

PROPOSED RULES 2305 AND 316 WAREHOUSE INDIRECT SOURCE RULE PUBLIC WORKSHOP

FEBRUARY 16, 2021

[HTTPS://SCAQMD.ZOOM.US/J/98170661356](https://scaqmd.zoom.us/j/98170661356)

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ENGLISH MEETING ID: 981 7066 1356

SPANISH MEETING ID: 932 0955 9643

**PUBLIC WORKSHOP FOR
PROPOSED RULES 2305 AND 316**

WELCOME

Meeting will begin at 4:30 pm



PUBLIC WORKSHOP



Pursuant to Governor Newsom's Executive Orders N-25-20 and N-29-20, this public notification meeting will only be conducted via video conferencing and by telephone.

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TECHNICAL QUESTIONS ON THE WEBINAR INFORMATION OR SUBMIT COMMENTS



Proposed Rules 2305 and 316:

Victor Juan

vjuan@aqmd.gov



MEETING CONDUCT GUIDELINES

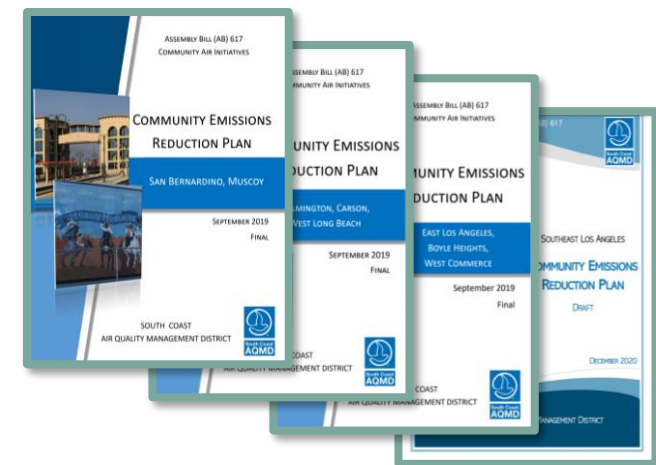
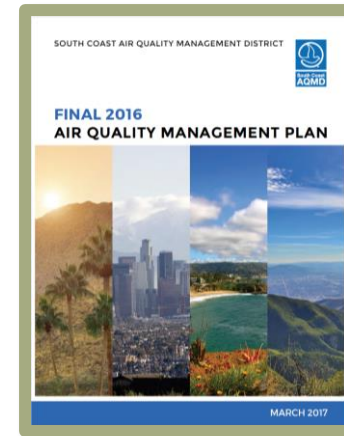
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Refrain from profanity or discriminatory comments.

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WAREHOUSE ISR DEVELOPMENT BACKGROUND

- Proposed Rules (PRs) 2305 and 316 developed following May 2018 Board direction to prepare a draft warehouse Indirect Source Rule (ISR)
- Development of control measure for warehouses included in Board-approved 2016 AQMP and four different AB 617 Community Emission Reduction Plans



Warehouse ISR = PR 2305 = WAIRE Program

REGULATORY HISTORY

12 WG meetings

2018

2019

2020

2021

Board directs staff to begin rulemaking

1st Draft Rule

2nd Draft Rule and WAIRE Menu

1st Draft WAIRE Menu & Technical Report

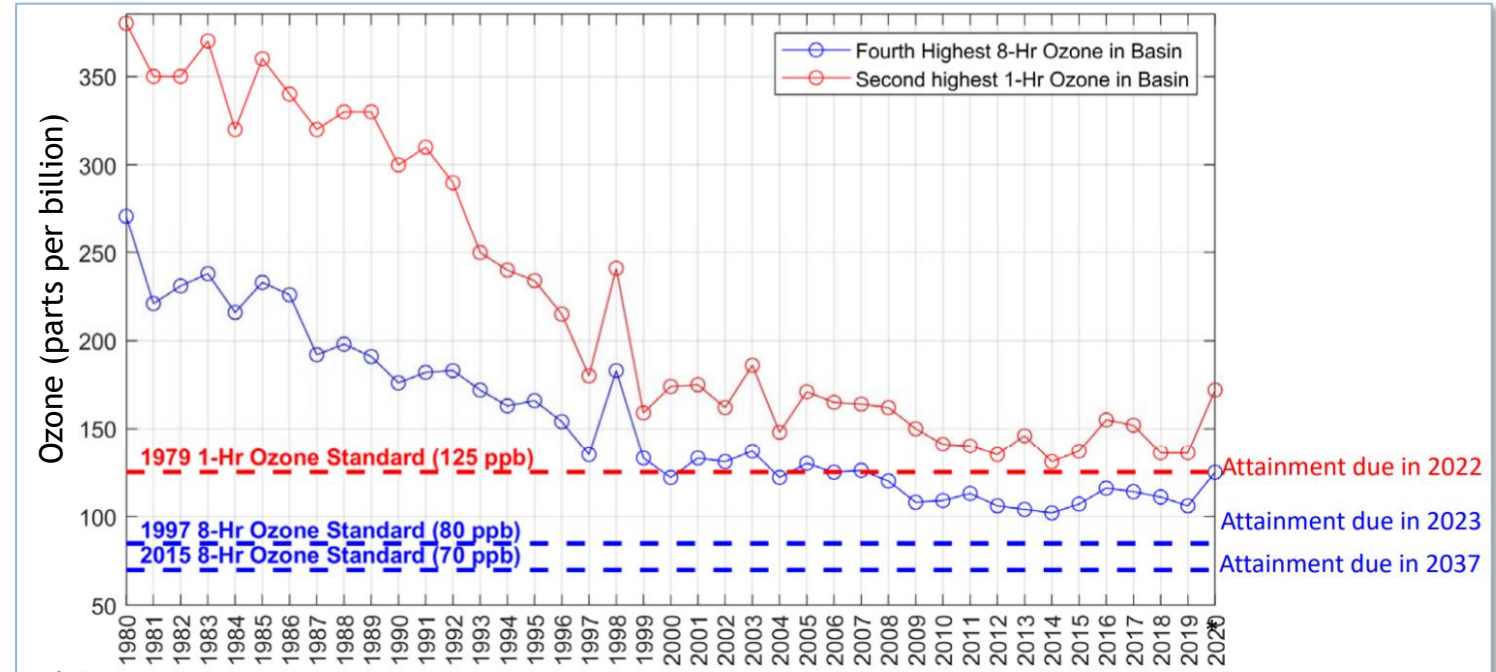
Preliminary Draft Staff Report & Draft EA

NEED FOR WAREHOUSE ISR – REGIONAL AIR QUALITY (OZONE & FINE PM)

- Regional air quality (ozone, fine PM) continues to exceed federal air quality standards
- Need persists even during the COVID-19 pandemic

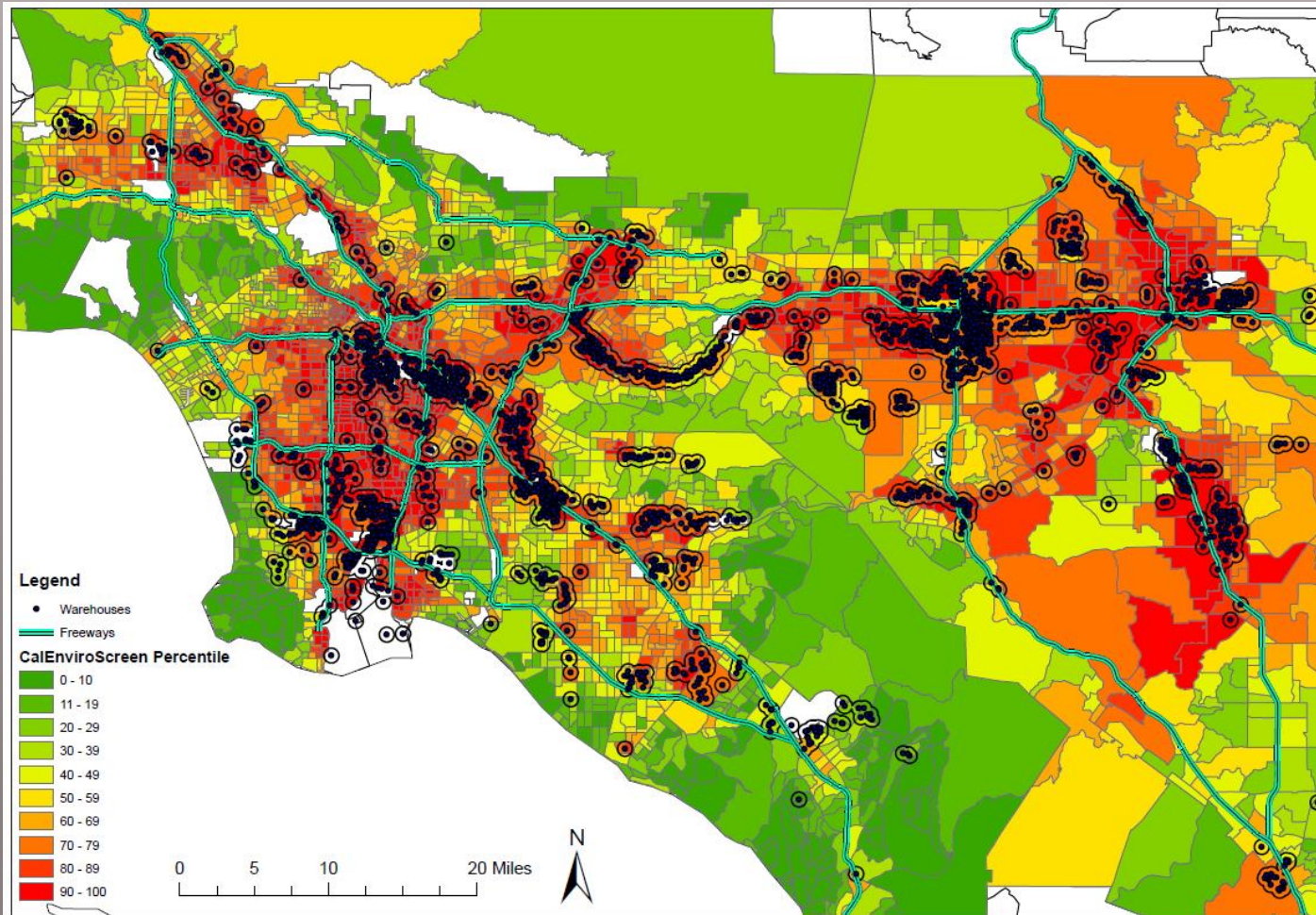
NO_x

- Goods movement sources make up about half of total NO_x in air basin
- Trucks are largest source of NO_x



*2020 data is preliminary

ENVIRONMENTAL BURDEN ON COMMUNITIES NEAR WAREHOUSES



CalEnviroScreen Percentile

(population-weighted average)

South Coast AQMD

61st

Communities <0.5 mile
of a warehouse

80th

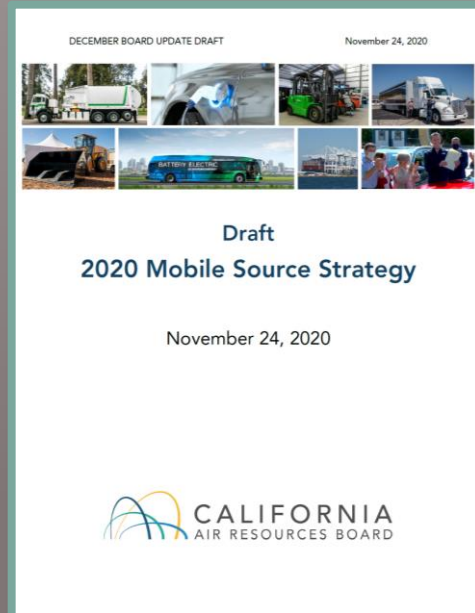
Higher score = higher pollution burden

WAREHOUSE ISR NEED - ADDITIONAL ACTION NEEDED

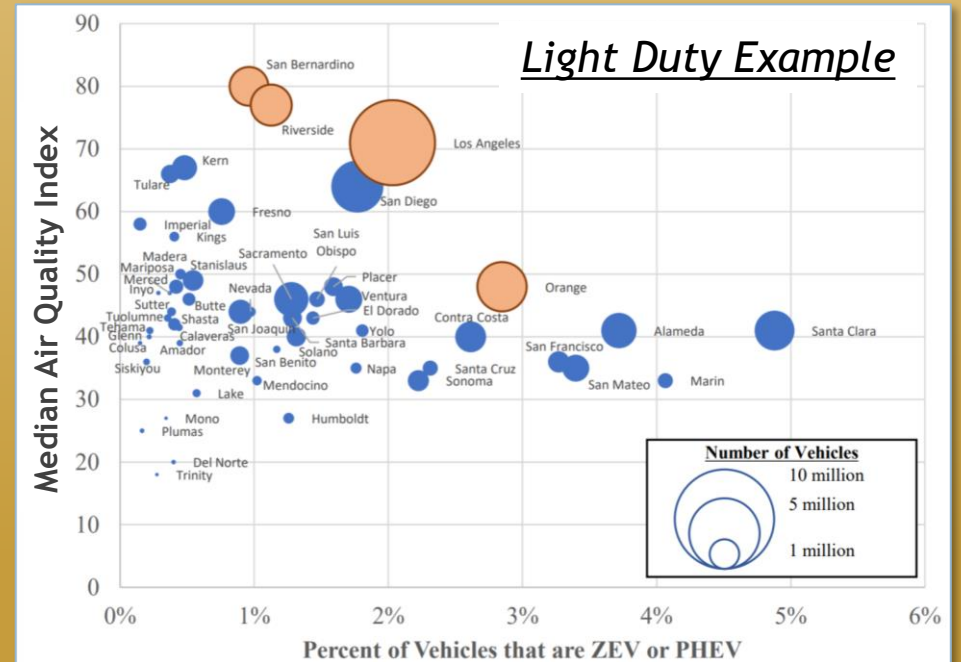
Sufficient Incentive Funding not Currently Available



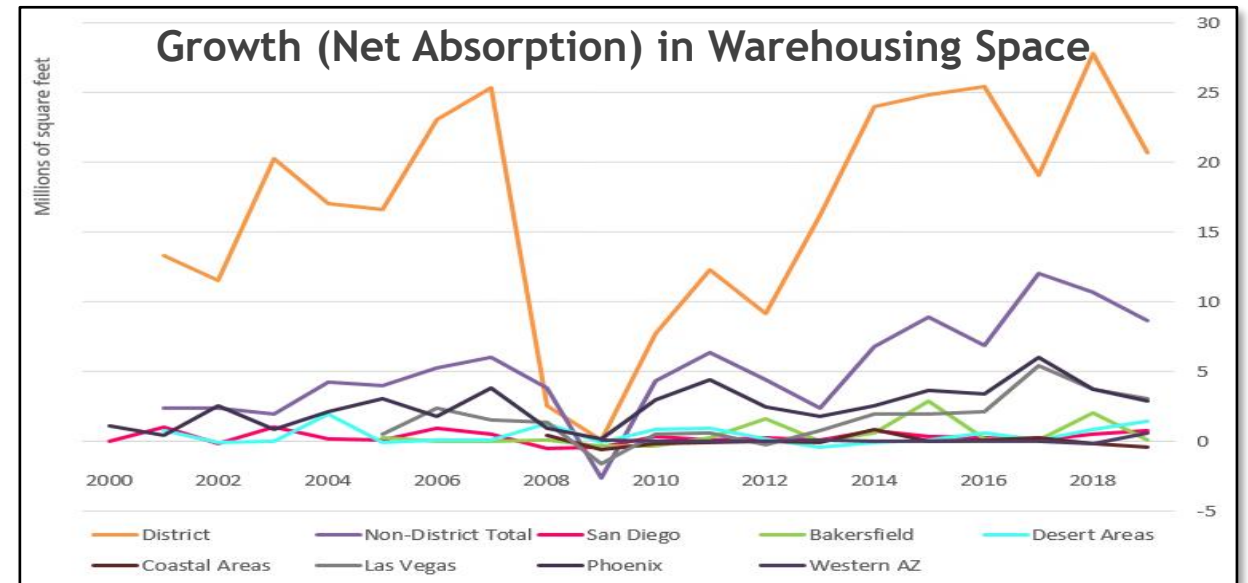
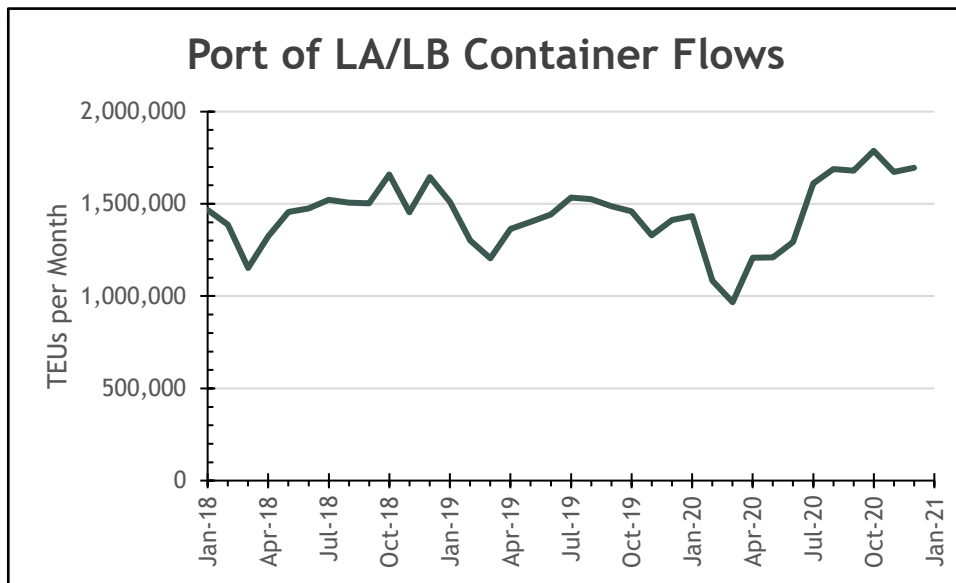
Existing and Proposed CARB & EPA Regulations will not Attain Federal Standards On Time



Statewide Benefits Needed in South Coast AQMD



LOGISTICS INDUSTRY CONTINUES TO GROW

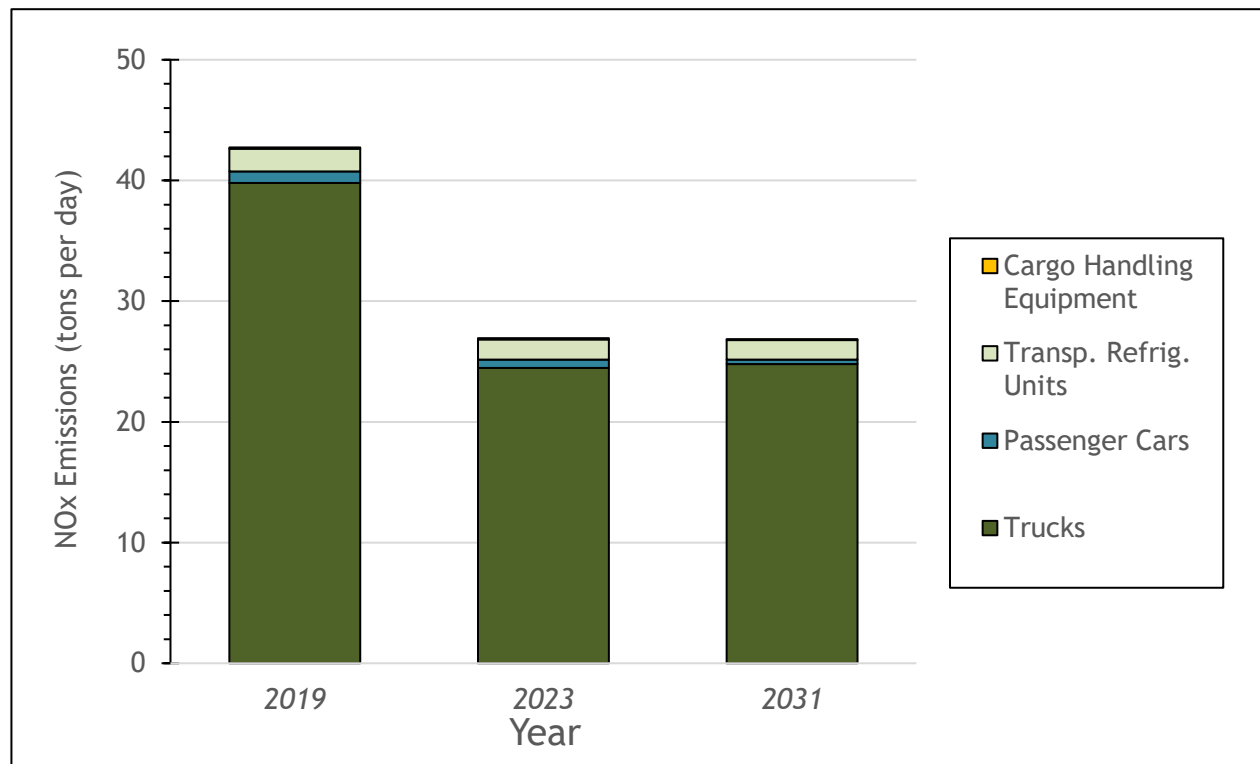


Current port congestion at LA-LB is "the worst that we've ever seen"
 -Federal Maritime Commission
 Commissioner Carl Bentzel, 2/1/21**

Warehousing Has Grown Faster In South Coast AQMD Than Any Surrounding Areas

SCOPE OF PROPOSED WAREHOUSE ISR

Estimated NOx Emissions* Associated with Warehouses Without Warehouse ISR



*Accounts for warehouse growth and CARB regulations (HD I&M, Low NOx Omnibus, ACT)

Facilities Covered Under PR 2305 & 316



PR 2305 & 316 RULE LANGUAGE

- PR 2305 Warehouse Indirect Source Rule - Warehouse Actions and Investments to Reduce Emissions (WAIRE) Program, and PR 316 Fees for Rule 2305
- Draft Rule Language available at:
 - www.aqmd.gov/fbmsm and
 - www.aqmd.gov/home/rules-compliance/rules/scaqmd-rule-book/proposed-rules
- Requesting stakeholder feedback
 - Written comments, meetings, calls, etc.

OVERVIEW OF PR 2305

Applicability

- Owners and operators of warehouses $\geq 100,000$ sf
- Owners are only subject to reporting, but they can voluntarily earn points

Phase-In

- Warehouses introduced into program over 3 years
- Largest are first
- Once in, stringency increases over 3 years

Requirements

Annually Earn WAIRE Points

Warehouse Actions and Investments to Reduce Emissions (WAIRE) Menu

Mitigation Fee

Custom WAIRE Plan

Limited transferring/banking with early or over-compliance

Funds projects in communities near warehouses that paid the mit. fee

Reporting

Warehouse Operations Notification

Initial Site Information Report

Annual WAIRE Report

PR 2305 (a) Purpose & (b) Applicability

➤ Purpose

- *The purpose of this rule is to reduce local and regional emissions of nitrogen oxides and particulate matter, and to facilitate local and regional emission reductions associated with warehouses and the mobile sources attracted to warehouses in order to assist in meeting state and federal air quality standards for ozone and fine particulate matter.*

➤ Applicability

- *This rule applies to owners and operators of warehouses located in the South Coast AQMD jurisdiction with greater than or equal to 100,000 square feet of indoor floor space in a single building.*
- Applicability covers all entities that would be regulated in some way by the rule
 - Not all entities will have the same requirements

(c) Definitions

- Alternative Energy Generation Equipment
- Alternative-Fueled Vehicle
- Alternative Fueling Station
- Class 2B Truck
- Class 3 Truck
- Class 4 Truck
- Class 5 Truck
- Class 6 Truck
- Class 7 Truck
- Class 8 Truck
- Cold Storage Warehouse
- Compliance Period
- Diesel Particulate Matter (DPM)
- Dwell Time
- Electric Charger
- Fuel Type
- Level 2 Charger*
- Level 3 Charger*
- Level 4 Charger*
- Level 5 Charger*
- MERV 16
- Near-Zero Emissions (NZE) Trucks
- Nitrogen Oxides (NOx)
- Parent Company
- Straight Truck
- Tractor
- Transport Refrigeration Unit (TRU)
- Truck Class
- Truck Trip
- Vehicle Miles Traveled (VMT)
- Warehouse
- Warehouse Facility
- Warehouse Facility Owner
- Warehouse Land Owner
- Warehouse Operator
- Warehouse Size
- Warehousing Activities
- Yard Truck
- Zero-Emission (ZE) Truck

**Proposing to update names based on kW rating to avoid potential confusion with other standards*

(d) Requirements

- Requirements are different between an owner and an operator
 - Operators responsible for most parts of the rule
 - Owners only have reporting requirements
 - Warehouse owners and/or landowners have ability to earn WAIRE Points on behalf of operator
- Requirements
 - 1) WAIRE Points Compliance Obligation (WPCO)
 - 2) Earning WAIRE Points
 - 3) WAIRE Points Earned Using the WAIRE Menu
 - 4) WAIRE Points Earned Using a Custom WAIRE Plan
 - 5) Mitigation Fee
 - 6) Transferring WAIRE Points
 - 7) Reporting

(d)(1)(A) WAIRE Points Compliance Obligation (WPCO)

- Warehouse operators must earn points every 12-month compliance period
- WAIRE Points will be earned for the actions/investments completed each compliance period and only for the portion of the year that a warehouse operator occupies a warehouse
- WAIRE Points must be earned only for warehouse operators in buildings with $\geq 100,000$ sf dedicated to warehousing activities, and who operate at least 50,000 sf of the warehouse
- WAIRE Points required (the WPCO) are annually calculated as below :

Table 1 – Initial Requirement Date

Phase	Warehouse Size (square feet)	Initial Reporting Date	Initial Compliance Period
1	$\geq 250,000$	August 2, 2022	The latter of the rule adoption date or July 1, 2021 to June 30, 2022
2	$\geq 150,000$ - $< 250,000$	August 1, 2023	July 1, 2022 to June 30, 2023
3	$\geq 100,000$ - $< 150,000$	July 31, 2024	July 1, 2023 to June 30 2024

$$WPCO = WATTs \times Stringency \times \left(\begin{array}{c} Annual \\ Variable \end{array} \right)$$

More on impacts of stringency later

- WATTs = Weighted Annual Truck Trips (next slide)
- Stringency = 0.0025 WAIRE Points per WATT
- Annual Variable = based on Annual WAIRE Report year and implementation phase, per Table 2 - Annual Variable

(d)(1)(B) Warehouse Points Compliance Obligation (WPCO)

➤ Weighted Annual Truck Trips (WATTS)

- All truck trips (to or from the warehouse) occurring over the 12-month compliance period
 - If more than one operator occupied the warehouse, then WATTS is calculated individually for each operator

$$\text{WATTS} = [\textit{Class 2b to 7 Truck Trips}] + [2.5 \times \textit{Class 8 Truck Trips}]$$

- Class 2b to 7 truck trips = All trucks or tractors entering or exiting a warehouse truck gate(s) or driveway(s) that are truck Class 2b, 3, 4, 5, 6, or 7. If truck class information is not available, Class 2b to 7 trucks are all straight trucks that entered or exited a warehouse truck gate(s) or driveway(s)
- Class 8 truck trips = All Class 8 trucks or tractors entering or exiting a warehouse truck gate(s) or driveway(s). If truck class information is not available, Class 8 trucks are all tractors that entered or exited a warehouse truck gate(s) or driveway(s)
- Actual truck trip data to the warehouse must be collected by the warehouse operator using methods that contemporaneously record verifiable truck trips.

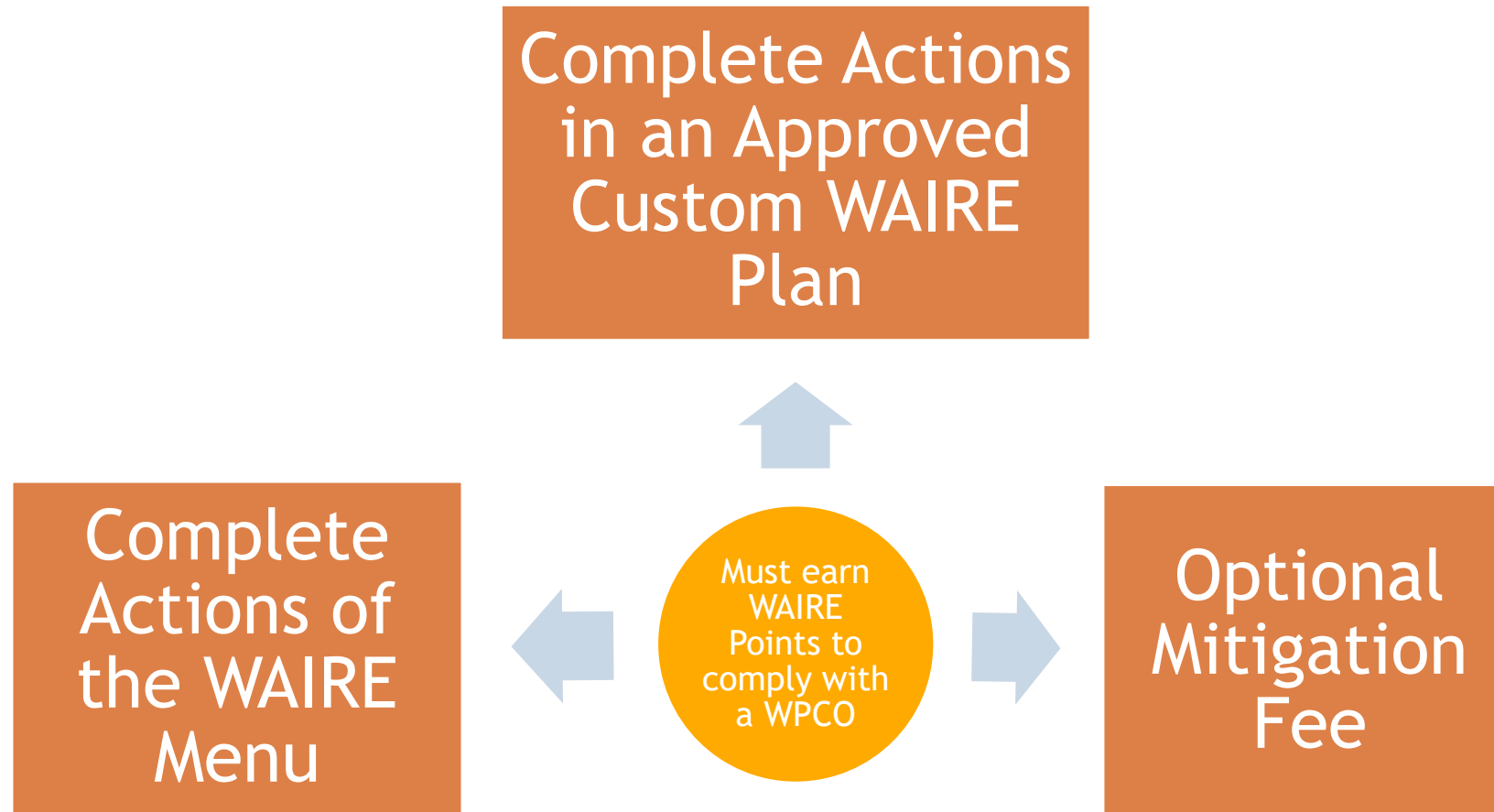
(d)(1)(C) Warehouse Points Compliance Obligation (WPCO)

- This WPCO calculation is only for incidents of force majeure, as the correlation between warehouse building size and truck trip rates is largely unreliable (e.g. cold storage or crossdock)
- If a warehouse operator does not have any information about the number of truck trips due to a force majeure event (such as a destruction of records from a fire), then WATTS is calculated as below

$$WATTS = Days\ per\ Year \times Warehouse\ Size \times WTTR$$

- Days per Year = the number of days that the warehouse operator has operational control of the warehouse during the compliance period
- Warehouse size = Warehouse size in thousand square feet (tsf)
- WTTR = Weighted Truck Trip Rate, where:
 - Warehouses \geq 200,000 = 0.95 trips/tsf/day
 - Warehouses \geq 100,000 = 0.67 trips/tsf/day
 - Cold Storage Warehouses = 2.17 trips/tsf/day

(d)(2) Earning WAIRE Points



(d)(3) WAIRE Points Earned Using the WAIRE Menu

- WAIRE Points for each action/investment are specified in Table 3 - WAIRE Menu
 - WAIRE Points can only be earned by actions/investments that go beyond U.S. EPA, CARB, and South Coast AQMD rules and regulations

WAIRE Menu Example 1: Warehouse operator owns a fleet, in 2030 either a new NZE or ZE truck can be purchased to earn WAIRE Points since the Advanced Clean Trucks regulation only applies to the OEM and usage WAIRE Points can be earned, in 2035 if the Advanced Clean Fleet regulation is implemented, only usage WAIRE Points are possible

- Three elements are used as part of rulemaking process to determine the number of WAIRE Points for each menu item
 - Cost, direct emission reduction, and local benefit
 - Warehouse operators completing actions from the WAIRE Menu will not calculate or report these three elements. They will just use the WAIRE Menu itself.

WAIRE Menu Example 2: Warehouse Operator has a WPCO of 300, buys a yard truck, runs it 2000 hours

- WAIRE Points can be earned from any combination of menu actions

Table 3 WAIRE Menu

Action/Investment	Action/Investment Details	Reporting Metric	Annualized Metric	WAIRE Points per Annualized Metric	Discounted WAIRE Points Subparagraph (d)(6)(A)
Acquire ZE/NZE Trucks in Warehouse Operator Fleet	ZE Class 8	Number of trucks	One truck acquired	126	126
	ZE Class 4-7			68	68
	ZE Class 2b-3			14	14
	NZE Class 8			55	55
	NZE Class 4-7			26	26
ZE/NZE Truck Visits	ZE Class 8	Number of visits	365 truck visits	51	33
	ZE Class 4-7			12	9
	ZE Class 2b-3			9	6
	NZE Class 8			42	24
	NZE Class 4-7			12	9
Acquire ZE Yard Truck		Number of yard trucks	One yard truck acquired	177	177
Use ZE Yard Truck		Hours of use	1,000 hours	291	51
Install Onsite ZE Charging or Fueling Infrastructure	Level 5 EVSE Purchase	Number of EVSE purchased	One EVSE purchased	118	118
	Level 4 EVSE Purchase			51	51
	Level 3 EVSE Purchase			26	26
	Level 2 EVSE Purchase			5	5
	TRU Plug EVSE Purchase			3	3
	Begin construction on Level 3, 4, or 5 charger project	First day of construction	One construction project	9	9
	Begin construction on Level 2 charger project			9	9
	Begin construction on TRU Plug project			5	5
	Finalize Level 3, 4, or 5 charger project	The latter of final permit sign off or charger energization	One construction project	59	59
	Finalize Level 2 charger project			9	9
	Finalize TRU Plug project			7	7
	Hydrogen (H ₂) Station	Daily capacity of station in kilograms (kg)	One 700 kg/day station construction project	1,680	1,680
Use Onsite ZE Charging or Fueling Infrastructure	Vehicle Charging	Kilowatt-hours (kWh) of dispensed electricity	165,000 kWh	42	24
	TRU Charging		10,658 kWh	10	3
	H ₂ Station Usage	Kg of dispensed H ₂	6,152 kg	43	25
Install Onsite Solar Panels	Rooftop	Size of system in kW	100 kW system	23	23
	Carport			27	27
Use Onsite Solar Panels		Energy production in kWh	165,000 kWh	1	1
Install MERV 16 or greater Filters or Filter Systems in Residences, Schools, Daycares, Hospitals, or Community Centers	Install Stand-Alone System	Number of systems installed	25 systems	55	55
	Replace Filters	Number of filters replaced	200 filters	51	51

(d)(4)(A) WAIRE Points Earned Using a Custom WAIRE Plan

- Warehouse owners/operators can propose a customized plan for their warehouse
 - Custom WAIRE Plans cannot earn points until a Plan Application has been reviewed and approved
- A Custom WAIRE Plan Application must meet certain criteria to be approved:
 - Must show how proposed actions in the Plan will earn points based on cost and emission reductions of NO_x and diesel PM
 - Methodology to determine WAIRE points earned must be consistent with methods from the WAIRE Program Implementation Guidelines
 - Calculations used for WAIRE Menu actions can be used as a guide, see Appendix B of Preliminary Draft Staff Report
 - Emission reductions must be quantifiable, verifiable, and real
 - If VMT reduction is used, it must be surplus to the current Regional Transportation Plan and AQMP

Required Custom WAIRE Plan Application Elements

- Project description including quantifiable, verifiable, and real NO_x and DPM reductions within three years of plan approval
- Quantification of expected NO_x and/or DPM within three miles of warehouse
- Method of NO_x and/or DPM emission reduction verification
- Schedule of key project milestones
- Location description and map of project
- List of expected permits or approvals required from other parties or agencies

Submit Custom WAIRE Plan Application at least 9 months* before Annual WAIRE Report is due

**Proposing to update to '270 days'*

Within 30 days of receipt, South Coast AQMD will conduct an initial review and confirm receipt

South Coast AQMD will approve or reject within 90 days of submittal

South Coast AQMD will make available for public review 30 days prior to approval

Custom WAIRE Plan Not Approved

Application disapproval will identify deficiencies

Custom WAIRE Plan Approved if all criteria met

CUSTOM WAIRE PLAN PROCESS (d)(4)(B)

Custom WAIRE
Plan Not Approved

Resubmit revised
application within 30 days
of disapproval

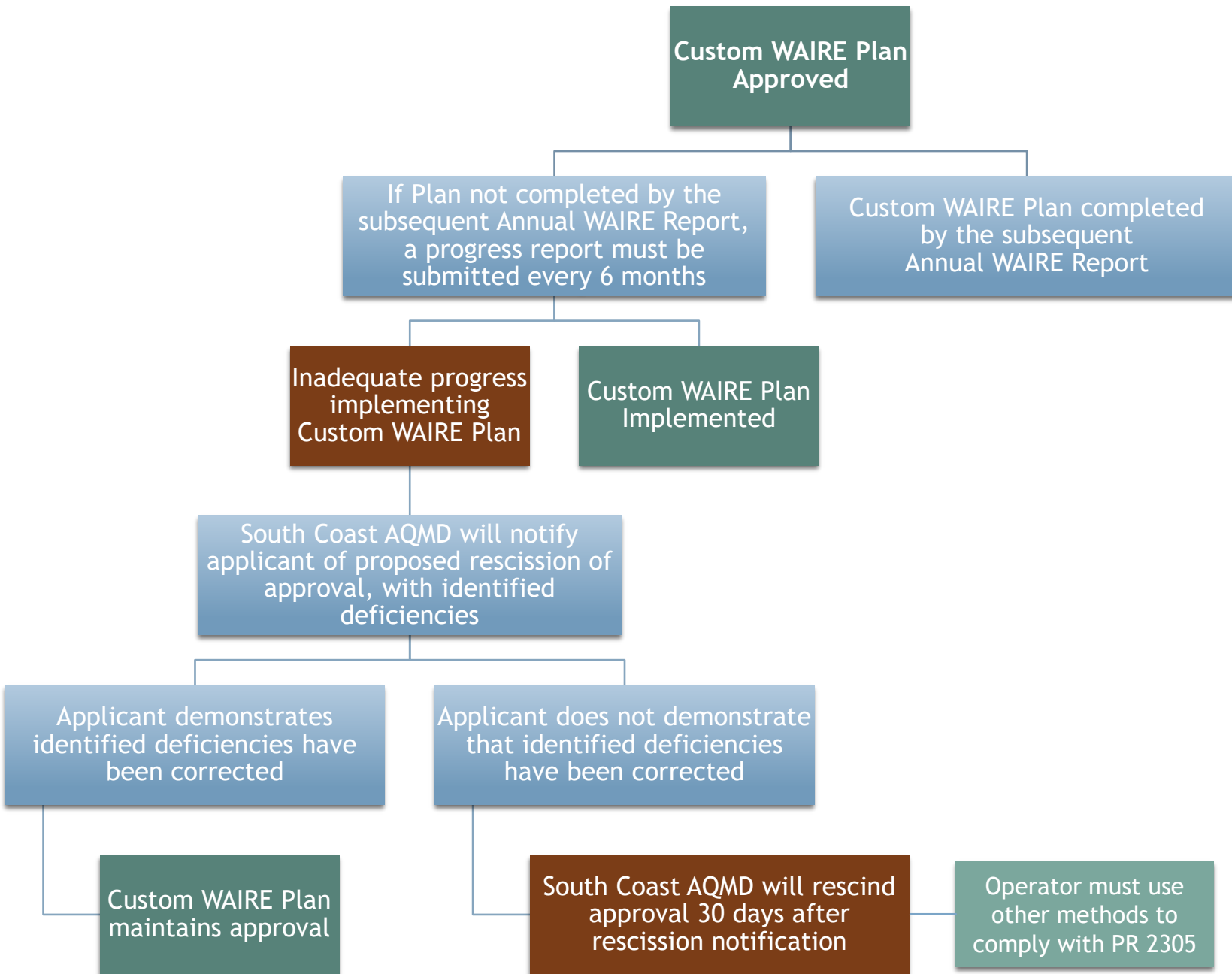
Custom WAIRE
Plan Approved
within 30* days

Custom WAIRE
Plan Not Approved
within 30* days

**Staff considering
updating to 45
days to allow 30
days for public
review*

Operator must use
other methods to
comply with PR 2305

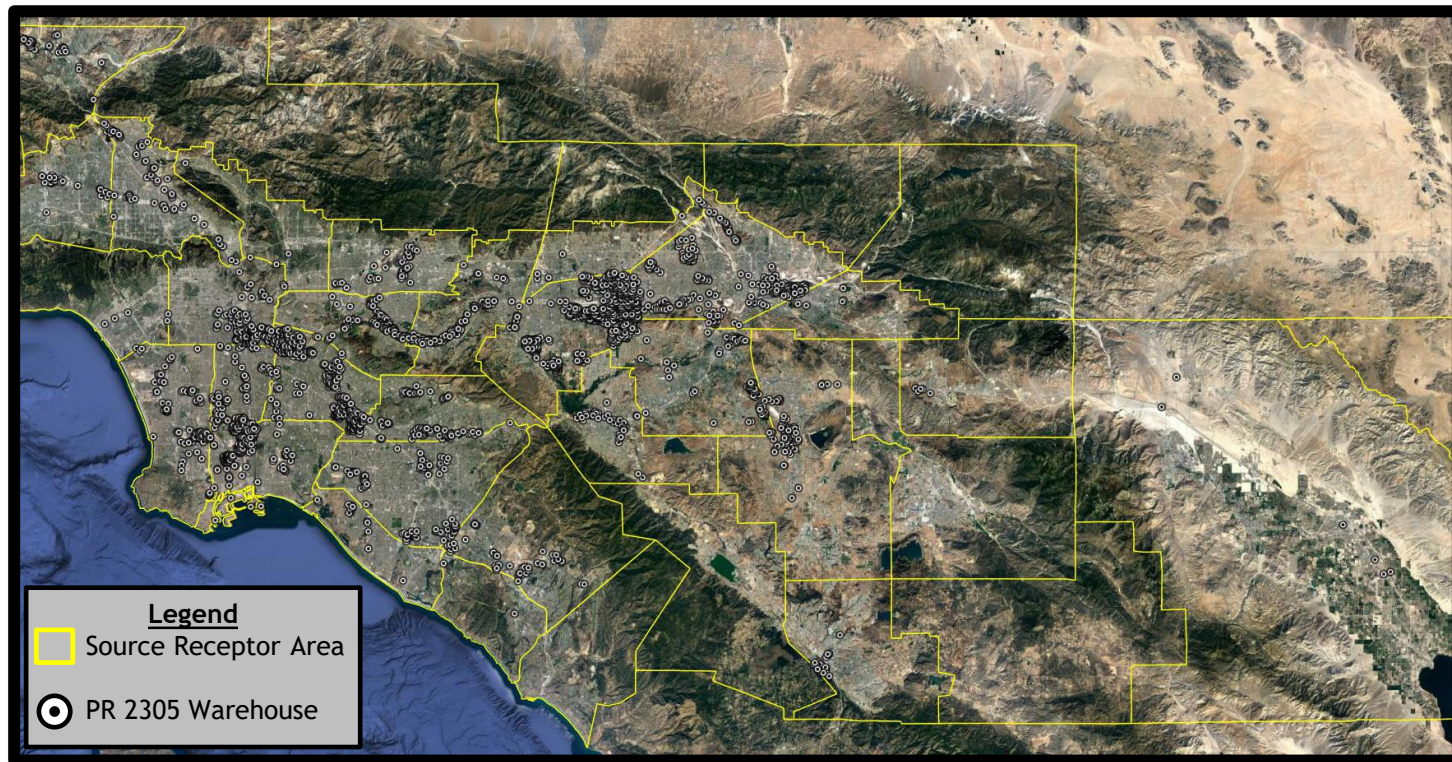
CUSTOM WAIRE
PLAN PROCESS -
NOT APPROVED
(d)(4)(B)



CUSTOM WAIRE PLAN PROCESS - APPROVED (d)(4)(C) - (d)(4)(E)

(d)(5) Mitigation Fee

- Warehouse Owners/Operators may choose to pay \$1,000 per WAIRE Point to satisfy all or any remaining part of their WPCO
 - \$1,000/Point value approximately equal to cost of other WAIRE Menu actions
- Mitigation fees will fund a WAIRE Mitigation Program to incentivize near-zero and zero emissions trucks and zero emissions charging infrastructure
 - Details will be made available in future solicitations for projects
- Funds will be directed to projects in the communities near the warehouses that paid the fees
 - Proposing to group communities using existing air quality forecast Source Receptor Areas



(d)(6) Transferring WAIRE Points Limited to Three Cases

1. Operators can transfer WAIRE Points to a different applicable warehouse under their operational control
 - WAIRE Points are discounted by the Local Benefit as shown in WAIRE Menu
2. Operators can bank WAIRE Points for use in a future compliance period
 - Points can only be banked up to three years
 - Early action on U.S. EPA/CARB/South Coast AQMD regulations used for ISR compliance cannot be rolled into a future year if that regulation already requires the action in the future year
 - Onsite improvements/equipment used to earn WAIRE points must still be operational when the transferred WAIRE Points are used
 - WAIRE Points earned prior to an operator's first compliance year are also transferrable
3. WAIRE Points can be transferred between warehouse operators and warehouse owners and landowners
 - Warehouse owners or landowners can voluntarily earn WAIRE Points and transfer them to their tenants

Reporting and Recordkeeping

- Reporting requirements are included in two sections of PR 2305
- 1. (d)(7) includes requirements that warehouse operators and owners submit reports and the due dates
 - Warehouse Operations Notification (basic info about the site and operator)
 - Initial Site Information Report (more detailed info about warehouse operations)
 - Annual WAIRE Report (demonstrates how many Points were required and earned each year)
- 2. (e) includes the information that must be included in each report and recordkeeping requirements

(d)(7)(A) Reporting - Warehouse Operations Notification and (d)(7)(B) Reporting - Initial Site Information Report

- Warehouses must submit a Warehouse Operations Notification to South Coast AQMD when any of the following occur:
 - Within 60 days of rule adoption
 - Within 14 days after a new warehouse operator has the ability to use at least 50,000 sf of a warehouse that is at least 100,000 sf
 - Within 30 days of a renovated warehouse receiving a certificate of occupancy, such that total space useable for warehouse activities has increased or decreased
 - Within three days of a request from the South Coast AQMD Executive Officer
- Warehouse operators must submit an Initial Site Information Report for a warehouse facility to South Coast AQMD:
 - No later than January 15 of the year they submit their first annual WAIRE Report, or
 - Within 30 days of a request from the South Coast AQMD Executive Officer

(d)(7)(C) - (d)(7)(D) Reporting - Annual WAIRE Report

- Warehouse operators or owners must submit an Annual WAIRE Report for a warehouse facility to South Coast AQMD:
 - Within 30 days after July 1, beginning with the Initial Reporting Date as specified in PR 2305 Table 1
 - Table 1 lists Initial Reporting Date based on warehouse size (sf):
 - Phase 1: $\geq 250,000$ sf warehouses, Initial Reporting Date of August 2, 2022
 - Phase 2: $\geq 150,000$ - $< 250,000$ sf warehouses, Initial Reporting Date of August 1, 2023
 - Phase 3: $\geq 100,000$ - $< 150,000$ sf warehouses, Initial Reporting Date of July 31, 2024
- If a warehouse operator vacates a warehouse prior to the warehouse's Annual WAIRE Report submission date, then the Annual WAIRE Report shall be submitted no later than the date the warehouse operator vacates the warehouse

Different dates account for weekends (reports are not due on a weekend)

(e) Reporting, Notification, and Recordkeeping Requirements

- Four main reporting/notification/recordkeeping requirements
 - Warehouse Operations Notification
 - Initial Site Information Report
 - Annual WAIRE Report
 - Recordkeeping
- All reports shall be certified by an authorized official
 - *For the purposes of reporting, an authorized official is defined as an individual who has knowledge and responsibility for actions required by this rule, and who has been authorized by an officer of the warehouse facility or landowner, or operator, as applicable, to submit and certify the accuracy of the data presented in these reports on behalf of the owner or operator, based on best available knowledge.*

(e)(1) Warehouse Operations Notification

- The Warehouse Operations Notification submitted by the warehouse facility owner shall include:
 - Legal name and contact information:
 - Any entity leasing at least 50,000 sf of space at the warehouse, and the warehouse facility owner and landowner, or
 - An affirmation of no entities leasing at least 50,000 sf of space at the warehouse
 - Duration of the current lease term, if applicable
 - Total warehouse size, and square footage dedicated to warehousing activities for each operator leasing at least 50,000 sf of space in the warehouse
 - Legal name and contact information of the previous warehouse operator(s) leasing at least 50,000 sf of space in the warehouse, and the end date of the previous warehouse operator's warehousing activities at that site, if applicable
 - How many square feet of the warehouse is used by the warehouse owner for warehousing activities

(e)(2)(A) Initial Site Information Report - Building Info

- The Initial Site Information Report from the warehouse operator shall include:
 - Total warehouse building size, and square footage dedicated to warehousing activities
 - Warehouses >100,000 sf, but with <100,000 sf that may be used for warehousing activities are exempt from further reporting on the Initial Site Information Report, (e)(2)(B) through (e)(2)(G)
 - Any warehouse operator leasing <50,000 sf of warehouse space that may be used for warehousing activities are exempt from further reporting on the Initial Site Information Report, (e)(2)(B) through (e)(2)(G)
 - Operators are not exempt in the case of the same parent company owning or controlling multiple operators in the same building, who collectively use $\geq 50,000$ sf of warehousing space for warehousing activity

(e)(2)(B) Initial Site Information Report - Truck Trips

- The Initial Site Information Report shall include actual truck trip data:
 - Number of truck trips in the previous 12-month period* for the warehouse operator at the warehouse
 - Number of truck trips anticipated for the next applicable 12-month compliance period
 - Truck trips are to be reported in two categories:
 - (1) All Class 2b through Class 7 trucks or tractors
 - If truck class information is not available, this category shall refer to all straight trucks
 - (2) All Class 8 trucks or tractors
 - If truck class information is not available, this category shall refer to all tractors

**Proposing to only require reporting info from after the rule going into effect.*

(e)(2)(C) Initial Site Information Report - Truck Fleet

- If a warehouse operator owns or leases on-road trucks or tractors that serve the warehouse, the Initial Site Information Report shall include:
 - For the previous 12-month period* preceding the Initial Site Information Report:
 - Number of trucks and tractors serving the warehouse, by truck class and fuel type
 - Total VMT by truck class and fuel type
 - Typical dwell time at the warehouse by truck class
 - Which trucks and/or tractors are owned or leased

**Proposing to only require reporting info from after the rule going into effect.*

(e)(2)(D) Initial Site Information Report - Fueling Station

- If a warehouse has an alternative fueling station(s) or electric charging station(s) located onsite, the Initial Site Information Report shall include:
 - Types of vehicles served
 - For electric chargers:
 - Number of electric chargers, date of installation, and the level (e.g., kW rating) of each electric charging station
 - Total charging provided in the previous 12-month period*
 - For alternative fueling stations:
 - Number of alternative fueling stations installed, date of installation, fuel type, maximum fuel dispensing rate, maximum amount of fuel that can be dispensed daily, and the pressure of the fueling system (if applicable)
 - Total fuel dispensed in the previous 12-month period*

**Proposing to only require reporting info from after the rule going into effect.*

(e)(2)(E) Initial Site Information Report - Yard Truck

- If a warehouse operator has yard trucks that are used at the warehouse, the Initial Site Information Report shall include:
 - Number of yard trucks used at the warehouse in the previous 12-month period*
 - Include which are registered as motor vehicles (per Vehicle Code section 4000, et seq.) (e.g., on-road vs. off-road vehicle)
 - Fuel type and engine size
 - Total annual hours of operation of all yard trucks for the previous 12-month period*

**Proposing to only require reporting info from after the rule going into effect.*

(e)(2)(F) Initial Site Information Report - Solar Panels

- If a warehouse has onsite alternative energy generation equipment and/or onsite energy storage equipment, the Initial Site Information Report shall include:
 - For alternative energy generation equipment:
 - Type and rated capacity in kilowatts and kilowatt-hours per year
 - Total energy generation in kilowatt-hours expected during the next compliance period
 - For onsite energy storage equipment:
 - Rated capacity in kilowatt-hours
 - Total usage in kilowatt-hours expected during the next compliance period

(e)(2)(G) Initial Site Information Report - WPCO Actions

- The Initial Site Information Report shall include:
 - How the warehouse operator anticipates earning WAIRE points for the next compliance period
 - By completing WAIRE Menu actions
 - Include the specific actions anticipated
 - Approved Custom WAIRE Plan
 - Paying a mitigation fee
 - A combination of the above options
 - Operators may ultimately earn WAIRE Points from these reported actions, or from any other actions allowable under PR 2305

(e)(3)(A) Annual WAIRE Report

- The Annual WAIRE Report shall include actual truck trip data:
 - Number of truck trips during the compliance period
 - Truck trips are to be reported in two categories:
 - (1) All Class 2b through Class 7 trucks or tractors
 - If truck class information is not available, this category shall refer to all straight trucks
 - (2) All Class 8 trucks or tractors
 - If truck class information is not available, this category shall refer to all tractors

(e)(3)(B) - (e)(3)(D) Annual WAIRE Report

- The Annual WAIRE Report shall include:
 - How many WAIRE Points were earned from:
 - WAIRE Menu actions
 - For each menu action, provide information on the Reporting Metric used (see Table 3 - WAIRE Menu)
 - An approved Custom WAIRE Plan
 - Paying a mitigation fee
 - From transferred WAIRE Points
 - Current contact information for the warehouse operator

(e)(4) Recordkeeping

- Records must be kept by the warehouse owner (or operator if applicable) on their compliance with PR 2305:
 - Must be maintained for at least seven years from the reporting deadline
 - Be available upon request
 - Records must be collected contemporaneously with the action that earned WAIRE Points
- If WAIRE Points are transferred between a warehouse facility or land owner and a warehouse operator, the operator using WAIRE Points to satisfy their WPCO must have records in their possession for how they were originally earned

(f) WAIRE Implementation Guidelines and (g) Exemptions

- South Coast AQMD will periodically publish guidelines for implementing the WAIRE Program
 - Draft guidelines available no later than release of Draft Staff Report (March 3)
- Warehouse operators who can only use <50,000 sf of a warehouse that is ≥100,000 sf, are not subject to the rule requirements (section (d))
 - Operators are not exempt in the case of the same parent company owning or controlling multiple operators in the same building, who collectively use ≥50,000 sf of warehousing space for warehousing activity
- Unforeseen circumstances beyond the control of a warehouse owner/operator, that cause actions/investments to perform at a level significantly lower than anticipated, such that WAIRE Points for that action cannot be earned
 - The warehouse owner/operator may apply for a partial or complete exemption, specifying details on why the anticipated points could not be earned and what portion of their WPCO was missed due to the unforeseen circumstances
 - Example: a manufacturing defect in equipment that prevents its use

(h) Severability

- *If any provision of this rule is held by judicial order to be unlawful or otherwise invalid, such order shall not affect the operation or implementation of the remainder of this rule. If any provision of this rule is held by judicial order to be inapplicable to any person or circumstance, such order shall not affect the application of such provision to other persons or circumstances. The severability provided for in this subsection shall include, but is not limited to, invalidation of any exemption in subsection (g) or any of the compliance options in subsections (d)(3), (d)(4), or (d)(5) or the actions in Table 3.*

PR 316 (a) Purpose & (b) Applicability & (c) Definitions

- Purpose is to recover the costs of South Coast AQMD compliance activities related to PR 2305
- PR 316 applies to any warehouse owner or operator subject to Rule 2305 that submits an Annual WAIRE Report, a Custom WAIRE Plan application, an Initial Site Information Report, a Warehouse Operations Notification, or that pays a Mitigation Fee.
 - Applicability covers all entities that would be regulated in some way by the rule
 - Not all entities will have the same fees

Definitions

Annual WAIRE Report
Custom WAIRE Plan Application
Initial Site Information Report
Mitigation Fee
Warehouse
Warehouse Operations Notification
Warehouse Operator
Warehouse Facility Owner
Warehouse Land Owner
Warehousing Activities

(d) Annual WAIRE Fees

- Fees are calculated based on the level of effort expected for South Coast AQMD compliance activities
- Warehouse Operators and owners shall pay the following fees for each report submitted:
 - Annual WAIRE Report: \$392.50
 - Initial Site Information Report: \$140.68
 - Warehouse Operations Notification: \$29.51
- These fees are due at the time each report or notification is due for submittal

(e) Custom WAIRE Plan Application Evaluation Fee and (f) Mitigation Program Administrative Fee

- Fees required for Custom WAIRE Plan Applications will be based on a time and material basis
 - The amount charged will be an amount equal to the time incurred by South Coast AQMD Staff to evaluate the application, at an hourly staff rate (prorated as applicable) of \$161.25 per hour
 - An initial fee of \$806.25 per Custom WAIRE Plan shall be paid when the Custom WAIRE Plan application is submitted
- Custom WAIRE Plan application fees will be determined when a plan is approved or rejected, based on actual review and work time billed
- Warehouse owners/operators who pay a mitigation fee will need to pay an additional fee to South Coast AQMD to cover the administration of the Mitigation Program
 - This fee is equal to 6.25% of the mitigation fee paid by the warehouse owner/operator
 - Consistent with other South Coast AQMD incentive funding programs
 - This fee is due when the mitigation fee is paid

(g) Payment Due Date and (e) Exemptions

- Fee payments required by PR 316 are due upon submittal of any PR 2305 report
- Hourly fees associated with Custom WAIRE Plans are due within 60 days from the date of notification of the amount due
- Fee payment is considered received by South Coast AQMD if it is delivered, postmarked, or electronically paid on or before the expiration date stated on the billing notice
- Any warehouse owner who submits a Warehouse Operations Notification for a warehouse that has <100,000 sf dedicated to warehousing activities that year is not required to pay fees under PR 316
- Any warehouse operator who operates <50,000 sf of a warehouse for warehousing activities is not required to pay fees under PR 316

POTENTIAL IMPACT OF WAREHOUSE INDIRECT SOURCE RULE

➤ Preliminary Draft Analysis:

- NOx reductions = ~2.5 - 4 tons per day beyond CARB rules for most scenarios

- ~10% - 15% reduction from baseline, similar reductions for DPM
- Significant emission reductions expected by 2023

For comparison: CARB's 'most significant NOx regulation in a decade' = 7 tpd by 2031 (Low NOx Omnibus for trucks)

- Potential costs vary widely depending on approach chosen by warehouse operators

- Range of costs is ~\$0.05/sf/yr to ~\$0.78/sf/yr
- 'Typical' 250,000 sf warehouse annual cost of compliance = ~\$12,500 - \$195,000

➤ Current rents are ~\$10/sf/yr
➤ Past decade has averaged ~\$0.50/sf/yr increase
➤ Vacancy <5%

- Total cost ~\$35M to ~\$630M per year
- Cost-effectiveness similar to stationary source control measures (low end) and mobile source funding programs (high end)
- More expensive options allowed within the rule if operator so chooses

CEQA ANALYSIS

- PR 2305 and PR 316 comprise the “proposed project”
- South Coast AQMD is the CEQA Lead Agency and has prepared a Draft Environmental Assessment (EA) to analyze environmental impacts from the proposed project
- The Draft EA indicates that significant and unavoidable adverse direct and/or indirect environmental impacts may occur for the following environmental topic areas:

Aesthetics	Biological Resources	Geology and Soils	Mineral Resources	Utilities and Service Systems
Agriculture and Forestry Resources	Cultural Resources	Hazardous Materials and Solid and Hazardous Waste	Noise	
Air Quality and Greenhouse Gas Emissions	Energy	Hydrology and Water Quality	Transportation	

CEQA PROCESS

- The NOP/Initial Study was released for a 32-day public review and comment period from November 13, 2020 through December 15, 2020.
- The Draft EA is available for a 45-day public review and comment period from January 26, 2021 through March 12, 2021 at: <http://www.aqmd.gov/home/research/documents-reports/lead-agency-scaqmd-projects>.
- Comments on the Draft EA may be sent to Ryan Bañuelos, Planning/CEQA via: **email:** rbanuelos@aqmd.gov; **mail:** South Coast AQMD, 21865 Copley Drive, Diamond Bar, CA 91765; or **fax** (909) 396-3982.
- The Final EA will include changes and updates to the proposed project after the Draft EA was released for public review and comment, comments received relative to the Draft EA and responses, and all previous content from the Draft EA.
- Findings will be made and a Statement of Overriding Considerations will be prepared to accompany the Final EA. If the Governing Board certifies the Final EA and approves the project, a Notice of Decision will be filed with the California Natural Resources Agency.

ANALYSIS AND DOCUMENTATION

- Socioeconomic Impact Assessment
 - A socioeconomic impact assessment will be conducted and released for public review and comment at least 30 days prior to the public hearing
- Preliminary Draft Staff Report
 - Available here: www.aqmd.gov/home/air-quality/clean-air-plans/air-quality-mgt-plan/facility-based-mobile-source-measures
 - Written comments due March 2 by 5 pm
 - Supplemental materials available here: www.aqmd.gov/fbmsm
- Draft Staff Report: March 3, Final Staff Report: March 26

NEXT STEPS AND STAFF CONTACTS

- Community Meeting: February 17, 2021
- Mobile Source Committee Meeting: February 19, 2021
- Set Hearing: March 5, 2021
- Public Hearing: April 2, 2021

- Rule Development: Victor Juan, vjuan@aqmd.gov, (909) 396-2374
Ian MacMillan, imacmillan@aqmd.gov, (909) 396-3244
- CEQA: Ryan Banuelos, rbanuelos@aqmd.gov, (909) 396-3479
Lijin Sun, lsun@aqmd.gov, (909) 396-3308
- Socioeconomic Analysis: Paul Stroik, pstroik@aqmd.gov, (909) 396-2851
Ryan Finseth, rfinseth@aqmd.gov, (909) 396-3575
Shah Dabirian, sdabirian@aqmd.gov, (909) 396-3076



PUBLIC COMMENT



ZOOM: Click on the “raise your hand” button at the bottom of your screen.

TELECONFERENCE: Dial *9 to “raise your hand”

Your name will be called when it is your turn to comment and the host will unmute your line automatically.