NOx RECLAIM WORKING GROUP MEETING

JUNE 13, 2019
SOUTH COAST AQMD
DIAMOND BAR, CA
CALL-IN #
PASSCODE:

Update call-in information

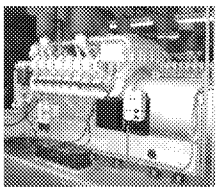
Agenda

- Rulemaking Status
  - PAR 1110.2
  - PR 1109.1
  - PAR 218/218.1
  - PAR 1117
  - 1147 series
- Regulation XX
- New Source Review

LANDING RULE UPDATES

Rulemaking Status

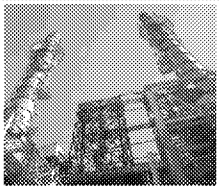
PAR 1110.2



Gaseous- and Liquid-Fueled Engines

- Ongoing site visits
- Discussed initial proposal for NOx emission limits based on BARCT assessment
- Working Group Meeting #5 May 30, 2019
- Public Workshop: 3rd Quarter 2019
- Public Hearing: October 2019

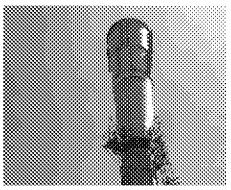
PR 1109.1



Refinery Equipment

- May 3, 2019 Board approved contracts for two third party consults for review of BARCT assessment
- Staff reviewing additional CEMS data from refineries
- Working Group Meeting #7 April 30, 2019
- Public Hearing: 4th Quarter 2019

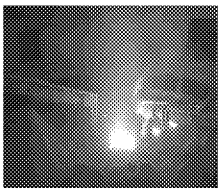
PAR 218 & 218.1



Monitoring, Reporting, and Recordkeeping – Continuous Emissions Monitoring Systems

- Applicable to non-RECLAIM and RECLAIM facilities
- Specifying CEMS requirements and performance standards
- Surveys to CEMS operators
- Working Group Meeting #3 June 11, 2019
- Public Hearing: 4th Quarter 2019

PAR 1117

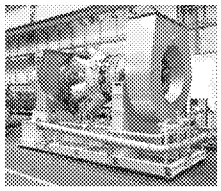


Glass Melting Furnaces

- Staff in data gathering phase
- Public Hearing: December 2019

Rulemaking Status *(Continued)*

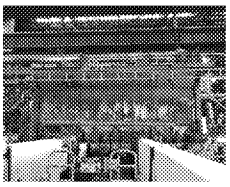
PAR 1147



Miscellaneous Combustion Sources

- 3rd Working Group May 30, 2019
- Facility surveys mailed March 22, 2019
- Public Hearing: 4th Quarter 2019

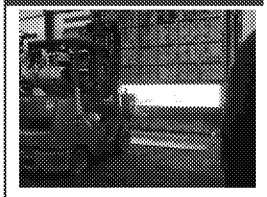
PR 1147.1



Large Miscellaneous Combustion Sources

- 3rd Working Group May 30, 2019
- Facility surveys mailed March 22, 2019
- Public Hearing: 4th Quarter 2019

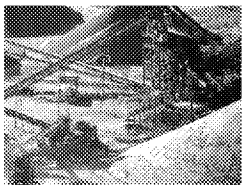
PR 1147.2



Metal Melting Facilities

- Data gathering and site visits
- Facility surveys mailed March 22, 2019
- 1st Working Group May 16, 2019
- Public Hearing: 1st Quarter 2020

PR 1147.3



Aggregate Facilities

- Staff in data gathering phase
- Facility surveys mailed March 22, 2019
- Public Hearing: 2nd Quarter 2020

REGULATION XX

PAR 2001

Proposed Amended Rules (PARs) 2001 and 2015

- PAR 2015
  - Proposed amendments were intended to provide additional clarity for backstop provisions during the transition
  - Stakeholders commented that additional clarity is not needed
  - South Coast AQMD discussed issue with key stakeholders, and agreed not to move forward with the proposed amendments
- PAR 2001
  - Removes opt-out provision and will not exit any facilities from RECLAIM
  - No changes since Public Workshop last month
  - Public hearing is scheduled for July 12, 2019

UPDATE ON NEW SOURCE REVIEW

Key Issue #2 – Presented Dec 2018 & Jan 2019 RECLAIM WGM

Key Issue #1
For new sources that are permitted in RECLAIM, what are the offset obligations as facilities transition out of RECLAIM?

OFFSETTING REQUIREMENTS

Key Issue #2
When and how pre-modification potential to emit (PTE) is calculated to determine if an emission increase occurs that triggers NSR after facilities transition out of RECLAIM?

PERMITTING

Key Issue #3
How will the SCAQMD ensure that sufficient offsets are available to satisfy NSR requirements?

OFFSET AVAILABILITY

Background

- Federal CAA 110(l) states:
  - "…The Administrator shall not approve a revision of a plan if the revision would interfere with any applicable requirement concerning attainment and reasonable further progress…or any other applicable requirement of this chapter."
- California Senate Bill 288 requires:
  - "No air quality management district or air pollution control district may amend or revise its new source review rules or regulations to be less stringent than those that existed on December 30, 2002."
- Need to ensure compliance with SB 288 and CAA 110(l) requirements for these sources as they transition out of RECLAIM

Discussions with EPA NSR Applicability and Offsetting

- During discussions on Key Issue #2, U.S. EPA raised concerns regarding NSR applicability and offsetting calculations
- Subsequent discussions with U.S. EPA occurred to understand EPA's concerns and possible paths forward
- Updating RECLAIM Working Group on these discussions
- Still working on details and possible options

EPA Comments

- Comments focused on two issues
  - Issue 1: NSR applicability – Defining an emission increase for applicability under Regulation XIII for Best Available Control Technology (BACT) and offsets
  - Issue 2: Offsetting – Methodology to determine amount of offsets required
- Comments apply to all pollutants – not RECLAIM specific
- Affects all federal major sources
  - Federal major sources (e.g. NOx Potential to emit > 10 tons per year)
- Federal NSR requirements do not apply to minor sources

EPA's Comments on the Applicability Test

- EPA's comments on applicability are based on the December 2002 promulgation of EPA's revisions to its NSR program also known as "NSR Reform"
- Federal NSR, which includes NSR Reform, applies to major sources

	Pollutant	South Coast Air Basin	Riverside County Portion of Salton Sea Air Basin	Riverside County Portion of Mojave Desert Air Basin
Major Source PTE Thresholds (Tons per year)	VOC	10	25	100
	NOx	10	25	100
	SOx	70	70	100
	PM10	70	70	100
	CO	50	100	100

EPA's Comments on the Applicability Test *(Continued)*

- EPA's 2002 NSR Reform applicability test for modified major sources:
  - Baseline Actual Emissions-to-Projected Actual Emissions
  - Allows option to use Baseline Actual Emissions-to-Potential to Emit (PTE)
- EPA's 2002 NSR Reform did not change the applicability test for new major sources
  - Baseline Actual Emissions-to-PTE was maintained

Projected Actual Emissions

Projected Actual Emissions = Maximum Projected Emissions – Demand Growth

- Maximum projected emissions are based on the company's representation of business activity
- Demand Growth represents the increase in emissions that an existing unit could have accommodated
- Staff's believes use of Projected Actual Emissions could result in backsliding under SB288
  - Regulation XIII uses PTE for determining post-modification emissions
  - Projected Actual Emissions are less than PTE
  - Using Projected Actual Emissions would result in less facilities subject to BACT
  - Maximum projected emissions and demand growth are difficult to verify

Applicability Test Under Regulation XIII

- For new major sources, Regulation XIII requires actual-to-potential to emit
  - Consistent with EPA applicability test for new major sources
- For existing major sources – NSR applicability differs for equipment permitted
  - Prior to adoption of Regulation XIII* in 1976 referred to as "pre-NSR"; or
  - After adoption of Regulation XIII referred to as "post-NSR"
- For pre-NSR existing sources, Regulation XIII applicability is based on actual-to-potential to emit
  - Consistent with EPA 2002 NSR Reform applicability test
- For post-NSR existing sources, Regulation XIII applicability is based on the pre- and post-modification Potential to Emit ($PTE_{Pre\text{-}Modification}$-to-$PTE_{Post\text{-}Modification}$)
  - Inconsistent with EPA 2002 NSR Reform applicability test which requires Actual-to-Projected Actual or Actual-to-Potential to Emit

* Regulation XIII was formerly Rule 213

NSR Applicability Comparison for Major Sources

New or Modified Emission Sources	Regulation XIII Applicability Test	Federal NSR Applicability Test
New emission source	Actual-to-PTE	Actual-to-PTE
Modification to existing pre-NSR emission source	Actual-to-PTE	Actual-to-PTE*
Modification to existing post-NSR emission source	PTE-to-PTE	Actual-to-PTE*

* NSR Reform allows either Baseline Actual to Projected Actual. Staff believes Projected Actual can result in backsliding under SB288.

Initial Proposal for NSR Applicability for Modifications to Existing Post-NSR Emission Sources

- Applicability based on Actual Emissions to PTE
- If there is an increase between pre-modification Actual Emissions and post-modification PTE subject to:
  - BACT
  - Offsetting
  - Modeling

EPA's Offsetting Comments

- EPA has commented that federal NSR offsetting requirements for major sources should be based on the difference between Actual Emissions-to-$PTE_{Post\text{-}Modification}$
- Under Regulation XIII, offsetting for modifications of post-NSR major sources is based on $PTE_{Pre\text{-}Modification}$-to-$PTE_{Post\text{-}Modification}$
- Staff is working with EPA to explore potential offsetting options for modifications of post-NSR major sources
- No impact on minor sources
  - Modifications for post-NSR minor sources will continue to use PTE-to-PTE to calculate offsets

Offsetting Comparison

- Differences only for federal major sources
- Federal NSR requirements do not apply to minor sources

New or Modified Emission Units	Regulation XIII Offsetting Test	Federal NSR Offsetting Test
New emission source	Actual-to-PTE	Actual-to-PTE
Modification to existing pre-NSR emission source	Actual-to-PTE	Actual-to-PTE
Modification to existing post-NSR emission source	PTE-to-PTE	Actual-to-PTE

Initial Proposal for Offsetting for Modifications to Existing Post-NSR Emission Sources

- Staff is working with EPA to explore a hierarchy to determine the amount of offsets required
- First Tier: Allow use of PTE to PTE when
  - Actual emissions are at least 80% of the PTE
  - Past emission increases were fully offset less than 5 years prior to an application deemed complete
- Second Tier: Require Actual Emissions-to-PTE for all other situations

Summary

- U.S. EPA has raised concerns about differences between Federal NSR and current South Coast AQMD NSR calculation methodologies
  - Comments affect modifications of post-NSR major sources only
- Initial proposal for modifications of post-NSR major sources:
  - Applicability is based on Actual Emissions-to-PTE
  - Offsetting is based on a two tier approach of PTE-to-PTE, then Actual Emissions-to-PTE
- Staff will continue working with EPA on both issues

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