

ENVIRONMENTAL ALERT

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PRERULE	PROPOSED RULE	<u>FINAL RULE</u>	PUBLICATION	GUIDANCE	OTHER

ALERT NO.:mja 2002-03

DATE: 8/22/02 updated 5/20/04

TOPIC: Definition of Pipeline Natural Gas: Sulfur Content

AIR: Revisions to the Definitions and the Continuous Emission Monitoring Provisions of the Acid Rain Program and the NOx Budget Trading Program
40 CFR Parts 72 & 75

DATE PUBLISHED: June 12, 2002

SOURCE: 67 Fed. Reg. 40394, 40421 (June 12, 2002); revisions also impact Part 75 Appendix D sections 2.3.1.4 and 2.3.2.4

EFFECTIVE: January 1, 2003 for sources that sample for sulfur to meet definition of pipeline natural gas.
This alert only addresses the impact of the definition change of pipeline natural gas.

Rule IMPACT: This rule will require analysis, monitoring from the supplier, or current gas contracts with limits of 0.5 grains of sulfur per 100 scf to meet the definition.

There may be conflicts with air permits that require the use of pipeline natural gas. Default values in fuel monitoring plans may be invalid if the gas supplied is greater than 0.5 grains of sulfur per 100 scf. The rule does not allow averaging.
Permits with sulfur limits on natural gas may need modification if sulfur data conflicts with the definition.
Some states[Florida]disagree with EPA's definition and plan to propose an averaging program to EPA. [this was not completed as of 5/20/04].

SUMMARY

On June 30, 2001, EPA proposed changing the definition of pipeline natural gas. The old definition contained a requirement for 50% of the sulfur in the gas to come from hydrogen sulfide which was

problematic in that companies could be required to use gas with a higher sulfur content just to meet this requirement. FPL supported the definition change through comments submitted by the Class of '85 industry group. Submitted comments that requested averaging that was denied by EPA in the current final rule.

Florida DEP has stated they disagree with EPA on this issue and request to work with FCG to develop an averaging plan & submit to EPA. Update [5/20/04]: Florida declined to submit the averaging request to EPA after EPA suggested Title V air sources change their permit language from "pipeline natural gas" to "natural gas" in air permits where the new definition would cause a hardship on the source.

The new definition states "Pipeline natural gas means a naturally occurring fluid mixture of hydrocarbons (e.g., methane, ethane, or propane) produced in geological formations beneath the Earth's surface that maintains a gaseous state at standard atmospheric temperature and pressure under ordinary conditions, and which is provided by a supplier through a pipeline. Pipeline natural gas contains 0.5 grains or less of total sulfur per 100 standard cubic feet. Additionally, pipeline natural gas must either be composed of at least 70 percent methane by volume or have a gross calorific value between 950 and 1100 Btu per standard cubic foot".

Old Analysis Requirement: The part 75 requirements for demonstrating that a particular gaseous fuel qualifies as pipeline natural gas or natural gas are found in sections 2.3.1.4 and 2.3.2.4 of appendix D. Compliance with the hydrogen sulfide content limit must be documented through one of five sources of information: (1) a fuel purchase or pipeline transportation contract; (2) vendor certification based on fuel sampling; (3) one year of monthly sampling; (4) one year of sampling each shipment or lot of fuel (for fuels delivered in shipments or lots); or (5) a demonstration consisting of 720 hours of sampling.

New Analysis Requirement: revised sections 2.3.1.4 and 2.3.2.4 of appendix D provide three methods by which a fuel may qualify: (1) By a total sulfur specification in a fuel contract or tariff sheet; (2) based on historical fuel sampling data from the previous twelve months; or (3) in the absence of a contract specification or historical sampling data, a sample of the fuel's total sulfur content must be obtained and analyzed. Note that EPA has removed the fourth option of performing the 720-hour demonstration described in section 2.3.6 of appendix D to qualify, believing it to be unnecessary in light of the third option allowing use of a sample.