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October 15, 2018

Alexander Sandy  
Pennsylvania Department of Environmental Protection  
Air Quality  
Southwest Regional Office  
400 Waterfront Drive  
Pittsburgh, PA 15222

Dear Mr. Sandy,

Please accept this letter from Shell Pipeline Company LP (“Shell”) as a response to the September 10, 2018 letter from Sierra Club, Environmental Integrity Project, Clean Air Council, FracTracker Alliance, PennFuture, Breathe Project, and Earthworks (“Commenters”). The Commenters’ letter to the Department of Environmental Protection (“Department”) raises a number of concerns about Shell’s air permit exemption requests for the Falcon Ethane Pipeline Project (the “Project”). Shell respects the Commenters’ right to petition the Department and appreciates their concern that the Project meets all legally required standards. Core to Shell’s values is ensuring that projects meet all established legal requirements. Shell is committed to protecting the environment and the communities it serves. Shell takes this opportunity to respond to the Commenters’ letter to advise the Department of incorrect factual and legal claims presented in the Commenters’ letter regarding the Project and, specifically, the requests for regulatory determination (RFDs).

**Department’s Exemption Approval Standards.**

As the Department knows, all industrial source emissions are subject to limitations. Industrial source emissions are subject to either permitting, or Pennsylvania regulations which provide discretion to the Department to exempt source emissions from permitting if those emissions are not deemed significant.<sup>1</sup> The Department has established specific emission exemption pathways that Shell understands are applicable to emissions generated from the commissioning and operation of the Project.<sup>2</sup> Therefore, Shell submitted exemption requests seeking documentation and concurrence from the Department that Shell’s Pennsylvania pipeline facilities are not subject to construction plan approvals or operating permits in accordance with the Department’s *Instructions for request for Determination of Changes of Minor Significance and Exemption from Plan Approval/Operating Permit Requirements Under Pa Code § 124.14 or § 127.449*.<sup>3</sup> These exemption requests are determined by the Department on a case-by-case basis

<sup>1</sup> 25 Pa Code §127.14(a)(8).

<sup>2</sup> Department of Environmental Protection, Bureau of Air Quality, *Air Quality Permit Exemptions*, Document No. 275-2101-003 (August 8, 2018).

<sup>3</sup> Document No. 2700-BK-DEP4103 (October 2016).

for facilities with multiple sources of emissions, and Shell believes the volatile organic compound (VOC) and ethane emissions from its facilities are properly, and respectively, exempted under Exemptions No. 31 and 35, and that other emissions would be determined to be of minor significance.<sup>4</sup>

Shell is seeking emission exemptions for facilities along the Project that operate independently and are located several miles from each other. To determine whether multiple emissions sources should be aggregated, the Department must independently consider a variety of factors including “the relationship of the various tasks measured in time and space, the tasks’ operational, technical, and economic interdependence, whether the tasks are geared toward achieving a shared objective, whether the tasks were conceived originally as part of a common plan . . . .”<sup>5</sup> Shell’s exemption applications demonstrate that the emitting facilities meet the exemption criteria and are appropriately viewed as separate and independent facilities.

### **Shell’s Environmental Evaluation Efforts**

Commenters provided several statements regarding Shell’s RFDs that are not legally or factually correct, both specific to the Project and generally regarding pipeline projects. First, Commenters stated that Shell was attempting to obscure the Project’s cumulative impacts by submitting multiple exemption applications and that Shell did not include all facilities that had a potential to emit. Neither are correct. Shell provided multiple submissions to the Department because each line segment of the Project in Pennsylvania operates independently and are not located in close proximity to one another (far exceeding in distance the quarter-mile distance that EPA considers “adjacent” for emitting sources).<sup>6</sup> The Department should evaluate these facilities as separate emissions sources. Further, Shell appropriately accounted for each facility, and associated sources, applicable to Pennsylvania.

Next, Commenters state that Shell is seeking to release an unlimited amount of air contaminants from sources associated with the Project and did not account for all pollutants from emission sources. Neither are correct. First, Shell submitted applications detailing all projected emissions from the Project’s Pennsylvania facilities and demonstrated that those emissions were within the established exemption and/or significance levels provided by the Department. Specifically, total VOC and other emissions (e.g., NO<sub>x</sub>, CO, PM, CO<sub>2e</sub> and ethane) from facilities subject to Pennsylvania’s jurisdiction have been provided; respectively, facility emissions have been determined to be below listed exemption emission limits and/or significance thresholds.

Finally, Commenters state a number of arguments - outside of any established Federal or Pennsylvania Constitutional, statutory or Department guideline or precedent - that the exemption applications should be denied or delayed because the cumulative environmental effects of the Project did not account for: 1) general or local impacts to the specific counties where the Project will operate; or 2) potential upstream and downstream emissions. First, included with Shell’s application materials for the Joint Permit Applications for Chapter 105 Water Obstruction and Encroachment Permit and U.S. Army Corps Section 404 Permit, Shell submitted a Cumulative Impact Assessment (August 2018) that extensively analyzed impacts of the Project. Additionally,

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<sup>4</sup> Id.

<sup>5</sup> See *Clean Air Council v. Dep.*, EHB Docket No. 2016-073-L, (March 09, 2018), quoting *United Refining Co. v. DEP*, 2008 EHB 434, 445.

<sup>6</sup> See 40 C.F.R. § 51.165(b)(6)(i).

Shell submitted analyses specific to the emission sources with Shell's RFDs. In light of the expansive analysis and information provided, Shell believes it has met or exceeded requirements necessary for Department approval.

**Conclusion**

Shell thanks the Department for the opportunity to submit this letter in response to Commenter's September 10, 2018 letter. Shell re-emphasizes that it is committed to comply with all legal requirements for the Project, as demonstrated by the materials submitted to the Department for its consideration of the emission exemption applications for the Project.

If you have any questions, please contact Mary Gerschefski, Project Falcon HSSE Manager, at (832) 762-2585.

Sincerely,

A handwritten signature in black ink, appearing to read 'Trey Hartstern', with a long horizontal flourish extending to the right.

Trey Hartstern  
Business Opportunity Manager  
Shell Pipeline Company LP