
NO_x RECLAIM WORKING GROUP MEETING

JUNE 8, 2017
SCAQMD
DIAMOND BAR, CA

Recent Actions

- Working Group Meetings
 - March 24, 2017
 - April 19, 2017
 - April 26, 2017 (conference call)
- Governing Board Meeting 60 Day Report
 - May 5, 2017
- Early Action Items
 - In progress

RECLAIM Program Transition Plan

- “Living Document”
 - Contains action items, rule considerations and concepts, and key policy issues
 - Will use as a “check list” identifying:
 - Issues that will be addressed and the general timeframe
 - Status of issues

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RECLAIM Program Transition Plan

South Coast AQMD
**RECLAIM
 Transition Plan -
 Draft**
 May 25, 2017

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Key Issues Identified (Work in Progress)

Exit from RECLAIM

Facility Bubble or Traditional Command and Control

Common Ownership Considerations

Monitoring, Reporting and Recordkeeping

General Opt-Out Provisions

For Facilities that can be Exempted Easily

For Major Industry Categories (i.e., EGFs and Refineries)

For Other Industry Categories

New Source Review

ERC Availability Outside the Program

RTC to ERC Conversion

Maintaining Overall Equivalency

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PROPOSED CONCEPTS FOR PROPOSED AMENDED RULE 2001

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Rule 2001

- Specifies criteria for inclusion in RECLAIM for new and existing facilities
- Specifies requirements for sources electing to enter RECLAIM
- Identifies provisions in SCAQMD rules that do not apply to RECLAIM sources

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Key Topics for PAR 2001 - Applicability

- Amendments to RECLAIM Facility Listing – Subdivision (c)
 - New facilities \geq 4 Tons per Year
 - Existing non-RECLAIM facilities \geq 4 Tons per Year
 - Entry election
- Exit from RECLAIM – Subdivision (g)
- Exemptions – Subdivision (i)

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Proposed Concepts to RECLAIM Listing – Subdivision (c)

- Rule 2001 (c)(1)(C) allows the Executive Officer to add a new facility in RECLAIM if the starting allocation is ≥ 4 Tons per Year
- Rule 2001 (c)(1)(D) allows the Executive Officer to add an existing non-RECLAIM facility who reports NO_x or SO_x emissions through Rule 301 that are ≥ 4 Tons per Year
- Rule 2001 (c)(1)(E) allows the Executive Officer to add a facility that elects to enter RECLAIM
- Proposed revision
 - Remove provisions (c)(1)(B) through (E) – no new facilities would be added to RECLAIM
 - Remove provisions for entry election (f) which establishes requirements when a facility elects to enter RECLAIM
 - With RECLAIM sunseting, new facilities would not be added to the program
- ERC availability for non-RECLAIM facilities that would otherwise opt into the program a potential issue

Proposed Concepts for Exit from RECLAIM

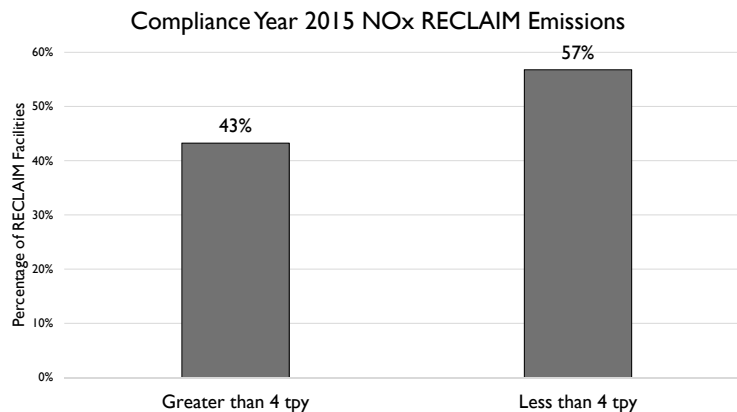
- Rule 2001 includes provisions for opting out of RECLAIM for electricity generating facilities (EGFs)
- Reassess existing provisions for exiting RECLAIM and expand provisions to other facilities – mandatory exit and opt-out provisions
- Concepts to expand this section
 - Mandatory exit provisions
 - Immediate implementation - Early action facilities (low emissions and equipment counts)
 - Other implementation timeframes for sources that additional analysis and work is needed to develop the transition strategy
 - Opt-out provisions for other sources
 - Reassess existing provisions for EGFs
 - Establish opt-out provisions for other sources

Proposed Concepts for Exit from RECLAIM for Early Action Facilities

- Would apply to facilities that can easily transition to a command and control regulatory structure
- Staff is evaluating RECLAIM universe
- Initial analysis to examine:
 - Facilities emitting below 4 tons per year
 - Equipment counts per RECLAIM facility

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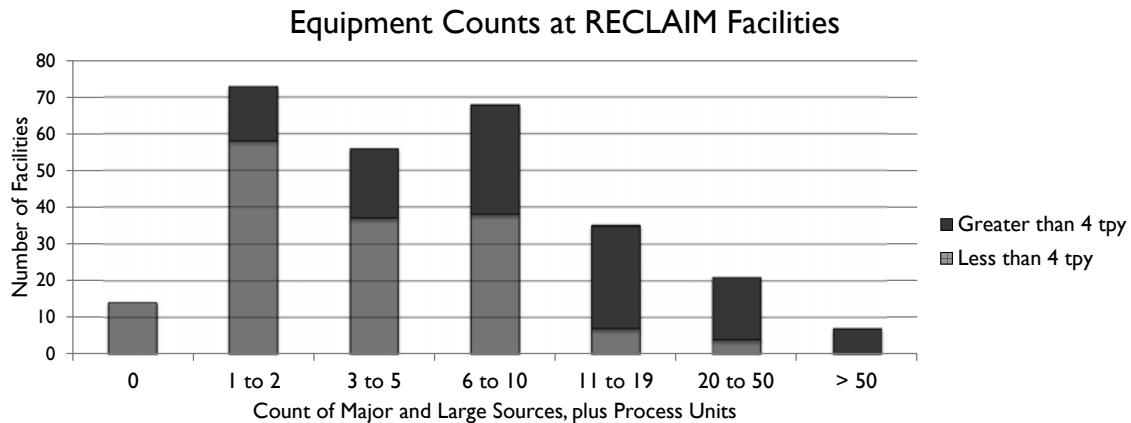
Initial Analysis of NO_x RECLAIM Facilities Actual Emissions



*Some facilities underwent change of operators and shutdowns during CY 2015

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Initial Analysis of NOx RECLAIM Facilities Equipment Count



*Counts are as of September 2016. Facilities with no major/large source, or process unit equipment have either shut down or still operate equipment not requiring a permit.

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Proposed Criteria for Exit from RECLAIM for Early Action Facilities

- Proposed criteria:
 - Facilities operating 2 pieces of equipment or less (major/large source or process units)
 - Facilities with no permits (e.g., cement plants)
 - Facilities emitting less than 4 tons per year
 - Facilities' equipment at BARCT
- Equipment not at BARCT can potentially be allowed additional time for installation
- Exempted facilities would not operate under a facility bubble and would be subject to source specific rules in Regulation XI (e.g., Rule 1146, Rule 1147)

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Proposed Concepts for EGF Opt-out Provisions

- Reassess opt-out provisions for EGFs
 - Existing Facility limits on emissions based on RTC holdings as of September 22, 2015 after RECLAIM exit
 - New Facility limits on emissions based on holding requirement amount per Rule 2005 after RECLAIM exit
- Potential Issues
 - EGF facility bubbles/common ownership considerations
 - Achieving NSR equivalency outside of RECLAIM
- Emission reductions would be tracked

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Proposed Concepts to Expand Opt-Out Provisions

- Considering two general opt-out provisions
 - Opt-out provisions for industry categories (EGFs, refineries, others?)
 - Command and control provisions would be imbedded in opt-out provisions – allows a faster transition process for more complex facilities
 - Possibly mass emissions cap (facility bubble)
 - Some equipment may be subject to command and control requirements
 - General opt-out provisions (All other industry categories)
 - Traditional command and control approach
 - Must have command and control provisions in place
- Other concepts???

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Proposed Concepts for “Structural Buyer”

- Rule 2000 definition does not entirely apply today
 - An alternate designation would be more appropriate
- Facilities that have no allocation and whose equipment are at BARCT can be evaluated separately
 - 23 facilities are new facilities that entered the program without an allocation
 - 12 EGFs, 11 non-EGFs
 - Buying and selling behavior for these facilities varies widely
 - Purchasing of infinite year blocks or year to year discrete credits
 - Early exemptions would initiate the process
 - Determining other facilities at BARCT will take time and analysis

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Next Steps

- Continue to meet with the Working Group and individual stakeholders/facility operators as the rulemaking process develops
 - Specific sub-topic working group meetings will be convened (i.e., NSR, alternative compliance approaches such as facility bubbles, RTC trading)
- Continue with the development of the RECLAIM Transition Plan
- Identify any new issues

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