



# NO<sub>x</sub> RECLAIM WORKING GROUP MEETING

JUNE 13, 2019

SOUTH COAST AQMD

DIAMOND BAR, CA

CALL-IN # 1-888-450-5996

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# 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: 3<sup>rd</sup> 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: 4<sup>th</sup> 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: 4<sup>th</sup> Quarter 2019

## PAR 1117



### Glass Melting Furnaces

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

# Rulemaking Status *(Continued)*

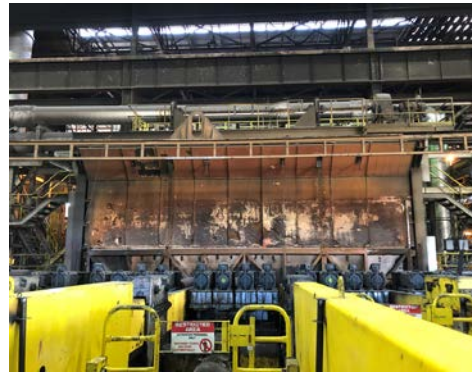
## PAR 1147



### Miscellaneous Combustion Sources

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

## PR 1147.1



### Large Miscellaneous Combustion Sources

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

## PR 1147.2



### Metal Melting Facilities

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

## PR 1147.3



### Aggregate Facilities

- Staff in data gathering phase
- Facility surveys mailed  
March 22, 2019
- Public Hearing:  
2<sup>nd</sup> 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 South Coast AQMD ensure that sufficient offsets are available to satisfy NSR requirements?

**OFFSET  
AVAILABILITY**

# Background

- Federal CAA 110(I) 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(I) 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. NO<sub>x</sub> 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

\*To be changed to 10 tons per year after reclassification of Coachella Valley to "extreme" for 1997 8-hour ozone standard

# 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 **Actual Emissions-to-Potential to Emit (PTE)**
- EPA's 2002 NSR Reform did not change the applicability test for new major sources
  - **Actual Emissions-to-PTE** was maintained

Baseline Actuals  
Emissions:

Emissions during any consecutive 24-month period over the past 10 years (5 years for Electricity Generating Facilities)

Actuals  
Emissions:

Emissions during the immediately preceding 24-month period or other 24-month period which is representative of normal operations

# Projected Actual Emissions

**Projected Actual Emissions** = Maximum Projected Emissions – Demand Growth

- Maximum projected emissions are based on the company's representation of business activity (next 5 years or 10 years if increased capacity)
- Demand Growth represents the increase in emissions that an existing unit actually and physically could have accommodated
- Staff 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 typically less than **PTE**
  - Using **Projected Actual Emissions** could result in fewer facilities being subject to BACT
  - Maximum projected emissions and demand growth are difficult to calculate and verify

# Applicability Test Under Existing Regulation XIII

- For new major sources, Regulation XIII requires **Actual Emissions-to-PTE**
  - 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 Emissions-to-PTE**
  - Consistent with EPA 2002 NSR Reform applicability test
- For post-NSR existing sources, Regulation XIII applicability is based on the pre- and post-modification PTE (**PTE<sub>Pre-Modification</sub>-to-PTE<sub>Post-Modification</sub>**)
  - Inconsistent with EPA 2002 NSR Reform applicability test which requires **Baseline Actual Emissions-to-Projected Actual Emissions** or **Actual Emissions-to-PTE**

\* 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 also allows Baseline Actual Emissions to Projected Actual Emissions. Staff believes using Projected Actual Emissions 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** test
- If there is an increase between pre-modification **Actual Emissions** and post-modification **PTE**, then project is 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<sub>Post-Modification</sub>**
- Under Regulation XIII, offsetting for modifications of post-NSR major sources is based on **PTE<sub>Pre-Modification</sub>**-to-**PTE<sub>Post-Modification</sub>**
- Staff is working with EPA to explore potential options for calculating the amount of offsets required 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 discussing 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**
  - Quantity of offsets required is based on a two tier approach of **PTE-to-PTE** if certain conditions are met, then **Actual Emissions-to-PTE**
- Staff will continue working with EPA on both initial proposals

# Contacts

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