



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
WASHINGTON, D.C. 20460

JUN 2 2010

OFFICE OF  
AIR AND RADIATION

Mr. Daniel S. Fulton  
Weyerhaeuser Corporation  
P.O. Box 9777  
Federal Way, WA 98063-9777

Dear Mr. Fulton:

Thank you for your May 24 letter to Administrator Jackson raising concerns regarding the treatment of biomass-derived carbon emissions in the Prevention of Significant Deterioration (PSD) and Title V Greenhouse Gas (GHG) Tailoring Rule (the "Tailoring Rule"). At her request, I am writing to respond.

As you noted, the Tailoring Rule does not explicitly exclude biomass-derived carbon dioxide emissions from the calculations for determining PSD applicability for GHGs. That is due simply to the fact that the purpose of the Tailoring Rule is to address the overwhelming burdens on permitting authorities that would otherwise occur across all industries if the existing statutory PSD applicability thresholds of 100 and 250 tons per year were applied to GHGs on January 2, 2011. Hence, the rule focused on across-the-board, rather than fuel- or industry-specific, thresholds and distinctions.

In the preamble to the rule we did recognize and discuss the importance of the treatment of biomass for a variety of industries and for a variety of key policy objectives; hence, the Agency is committed to working with stakeholders to examine whether treating biomass-derived carbon emissions as carbon neutral is appropriate, and to assess the associated impacts on the development of policies and programs that recognize the potential for biomass to reduce overall GHG emissions and enhance U.S. energy security.

Specifically, we intend to seek comment first on the carbon neutrality of biogenic carbon dioxide emissions, and then make an assessment on that issue. Then, we will examine how we might address such emissions under the PSD and title V programs through a future action, such as a separate Advance Notice of Proposed Rulemaking (ANPR). We are currently determining our options for the timing and form of these activities. I believe that the opportunity for EPA and stakeholders to focus on these issues will be a critical step in moving forward.

In addition, as you know, no source will be subject to regulation for GHG emissions prior to January 2, 2011. At that time, only sources already subject to PSD for non-GHG emissions will be required to obtain permits that also address their GHGs in accordance with the terms of the Tailoring Rule. Moreover, only in July 2011 will sources not already subject to PSD be

required to obtain permits solely because of their GHG emissions, provided those emissions exceed 100,000 tpy CO<sub>2</sub>e. To assist permitting authorities with respect to BACT and a variety of other PSD-related issues, we will publish guidance on these issues before the end of this year.

Again, I appreciate your interest and concern with respect to these issues and look forward to discussing with you the role of biomass-derived fuels in supporting our nation's energy and climate change objectives.

Sincerely,

A handwritten signature in black ink, appearing to read "Gina McCarthy". The signature is fluid and cursive, with a large initial "G" and a long, sweeping underline that extends to the right.

Gina McCarthy  
Assistant Administrator