P: 225.219.3450

From: Nancy C. Wrona [mailto:Wrona.Nancy@azdeq.gov]
Sent: Tuesday, October 11, 2011 3:42 PM
To: Rose, Gary; Pirolli, Ric
Cc: Trevor Baggione
Subject: RE: MEMBER Q: Faster Permitting for Governor's initiative

ADEQ has established an accelerated permit program, so that applicants that need permits faster without jumping the queue. you can read more about it at :

<http://www.azdeq.gov/environ/air/permits/acc.html>

If you have questions, please call Trevor Baggione at 602-771-2321,

Nancy C Wrona
Senior Policy Advisor
Arizona Department of Environmental Quality
1110 W. Washington
Phoenix, AZ 85007
(602) 771-2311

From: Roling, Chris [DNR] [mailto:Chris.Roling@dnr.iowa.gov]
Sent: Tuesday, October 11, 2011 1:20 PM
To: Rose, Gary; Pirolli, Ric
Cc: Phelps, Dave [DNR]
Subject: RE: MEMBER Q: Faster Permitting for Governor's initiative

Gary & Ric:

Several years ago here in Iowa we went through a continuous improvement process for both minor NSR and major NSR permitting. It involved getting people from industry on workgroups to outline the steps in the permitting process and trying to reduce the steps along with setting goals for permitting time frames.

An example is on PSD permits. If a company follows our expedited review process which involves submitting a substantially complete application prior a pre application meeting the Department has a goal of issuing the permit(s) within 180 days of receipt of the completed application. The 180 days includes the public comment period.

Dave Phelps is my supervisor and he could go into much more detail of the continuous improvement process that was used. I have copied him on this email and his phone number is (515) 281-8189.

Chris

Christopher A. Roling, PE
Environmental Engineer Senior
Air Quality Bureau - Iowa DNR
ph: (515) 242-6002
fax: (515) 242-5094

From: Brunner, Julie (DEQ) [mailto:BRUNNERJ1@michigan.gov]
Sent: Tuesday, October 11, 2011 12:55 PM
To: Rose, Gary; Pirolli, Ric
Cc: Dolehanty, Mary Ann (DEQ)
Subject: RE: MEMBER Q: Faster Permitting for Governor's initiative

Michigan has gone through a permit re-engineer process. Information on our process can be found at: <http://www.deq.state.mi.us/aps/miparp.shtml>.

If you have further questions, let me know.

Thanks!

Julie L. Brunner, P.E.
Air Quality Division
Permit Section
Phone: (517)373-7088
E-mail: brunnerj1@michigan.gov

From: Aud, Paul G [mailto:Paul.Aud@louisvilleky.gov]
Sent: Tuesday, October 11, 2011 1:01 PM
To: Rose, Gary; Pirolli, Ric
Subject: RE: MEMBER Q: Faster Permitting for Governor's initiative

We don't do much NSR in Louisville, but we do prioritize pre-construction permits on an ongoing basis. We have been located in the department of economic development to make sure we understand our dual missions. My phone number is 502-574-7234 if you'd like to talk.

Regards,

Paul Aud

From: Basil, Elizabeth [mailto:basilej@dhec.sc.gov]
Sent: Friday, October 14, 2011 10:40 AM
To: Rose, Gary; Pirolli, Ric
Cc: Thompson, Rhonda Banks; Reece, Myra C.
Subject: Re: MEMBER Q: Faster Permitting for Governor's initiative

Gary,

South Carolina initiated an expedited construction permit program in 2007. We initially thought the regulated community would apply for PSD permits, but the majority of requests we get are for minor/synthetic minor source permitting. Attached is our SOP for expedited permitting. We would like to hear back when you have completed your poll. Call me if you have any questions!

Liz Basil