DAR-21

The Climate Leadership and Community Protection Act and Air Permit Applications

New York State Department of Environmental Conservation

DEC Program Policy

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Signature:	
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- I. Summary: This policy document, issued by the New York State Department of Environmental Conservation (DEC) Division of Air Resources, outlines the requirements for analyses developed pursuant to Section 7(2) of the Climate Leadership and Community Protection Act (CLCPA) in support of air pollution control permit applications.
- **II. Policy:** Consistent with CP-49, Climate Change and DEC Action, this policy is written to provide guidance for applicants and DEC staff when preparing and reviewing CLCPA analyses submitted to DEC in support of air pollution control permit applications.
- III. Purpose and Background: The CLCPA went into effect January 1, 2020 (Chapter 106 of the Laws of 2019). The CLCPA includes economy-wide requirements to reduce greenhouse gas (GHG) emissions in New York State by 40% below 1990 levels by 2030, and 85% below 1990 levels by 2050. Environmental Conservation Law (ECL) § 75-0107. It requires DEC to specify economy-wide emissions limits that correspond to those reduction requirements, which have been promulgated under 6 NYCRR Part 496 (Part 496). The CLCPA also establishes a Climate Action Council that is given three years (by January 1, 2023) to finalize a scoping plan providing recommendations for meeting those limits and requires the DEC to promulgate regulations on GHG emission sources within four years (by January 1, 2024) that will ensure those limits are met (Scoping Plan). ECL § 75-0109. It further establishes that by 2040 the electricity generation sector will have zero emissions. Public Service Law (PSL) § 66-p.

When issuing permits, Section 7(2) of CLCPA requires all state agencies to consider "whether such decisions are inconsistent with, or will interfere with, the attainment of the

statewide GHG emission limits established in Article 75 of the environmental conservation law." Further, if deemed inconsistent, the state agency must provide a detailed justification and identify alternatives or GHG mitigation measures to be imposed. For purposes of the CLCPA, statewide GHG emissions include upstream out-of-state GHG emissions associated with the generation of electricity imported into the State, or the extraction, transmission, and use of fossil fuels imported into the State, and any downstream emissions attributable to the project. ECL § 75-0101(13).

Although not covered by this policy, decisions impacting disadvantaged communities should also comply with Section 7(3) of the CLCPA which requires that decisions made by state agencies do not disproportionately burden those communities. Section 7(3) further requires that state agencies prioritize reductions of GHG emissions and copollutants in those communities.

IV. Responsibility: The Division of Air Resources (DAR) is responsible for implementing the review and permitting procedures described in this policy. The Office of General Counsel (OGC) is responsible for advising DAR regarding compliance with this policy. Facility owners and operators are responsible for providing a complete CLCPA analysis that meets the requirements of this policy with each air pollution control permit application as described in this policy.

V. Procedure:

A. Applicability

This policy applies to all applications for the following types of permit actions received by the Department after the issuance date of this Policy, and all pending permit applications to the extent feasible, including modifications or renewals to existing permits:

- 1. New Title V and Air State Facility (ASF) permits;
- 2. Modifications to Title V and ASF permits;
- 3. Renewals of Title V and ASF permits; and
- 4. Air Facility Registrations where DEC determines an analysis is necessary or appropriate to ensure CLCPA consistency such as projects with significant GHG emissions.

DEC staff may require an applicant to submit a CLCPA analysis regardless of the applicability stated in this section to ensure the requirements of Section 7(2) are met or if the facts surrounding the project indicate that an analysis is warranted.

B. Determining Project Scope

It is important that each CLCPA analysis prepared to meet the requirements of Section 7(2) includes the potential GHG emissions from each portion of the project. The applicable portions of the project include any new or modified emission sources that have the potential to emit GHGs, including increases and decreases in emissions of GHGs from existing equipment. In addition, the project scope includes any upstream, downstream, and indirect emissions known to be attributable to the project, including

upstream out-of-state emissions from fossil fuel production, transmission, and imported electricity.

For a permit renewal that includes a significant modification, as described in 6 NYCRR Part 201 (Part 201), the project scope includes any new or modified emission sources that have the potential to emit GHGs, including increases and decreases in emissions of GHGs from existing equipment. It does not include existing equipment whose operations are not being changed unless deemed necessary to assess CLCPA consistency. In addition, the project scope includes any upstream, downstream, and indirect emissions known to be attributable to the project, as described above.

A permit renewal that does not include a significant modification, as described in Part 201, and would not lead to an increase in actual or potential GHG emissions would in most circumstances be considered consistent with the CLCPA pending finalization of the Scoping Plan and future regulations. However, DEC staff may require an applicant to submit a CLCPA analysis for a permit renewal to ensure the requirements of Section 7(2) are met, if the facts surrounding the project indicate that an analysis is warranted. For the purposes of this paragraph, past actual emissions are defined as the highest 24-month average GHG emissions during the five years preceding the date the permit application was received unless another period is more representative.

C. CLCPA Analysis Requirements

For DAR to determine whether a given project is consistent with the requirements of the CLCPA, the applicant must provide an objective analysis of the GHG and carbon dioxide equivalent (CO2e) emissions from the project, that includes any upstream or downstream emissions known to be attributable to the project, including upstream emissions attributed to production, transmission, and use of fossil fuels or imported electricity. For projects that would increase GHG emissions, the applicant should also provide a description of any proposed alternatives or GHG mitigation measures. It is important to note that the CLCPA review is independent from other reviews (e.g. New Source Review, 6 NYCRR Part 212) that may also be required for the permit action. However, the analysis may consider applicable requirements related to GHG emissions (e.g. 6 NYCRR Parts 242 and 251) and the effect compliance with those requirements will have on the facility's potential to emit (PTE) GHG. At a minimum, each analysis submitted pursuant to this requirement must include the following information:

- Calculations describing the project's direct GHG emissions on PTE and actual
 emissions bases (i.e. tons/year). These calculations should be performed using
 appropriate emission factors such as those found in USEPA's AP-42:
 Compilation of Air Emission Factors document, manufacturer's data, or emission
 test results. The calculations should reflect all aspects of the project, including
 any GHG emissions that may result from the operation of control equipment and
 exempt activities.
- 2. Calculations describing the project's PTE GHG and projected actual emissions in units of CO2e. These calculations should be performed using the 20-year global warming potentials (GWP) found in 6 NYCRR 496.5 (Part 496).
- 3. Calculations describing any upstream GHG emissions attributable to the project resulting from the extraction, transmission, and use of fossil fuels or electricity

imported into the State. These calculations should also be provided on a PTE basis (i.e. tons/year) and in units of CO2e.

This includes upstream emissions resulting from the firing of fossil fuels in stationary or portable combustion installations and control equipment. These calculations should be performed using the emission factors in the most recent version of the *Emission Factors for Use by State Agencies and Applicants* developed by DEC as part of the Statewide GHG Emissions Report.

Upstream emissions also include GHG emissions associated with the generation of electricity imported into the State. In general, DAR does not typically review interconnection projects. However, if a project is known by the applicant to use power imported into the State, the CLCPA analysis should include the upstream emissions associated with that use.

It is important to note that upstream emissions calculations are only required for fossil fuels and imported electricity. Accordingly, facilities using fuels such as wood, ethanol, biodiesel, green hydrogen, and renewable natural gas (RNG) do not need to provide upstream emissions calculations for the non-fossil fuel portion of those fuels (e.g. B20 biodiesel is 20% biodiesel and 80% distillate fuel. Upstream emissions must be calculated for the distillate portion, but not the biodiesel portion).

 Calculations describing any reasonably foreseeable downstream and indirect emissions attributable to the project that occur within New York State. These calculations should be provided on a PTE basis (i.e. tons/year) and in units of CO2e.

Downstream emissions include emissions of GHG resulting from the transmission and use of products such as RNG or fossil fuels. For example, a landfill that is producing RNG that will be injected into an existing pipeline has downstream emissions associated with the transmission of the RNG to the end user, and a compressor station that is increasing its natural gas transmission capacity has downstream emissions associated with the transmission and combustion of that gas. An emission factor for in-state downstream emissions resulting from the transmission of natural gas/RNG is also provided in *Emission Factors for Use by State Agencies and Applicants*.

Downstream emissions do not typically include emissions from the shipment or end-use of commercial goods or products produced for sale.

Indirect emissions are emissions that are a consequence of the activities of the reporting facility but may occur at sources owned or controlled by another entity. For example, a project that will increase truck traffic associated with the facility would have indirect GHG emissions associated with that increase. Indirect emissions do not include upstream and downstream emissions already accounted for above.

5. Projected future GHG and CO2e emissions for the years 2030, 2040 (for facilities in the electric generation sector), and 2050, including any proposed future emissions reduction strategies.

- 6. If the project will result in an actual or potential increase in GHG emissions, a discussion of the technical and economic feasibility of any alternatives or GHG mitigation measures to address the increase. Additional detail on this requirement is provided in the "Identification of Alternatives and Mitigation" section of this guidance document.
- 7. For facilities in the electric generation sector, the analysis should discuss how the facility intends to comply with the requirement that the electric generation sector be zero emissions by 2040. This discussion should cover the feasibility and impacts from any alternative fuels or technologies that will be used by the facility to comply, and any alternatives or mitigation measures that will be implemented.

D. Considering Inconsistency with CLCPA

Following the submittal of a CLCPA analysis meeting the requirements of this policy, DAR staff must evaluate the information presented to determine whether the project is inconsistent with or will interfere with the State's ability to meet the statewide emission limits promulgated in Part 496. While each determination will be based on the facts surrounding the project itself, some potential causes of interference and inconsistency are:

- The project does not conform with the Scoping Plan or regulations designed to achieve compliance with the Statewide emission limits established in ECL Article 75 and reflected in Part 496:
- The project creates or enables a significant new source of GHG emissions;
- The project will be directly responsible for a significant increase in demand for a known source of GHG emissions;
- The project directly reduces the market demand for, or access to, GHG emissions reduction technologies or strategies;
- The project prevents or makes it more difficult or expensive for the State to reduce GHG emissions;
- The project facilitates the expanded or continued use of fossil fuels through new infrastructure development; and/or
- The project interferes with the attainment of the zero-emissions electric generation sector by 2040 requirement.

If DEC finds that the project is inconsistent with or will interfere with the State's ability to meet the statewide emission limits, DEC must consider whether sufficient justification for the project exists. If so, a statement of justification must be created before issuing a final decision on the application. Each statement of justification must include the following information:

- 1. An explanation of any factors or circumstances that provide justification for the project despite the inconsistency with the CLCPA emission limits;
- 2. An explanation of the alternatives and mitigation measures considered, whether they were found to be feasible, and to what extent they will be implemented; and

3. A description of the environmental, economic, and/or social harm associated with the absence of the project and any benefits to the citizens of the state resulting from the project.

While each determination will be based on the facts surrounding the project itself, potential examples of acceptable justifications may include, in no particular order:

- A demonstration that the lack of the project within the State would result in emissions leakage in excess of emissions from the project (e.g. the applicant would transfer operations to a neighboring state);
- The applicant will undertake efforts to mitigate the GHG emissions associated with the project;
- The absence of the project will result in economic, social, or environmental harm to the public;
- The project is needed to improve or maintain the safety and reliability of existing systems; and
- The project is identified as necessary to resolve an electric system reliability need.

E. Identification of Alternatives and Mitigation

If DEC determines that the project would be inconsistent with or would interfere with the attainment of the Statewide GHG emission limits and that there is sufficient justification for the project, then an explanation of any potential alternatives or mitigation measures must be prepared. In general, the discussion should be a good-faith accounting of potential options and any technical or economic barriers to their implementation.

For each potential alternative, the applicant should discuss any technical or economic barriers to implementation. For example, an applicant may determine that the use of an electric heater instead of a proposed natural gas fired boiler would necessitate the construction of an electrical substation at the facility at a significant cost, or that electricity is not as reliable as natural gas for critical infrastructure during periods of severe weather.

Should the applicant conclude that there are no feasible alternatives to the project, mitigation must be considered. Any mitigation option must result in measurable GHG emissions reduction or sequestration that is in addition to actions already required by law or regulation. Further, mitigation efforts must be real, quantifiable, permanent, verifiable, and enforceable. Wherever possible, mitigation should result in a reduction in GHG emissions that is at least equivalent to the increases in potential GHG emissions from the project. Accordingly, it may be necessary for the applicant to consider implementation of more than one mitigation measure to achieve the necessary reduction. Finally, mitigation must be undertaken at the project site or in the surrounding community whenever possible.

In each case, the applicant should provide enough detail for DEC staff to understand and evaluate the reasoning behind the decision to implement or reject a potential alternative or mitigation measure. A reasonable estimate of any potential financial impact is acceptable in lieu of a detailed economic analysis.

It may be necessary to discuss the feasibility or acceptability of proposed mitigation measures with DEC staff outside of DAR. DAR staff and applicants are encouraged to reach out to the

Bureau of Stationary Sources at (518) 402-8403 for assistance locating appropriate contacts in other DEC divisions whenever necessary.

F. Permitting

Title V Permits

Should the applicant propose, and DAR accept, an alternative or mitigation measure that requires the imposition of one or more permit conditions to ensure its proper implementation or operation, facility specific permit condition(s) cited to 6 NYCRR 201-6.5(a) will be created and included in the Title V permit action under review. The resulting permit condition(s) must follow established regulations, procedures, and guidance for the development of permit conditions.

Air State Facility Permits

Should the applicant propose, and DAR accept, an alternative or mitigation measure that requires the imposition of one or more permit conditions to ensure its proper implementation or operation, facility specific permit condition(s) cited to 6 NYCRR 201-5.3(c) will be created and included in the Air State Facility permit action under review. The resulting permit condition(s) must follow established regulations, procedures, and guidance for the development of permit conditions.

VI. Related References:

CLCPA (Chapter 106 of the Laws of 2019) 6 NYCRR Parts 201, 496, and 621 Emission Factors for Use by State Agencies and Applicants Statewide Greenhouse Gas Emissions Report CP-49, Climate Change and DEC Action USEPA AP-42: Compilation of Air Emission Factors