August 16, 1994. If EPA were to finalize the proposed interim approvals, they would extend for two years following the effective date of final interim approval, and could not be renewed. During the interim approval period, ADEQ, Maricopa, Pima, and Pinal would be protected from sanctions, and EPA would not be obligated to promulgate, administer and enforce a federal permits program for the State or counties. Permits issued under a program with interim approval have full standing with respect to part 70, and the 1-year time period for submittal of permit applications by subject sources begins upon the effective date of interim approval, as does the 3-year time period for processing the initial permit applications.

Following final interim approval, if the State or county agencies failed to submit a complete corrective program for full approval by the date 6 months before expiration of the interim approval, EPA would start an 18-month clock for mandatory sanctions. If the State or counties then failed to submit a corrective program that EPA found complete before the expiration of that 18-month period, EPA would be required to apply one of the sanctions in section 179(b) of the Act, which would remain in effect until EPA determined that the State or counties had corrected the deficiency by submitting a complete corrective program. Moreover, if the Administrator found a lack of good faith on the part of the State or counties, both sanctions under section 179(b) would apply after the expiration of the 18-month period until the Administrator determined that the State or counties had come into compliance. In any case, if, six months after application of the first sanction, the State or counties still had not submitted a corrective program that EPA found complete, a second sanction would be required.

If, following final interim approval, EPA were to disapprove the State or counties complete corrective program, EPA would be required to apply one of the section 179(b) sanctions on the date 18 months after the effective date of the disapproval, unless prior to that date the State or counties had submitted a revised program and EPA had determined that it corrected the deficiencies that prompted the disapproval. Moreover, if the Administrator found a lack of good faith on the part of the State or counties, both sanctions under section 179(b) would apply after the expiration of the 18-month period until the Administrator determined that the State or counties had come into compliance. In all cases, if, six months after EPA applied the first sanction, the State or counties had not submitted a revised program that EPA had determined corrected the deficiencies that prompted disapproval, a second sanction would be required.

In addition, discretionary sanctions may be applied where warranted any time after the end of an interim approval period if a state or county has not timely submitted a complete corrective program or EPA has disapproved a submitted corrective program. Moreover, if EPA has not granted full approval to a state or county program by the expiration of an interim approval and that expiration occurs after November 15, 1995, EPA must promulgate, administer and enforce a federal permits program for that state or county upon interim approval expiration.

1. Title V Operating Permits Program

a. *Arizona Department of Environmental Quality.* If EPA finalizes this interim approval, ADEQ must make the following changes, or changes that have the same effect, to receive full approval:

(1) AAC R18–2–101(54) contains ADEQ's definition of ''Insignificant activity.'' It includes a list of activities as well as a provision that the Director may determine, without EPA approval, other activities to be insignificant (Director's discretion). To receive full approval, ADEQ must delete section R18–2–101(54)(j), the Director's discretion provision, and provide a demonstration that the activities listed in R18–2–101(54)(a–i) are truly insignificant. Alternatively, ADEQ may restrict the exemptions to activities that emit less than ADEQ-established emission levels and retain the provision that activities that are subject to an applicable requirement shall not be considered insignificant. ADEQ should establish separate emission levels for HAPs and for other regulated pollutants and demonstrate that these emission levels are insignificant compared to the level of emissions from and type of units that are required to be permitted or subject to applicable requirements. (§ 70.5(c), § 70.4(b)(2))

(2) Revise AAC R18–2–101(61) to require that all fugitive emissions of hazardous air pollutants at a source be considered in determining whether the source is major for purposes of section 112 of the CAA.

(3) Revise AAC R18–2–304(C) to include an application deadline for existing sources that become subject to obtaining a Class I permit after the initial phase-in of the program. One example is a synthetic minor source that is not initially required to obtain a Class I permit but later removes federally enforceable limits on its potential emissions such that it becomes a major source, but is not required to go through the preconstruction review process. This application deadline must be 12 months from when the source becomes subject to the program (meets Class I permit applicability criteria). (§ 70.5(a)(1)(i))

(4) Section 70.6(a)(8) requires that title V permits contain a provision that ''no permit revision shall be required under any approved economic incentives, marketable permits, emissions trading and other similar programs or processes for changes that are provided for in the permit.'' AAC R18–2–306(A)(10) includes this exact provision but also includes a sentence that negates this provision. ADEQ must either delete the negating sentence:

> This provision shall not apply to emissions trading between sources as provided in the applicable implementation plan.

or revise this sentence as follows:

> This provision shall not apply to emissions trading between sources [as provided] *if such trading is prohibited* in the applicable implementation plan.

(§ 70.6(a)(8))

(5) Section 70.4(b)(12) provides that sources are allowed to make changes within a permitted facility without requiring a permit revision, if the changes are not modifications under any provision of title I of the Act and the changes do not exceed the emissions allowable under the permit. Specifically, § 70.4(b)(12)(iii) provides that if a permit applicant requests it, the permitting authority shall issue a permit allowing for the trading of emissions increases and decreases in the permitted facility solely for the purpose of complying with a federally-enforceable emissions cap, established in the permit independent of otherwise applicable requirements. AAC R18–2–306(A)(14) provides for such permit conditions but does not restrict the allowable changes to those that are not modifications under title I of the Act and those that do not exceed the emissions allowable under the permit. ADEQ must revise AAC R18–2–306(A)(14) to clarify that changes made under this provision may not be modifications under any provision of title I of the Act and may not exceed emissions allowable under the permit.

(6) Revise AAC R18–2–310 to clarify that this provision does not apply to part 70 sources. This provision provides sources with an affirmative defense to an enforcement action taken for excess emissions violations that occur during