

The Environmental Protection Agency's (EPA) New Source Review (NSR) is a complex regulation that affects manufacturing facilities and power plants in the United States. Before making modifications to existing facilities, a facility must first complete New Source Review and receive a permit to ensure that there are not significant increases in pollution.

While well-intentioned to protect air quality, NSR often discourages companies from making environmentally important improvements to facilities, due to its burdensome cost and length. In order to protect the environment, policymakers should repeal NSR or modernize it to make it more efficient.

Fact vs. Myth

- **FACT:** America's air has [become cleaner since 1990](#).
 - Emissions from the six most common pollutants have dropped 77% since 1990.
- **MYTH:** Stringent regulations are always environmentally beneficial.
 - Inefficient regulations, such as NSR and NEPA, can discourage climate-friendly infrastructure projects and result in environmental harm.
- **FACT:** Through sensible regulations at the appropriate level of government and policies that increase economic freedom, we can [improve environmental quality](#).
- **MYTH:** The manufacturing sector is under-regulated.
 - Manufacturing is among our most heavily regulated industries and must adhere to over 2,000 different regulations, [half of which come from the EPA](#).

The Problems with New Source Review

- ***New Source Review's inefficiencies can and have hurt the environment.***
 - From 2002 to 2014, the nationwide average to obtain an NSR permit for coal and natural gas-powered units was [420 days](#).
 - On tribal land, [62% of minor-source NSR permits](#) exceeded "the applicable regulatory timeframe."
 - Excessive delays and costs, due to the NRS-permitting processes discourages companies from upgrading facilities or equipment that would benefit the environment.
 - E.g.: a delay in approval for a wood product's thermal heat exhaust system resulted in [an increase of 10 tons of particulate emissions](#).
- ***New Source Review is burdensome and difficult to navigate.***
 - In addition to NSR, manufacturers and power plants must comply with [National Ambient Air Quality Standards \(NAAQS\)](#), [New Source Performance Standards](#), [Cross-State Air Quality Standards](#), and [many other federal and state regulations](#).
 - In the case of SO₂ and NO_x pollutants from coal-fired power plants, these pollutants are regulated by [14 different regulations](#), including NSR.
 - While air quality standards are important, many of these standards overlap and regulate the same pollutants.

- Modifications that trigger NSR also [lack uniformity](#). That leaves manufacturers guessing as to what will and will not trigger NSR.
- Some experts have called NSR the [least effective](#) of the Clean Air Act standards.
- ***New Source Review Hurts American economic competitiveness***
 - NSR imposes direct costs to businesses.
 - Delays because of the NSR permitting process can cost companies up to [\\$40,000](#) per day in contractual fees and direct costs.
 - Excessive costs on businesses hurt domestic production and often lead to outsourcing to [countries](#) with worse environmental regulations.

Markets vs. Mandates

- The arduous cost and completion time of New Source Review disincentivizes innovative investments that can improve a plant's productivity and reduce pollution.
 - In some instances, [businesses will forgo NSR entirely](#) because of the financial burden that it imposes.
- Private sector investments have improved air quality and reduced greenhouse gas emissions. American manufacturers are committing to using cleaner technologies.
 - Since 1990, U.S. greenhouse gas emissions [from industry have declined 16%](#).
 - Ford will use 100% renewable energy for [all global manufacturing by 2035](#).
 - [GE](#) has announced all of its power plants will be powered by [hydrogen](#) by 2030.
 - [Chevron](#) has begun [production of biomass for vehicles](#) and has invested in energy storage technology for manufacturing.

How to reform New Source Review

- Maintain the [EPA's 2020 Project Emissions Accounting Final Ruling](#).
 - This ruling allowed emitters to include emissions increases and decreases from a modification in the first step of the NSR permitting process.
- Clarify what a major modification is under the Clean Air Act.
 - The current definition of modification that triggers NSR is vague and can vary from project to project.
 - Having a clear definition would increase transparency and give industry a better picture of what actions trigger NSR.
- Conduct annual reviews to evaluate the implementation of NSR in order to ensure that permits are being completed in a timely and efficient manner.

Summary

- New Source Review, while originally created to protect air quality, has become a burdensome regulation that hurts businesses and the environment alike.
- The private sector is taking significant steps to make manufacturing more efficient, competitive, and environmentally-friendly.
- By streamlining the process of New Source Review, we can improve air quality and encourage businesses to adopt cleaner manufacturing practices.

Contact us for more information
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