

# **NOx RECLAIM**

## **Working Group Meeting**

July 9, 2015

# Shave Approaches Presented at 6/4/2015 Meeting

		Major Refineries/ Investors	Non-Major Facilities	Power Plants	Bottom 10% of RTC Holders
<b>Staff Proposal Under Consideration</b>					
<b>Staff Proposal</b>	<b>Shave applied to 90% of RTC Holders (Weighted by BARCT Reduction Contribution)</b> <i>57 total facilities, plus investors as 1 company, and includes 48 non-major refinery facilities</i>	<b>67%</b>	<b>47%</b>	<b>47%</b>	<b>0%</b> <b>(218 Facilities)</b>
<b>CEQA Alternatives Under Consideration</b>					
<b>CEQA Alternative #1</b>	<b>Across the Board</b> <i>Affects all facilities and investors</i>	<b>53%</b>	<b>53%</b>	<b>53%</b>	<b>53%</b>
<b>CEQA Alternative #2</b>	<b>Most Stringent Approach</b> <i>Across the Board without 10% Compliance Margin</i>	<b>60%</b>	<b>60%</b>	<b>60%</b>	<b>60%</b>
<b>CEQA Alternative #3</b>	<b>Industry Approach</b> <i>Across the Board: Difference between previous BARCT and new BARCT</i>	<b>33%</b>	<b>33%</b>	<b>33%</b>	<b>33%</b>
<b>CEQA Alternative #4</b>	<b>No Project</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
<b>CEQA Alternative #5</b>	<b>Weighted by BARCT Reduction Contribution</b> <i>Affects all facilities and investors</i>	<b>67%</b>	<b>36%</b>	<b>36%</b>	<b>36%</b>
<b>CEQA Alternative #6</b>	<b>Shave applied to 90% of RTC Holders (Weighted by BARCT Reduction Contribution)</b> <i>64 total facilities, plus investors as 1 company, and includes 48 non-major refinery facilities.</i> <b>ALSO INCLUDES ALL POWER PLANTS</b>	<b>67%</b>	<b>46%</b>	<b>46%</b>	<b>0%</b> <b>(211 Facilities)</b>

# RTC Reductions and Proposed Implementation Schedule

- RTC reductions = 14 tons per day
- Proposed Implementation Schedule
  - 2016: 4 tons per day
  - 2018: 2 tons per day
  - 2019: 2 tons per day
  - 2020: 2 tons per day
  - 2021: 2 tons per day
  - 2022: 2 tons per day
  - **Total: 14 tons per day**

# Adjustment Account

- Considering adjustment account for NSR holding and limited power plant needs
- Total shave to be applied first, followed by set-aside
- Individual holding requirements for NSR would no longer be necessary
- Discrete year credits only
- Access possible after program review based on threshold price of \$15,000 per ton
- Access would be granted if the Governor declares a state of emergency regarding reliable energy supply

# Revised Staff Proposal and CEQA Alternatives

- Previous CEQA Alternative #6 is now the Staff Proposal
  - All power plants would be included as part of the revised Staff Proposal
- Previous Staff Proposal is now CEQA Alternative #6

# Revised Staff Proposal and CEQA Alternatives

		Major Refineries/ Investors	Non-Major Facilities	Power Plants	Bottom 10% of RTC Holders
<b>Staff Proposal Under Consideration</b>					
<b>Staff Proposal</b>	<b>Shave applied to 90% of RTC Holders (Weighted by BARCT Reduction Contribution)</b> <i>65 total facilities, plus investors as 1 company, and includes 56 non-major refinery facilities</i> <b>ALSO INCLUDES ALL POWER PLANTS</b>	<b>67%</b> <i>(9 Facilities)</i>	<b>47%</b> <i>(26 Facilities)</i>	<b>47%</b> <i>(30 Facilities)</i>	<b>0%</b> <i>(210 Facilities)</i>
<b>CEQA Alternatives Under Consideration</b>					
<b>CEQA Alternative #1</b>	<b>Across the Board</b> <i>Affects all facilities and investors</i>	<b>53%</b>	<b>53%</b>	<b>53%</b>	<b>53%</b>
<b>CEQA Alternative #2</b>	<b>Most Stringent Approach</b> <i>Across the Board without 10% Compliance Margin</i>	<b>60%</b>	<b>60%</b>	<b>60%</b>	<b>60%</b>
<b>CEQA Alternative #3</b>	<b>Industry Approach</b> <i>Across the Board: Difference between previous BARCT and new BARCT</i>	<b>33%</b>	<b>33%</b>	<b>33%</b>	<b>33%</b>
<b>CEQA Alternative #4</b>	<b>No Project</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
<b>CEQA Alternative #5</b>	<b>Weighted by BARCT Reduction Contribution</b> <i>Affects all facilities and investors</i>	<b>67%</b>	<b>36%</b>	<b>36%</b>	<b>36%</b>
<b>CEQA Alternative #6</b>	<b>Shave applied to 90% of RTC Holders (Weighted by BARCT Reduction Contribution)</b> <i>57 total facilities, plus investors as 1 company, and includes 48 non-major refinery facilities.</i>	<b>67%</b> <i>(9 Facilities)</i>	<b>47%</b> <i>(30 Facilities)</i>	<b>47%</b> <i>(18 Facilities)</i>	<b>0%</b> <i>(218 Facilities)</i>

## Key Comments Received

- Sufficient triggers for adjustment account access
- Mechanism for access to RTCs in case of emergency
- Consider industry shave alternative
- Implementation schedule timing must accommodate engineering, procurement, and construction

# Key Comments Received

- Comments from environmental groups
  - BARCT reductions should not have a compliance margin and be more than 14 tons per day
  - Incorporate market review when RTC prices dip below threshold
  - CEQA Alternative for Command and Control
  - Require refinery controls
  - More aggressive implementation schedule



# Next Steps

- Public Workshop
  - July 22, 2015
  - Draft Proposed Amended Rule
  - Preliminary Draft Staff Report
- Stationary Source Committee
  - July 2015
- CEQA Draft Environmental Assessment
  - August 2015

# Next Steps

- Socioeconomic Report
  - August/September 2015
- Governing Board
  - October 2, 2015