



**South Coast
Air Quality Management District**
21865 Copley Drive, Diamond Bar, CA 91765
(909) 396-2000, www.aqmd.gov

STATIONARY SOURCE COMMITTEE MEETING

Committee Members

Council Member Ben Benoit, Chair
Senator Vanessa Delgado (Ret.)
Board Member Gideon Kracov
Council Member Judith Mitchell
Supervisor V. Manuel Perez
Supervisor Janice Rutherford

May 15, 2020 ♦ 10:30 a.m.

Pursuant to Governor Newsom's Executive Orders N-25-20 (March 12, 2020) and N-29-20 (March 17, 2020), the South Coast AQMD Stationary Source Committee meeting will only be conducted via video conferencing and by telephone. Please follow the instructions below to join the meeting remotely.

ELECTRONIC PARTICIPATION INFORMATION (Instructions provided at bottom of the agenda)

Join Zoom Webinar Meeting - from PC or Laptop
<https://scaqmd.zoom.us/j/98486824939>

Zoom Webinar ID: 984 8682 4939 (applies to all)

Teleconference Dial In

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Audience will be allowed to provide public comment through telephone or Zoom connection during public comment periods.

PUBLIC COMMENT WILL STILL BE TAKEN

AGENDA

Members of the public may address this body concerning any agenda item before or during consideration of that item (Gov't. Code Section 54854.3(a)). If you wish to speak, raise your hand on Zoom or press Star 9 if participating by telephone. All agendas for regular meetings are posted at South Coast AQMD, 21865 Copley Drive, Diamond Bar, California, at least 72 hours in advance of the regular meeting. Speakers may be limited to three (3) minutes each.

CALL TO ORDER

INFORMATION ITEMS (Items 1 through 2)

1. **Reasonably Available Control Technology (RACT) Demonstration and Emissions Statement Certification for 2015 8-Hour Ozone Standard** (15 mins) Zorik Pirveysian
(No Motion Required)
Planning and Rules
Manager
Staff will provide a summary of the RACT Demonstration and Emissions Statement Certification for the 2015 8-hour ozone standard as required by the federal Clean Air Act.
(Written Material Attached)
2. **Overview of New Source Review for the RECLAIM Transition** (20 mins) Susan Nakamura
(No Motion Required)
Assistant Deputy
Executive Officer
Staff will provide an overview of Regulation XIII – New Source Review and Rule 2005 – RECLAIM New Source Review and highlight key issues for the transition of RECLAIM facilities to command and control related to New Source Review.
(Written Material Attached)

WRITTEN REPORTS (Items 3 through 4)

3. **Notice of Violation Penalty Summary** Bayron Gilchrist,
(No Motion Required)
General Counsel
This report provides the total penalties settled in April of 2020 which includes Civil, Supplemental Environmental Projects, Mutual Settlement Assessment Penalty Program, Hearing Board and Miscellaneous.
(Written Material Attached)
4. **Monthly Update of Staff's Work with U.S. EPA on New Source Review Issues for the Transition of RECLAIM Facilities to a Command and Control Regulatory Program** Susan Nakamura
(No Motion Required)
This is a monthly update on staff's work with U.S. EPA regarding New Source Review issues related to the RECLAIM transition.
(Written Material Attached)

OTHER MATTERS

5. **Other Business**
Any member of the Committee, or its staff, on his or her own initiative or in response to questions posed by the public, may ask a question for clarification, may make a brief announcement or report on his or her own activities, provide a reference to staff regarding factual information, request staff to report back at a subsequent meeting concerning any matter, or may take action to direct staff to place a matter of business on a future agenda. (Gov't. Code Section 54954.2)

6. Public Comment Period

At the end of the regular meeting agenda, an opportunity is also provided for the public to speak on any subject within the Committee's authority that is not on the agenda. Speakers may be limited to three (3) minutes each.

7. Next Meeting Date: Friday, June 19, 2020 at 10:30 a.m.

ADJOURNMENT

Americans with Disabilities Act and Language Accessibility

Disability and language-related accommodations can be requested to allow participation in the Stationary Source Committee meeting. The agenda will be made available, upon request, in appropriate alternative formats to assist persons with a disability (Gov't Code Section 54954.2(a)). In addition, other documents may be requested in alternative formats and languages. Any disability or language related accommodation must be requested as soon as practicable. Requests will be accommodated unless providing the accommodation would result in a fundamental alteration or undue burden to the South Coast AQMD. Please contact Catherine Rodriguez at (909) 396-2735 from 7:00 a.m. to 5:30 p.m., Tuesday through Friday, or send the request to Crodriguez@aqmd.gov.

Document Availability

All documents (i) constituting non-exempt public records, (ii) relating to an item on an agenda for a regular meeting, and (iii) having been distributed to at least a majority of the Committee after the agenda is posted, are available by contacting Catherine Rodriguez at (909) 396-2735, or send the request to Crodriguez@aqmd.gov.

INSTRUCTIONS FOR ELECTRONIC PARTICIPATION

Instructions for Participating in a Virtual Meeting as an Attendee

As an attendee, you will have the opportunity to virtually raise your hand and provide public comment.

Before joining the call, please silence your other communication devices such as your cell or desk phone. This will prevent any feedback or interruptions during the meeting.

Please note: During the meeting, all participants will be placed on Mute by the host. You will not be able to mute or unmute your lines manually.

After each agenda item, the Chairman will announce public comment.

A countdown timer will be displayed on the screen for each public comment.

If interpretation is needed, more time will be allotted.

Once you raise your hand to provide public comment, your name will be added to the speaker list. Your name will be called when it is your turn to comment. The host will then unmute your line.

Directions for Video ZOOM on a DESKTOP/LAPTOP:


- If you would like to make a public comment, please click on the **“Raise Hand”** button on the bottom of the screen.
- This will signal to the host that you would like to provide a public comment and you will be added to the list.

Directions for Video Zoom on a SMARTPHONE:

- If you would like to make a public comment, please click on the **“Raise Hand”** button on the bottom of your screen.
- This will signal to the host that you would like to provide a public comment and you will be added to the list.

Directions for TELEPHONE line only:


- If you would like to make public comment, please **dial *9** on your keypad to signal that you would like to comment.



Reasonably Available Control Technology Demonstration and Emissions Statement Certification for 2015 Ozone Standard

Stationary Source Committee

May 15, 2020



Background – 2015 8-hour Ozone Standard

- In 2015, the U.S. EPA strengthened the National Ambient Air Quality Standards (NAAQS) for ozone to 70 parts per billion (ppb)
- Nonattainment classifications for South Coast Air Basin and Coachella Valley

Standard	Level	South Coast Classification	Coachella Valley Classification	Attainment Date
2015 8-hour Ozone	70 ppb	Extreme	Severe	August 3, 2038 (South Coast) August 3, 2033 (Coachella Valley)
2008 8-hour Ozone	75 ppb	Extreme	Severe	July 20, 2032 (South Coast) July 20, 2027 (Coachella Valley)
1997 8-hour Ozone	80 ppb	Extreme	Extreme*	June 15, 2024 (both South Coast and Coachella Valley)
1979 1-hour Ozone	120 ppb	Extreme	Attainment	February 6, 2023 (South Coast)

*Voluntary reclassification from severe to extreme in September 2019

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Key SIP Elements and Due Dates for Severe and Extreme Nonattainment Areas

	8/3/2020	8/3/2021	8/3/2022	8/3/2028
Severe and Extreme Areas	Baseline Year Emissions Inventory	Nonattainment New Source Review	Attainment Demonstration	Section 185 Fee Program (Failure to attain)
	Emissions Statement		Reasonably Available Control Measures	
	Reasonably Available Control Technology Demonstration		Reasonable Further Progress	
	Vehicle Miles Traveled Offset		Conformity	
			Contingency Measures	
Extreme Area Only		Clean Fuels for Boilers	<div style="border: 2px solid blue; padding: 5px; display: inline-block;"> 2022 AQMP </div>	



RACT - Background

- Reasonably Available Control Technology (RACT)

- “Lowest emission limitation that a particular source is capable of meeting by the application of control technology that is reasonably available considering technological and economical feasibility” (*44 Federal Register 53762, September 17, 1979*)

- Guidance

- Based on current information at time of development
- Considers controls achieved in practice to be feasible (economically and technologically)
- Includes EPA’s Control Techniques Guidelines at minimum (*CAA §182(b)(2)*)





What Emission Sources are Subject to RACT?

EPA Control Technique Guidelines Sources

40+ Control Technique Guidelines sources such as:

- Bulk Gasoline Plants
- Leaks from Petroleum Refinery Equipment
- Petroleum Liquid Storage in External Floating Roof Tanks
- Leaks from Natural Gas/Gasoline Processing Plants
- Shipbuilding and Ship Repair Operations (Surface Coating)
- Paper, Film, and Foil Coatings
- Large Appliance Coatings
- Metal Furniture Coatings
- Miscellaneous Metal and Plastic Parts Coatings
- Miscellaneous Industrial Adhesives
- Automobile and Light-Duty Truck Assembly Coatings
- Oil and Natural Gas Industry

Non-CTG Major Stationary Sources

South Coast Air Basin:

- Facilities exceeding 10 tons per year of VOC or NOx emissions

Coachella Valley:

- Facilities exceeding 25 tons per year of VOC or NOx emissions



RACT Demonstration – Approach



EPA Control Technique Guidelines
EPA Alternative Control Techniques
Code of Federal Regulations



California Air Districts

- Antelope Valley AQMD
- Bay Area AQMD
- Mojave Desert AQMD
- Sacramento Metropolitan AQMD
- San Joaquin Valley APCD
- Ventura County APCD



Other States

- Delaware Department of Natural Resources and Environment Control
- Maryland Department of the Environment
- Texas Commission on Environmental Quality



Summary of Findings

- South Coast AQMD rules and regulations closely matched those of other agencies, and meet or exceed RACT level of control, with the exception of Rule 1115 (Motor Vehicle Assembly Line Coating Operations)
 - South Coast AQMD Rule 1115 is not as stringent as the 2008 EPA’s Control Technique Guidelines for Automobile and Light-Duty Truck Assembly Coatings
 - New light-duty motor vehicle manufacturing facilities are operating in the Basin that are subject to this CTG
 - South Coast AQMD commits to amend Rule 1115 to meet the CTG requirements



Key Public Comments



	Comments	Staff Responses
1	EPA Control Technique Guidelines could be out of date; and consider Ultraviolet/Electron Beam (UV/EB) technology as RACT for selected VOC emission sources	<ul style="list-style-type: none"> • EPA’s Control Technique Guidelines help define RACT while current requirements by other agencies reflect the control technologies achieved in practice for a source category • When applicable, UV/EB could be one of the compliance options to meet RACT level of control • UV/EB will be evaluated under all feasible measures for the 2022 AQMP
2	For Rule 1115 (Motor Vehicle Assembly Line Coating Operations) amendment, South Coast AQMD should not “cherry pick” a lower limit from other agencies without also adopting the same averaging time, solids turnover ratio, applicability threshold and exemptions	<ul style="list-style-type: none"> • Feasibility analysis will be conducted during the rule development process • Emission limits and other requirements will be established considering technological feasibility and cost effectiveness



Emissions Statement Certification

- Clean Air Act requires ozone nonattainment areas to have a program that requires emissions statements from stationary sources of NO_x and VOC
- South Coast AQMD Rule 301 (Permitting and Associated Fees) fulfilled the emissions statement requirement for the 2008 ozone standard
 - Rule 301 requires emission reporting from major stationary sources of NO_x and VOC greater than or equal to four tons per year
 - U.S. EPA approved Rule 301 as meeting the emissions statement requirements (84 FR 52005)
- South Coast AQMD certifies that the existing provisions in Rule 301 are adequate in meeting the emissions statement requirement for the 2015 ozone standard

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Public Process



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Overview of New Source Review for the RECLAIM Transition

Stationary Source Committee
May 15, 2020

Background

- At the March Stationary Source Committee meeting, Board Members requested that staff provide an overview of New Source Review (NSR) as it relates to the RECLAIM transition
- Today's presentation is a "study session" providing an overview of RECLAIM and Regulation XIII – New Source Review
- Staff will be providing additional study sessions regarding NSR as it relates to the RECLAIM transition



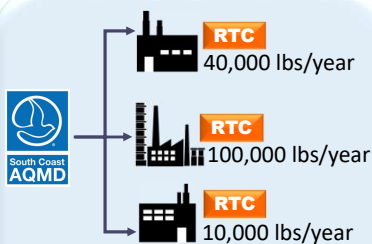


About RECLAIM

- Regional Clean Air Incentives Market (RECLAIM) was adopted on October 15, 1993
- Includes two markets for facilities with NO_x or SO_x emissions \geq 4 tons per year¹
- Market-based program designed to achieve emission reductions and allow compliance flexibility
- U.S. EPA approved RECLAIM as a market incentive program that included RECLAIM New Source Review (NSR) (more details in later slides)

¹ Based on actual emissions reported through the South Coast AQMD's Annual Emissions Reporting up until January 5, 2018

Allocation of RECLAIM Trading Credits (RTCs)



- At the start of RECLAIM, the South Coast AQMD provided each facility with an initial Allocation of RECLAIM Trading Credits or "RTCs" for each year
- Initial Allocations were based on prior years' actual emissions



- RTCs are allocations of emissions in pounds of NO_x for a specified 12-month term
- Each RTC may only be used for emissions in the specified term of that RTC

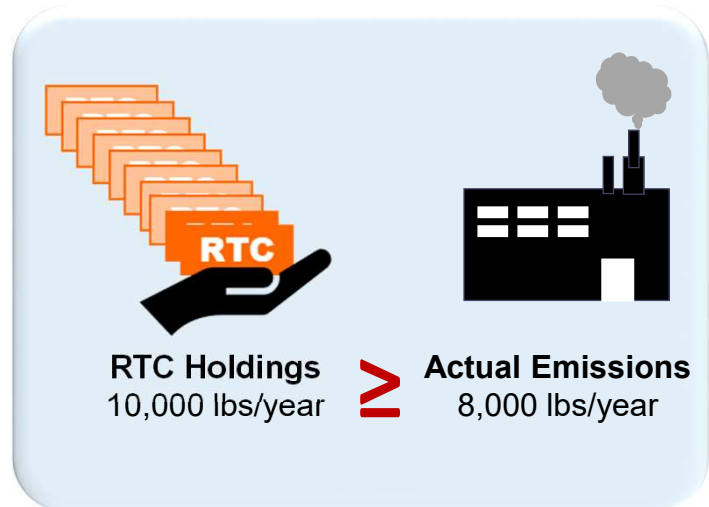
Facility Annual Allocation of RTCs



- Allocations of RTCs decline over time
- Allocations were adjusted or "shaved" two times over the course of RECLAIM

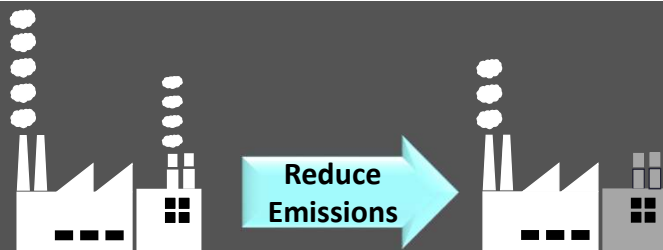
RECLAIM Annual Reconciliation

- At the end of the annual compliance cycle, each facility must hold RTCs that are the same or more than actual emissions
- RTCs are only valid for a single compliance year



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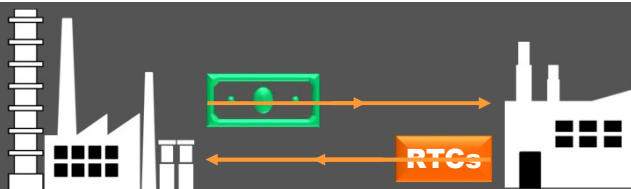
RECLAIM Compliance Options



Reduce emissions through:

- Installation of pollution controls;
- Throughput reductions; or
- Equipment or process shutdowns

OR



Purchase RTCs from:

- Another facility that has excess RTCs; or
- Another entity such as a broker

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Transitioning RECLAIM to Command-and-Control

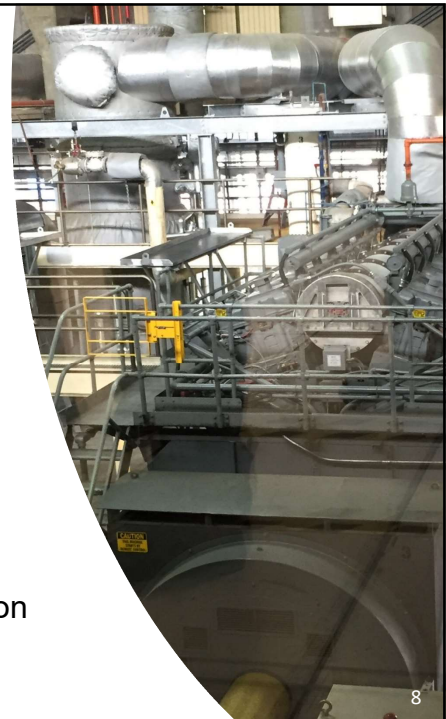
- RECLAIM transition implements control measure CMB-05 in the 2016 Air Quality Management Plan
- Staff has been working on the transition of RECLAIM facilities to a command-and-control regulatory program
- Before facilities can be transitioned out of RECLAIM, NSR issues must be resolved
- NSR is one of the most challenging issues for the RECLAIM transition



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About NSR

- NSR is a regulatory program required by the federal and state Clean Air Acts
- Applies to the installation of new equipment (includes equipment replacements) or modifications to existing equipment, that results in a net increase in emissions
- Before a permit is issued:
 - New or modified equipment must meet the cleanest emission standards achievable; and
 - Any emission increase must be “offset” by emission reductions from other existing sources



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Purpose of NSR

Ensures emission increases from new and modified sources do not interfere with progress towards state and federal air quality standards

Protects air quality while allowing for economic growth and facility modernization



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Federal NSR Requirements



- Federal Clean Air Act has specific NSR provisions that all local agencies must follow
- NSR requirements are designed to be more stringent based on the attainment status of the region
 - South Coast AQMD has the most stringent NSR requirements
- EPA's 2002 NSR reform and other issues will increase the demand for offsets as the South Coast AQMD begins amending its NSR regulatory program
- EPA has commented that modifications to RECLAIM NSR would require review and approval of the entire program since RECLAIM was approved as a market incentives program which included RECLAIM NSR

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Federal Offset Criteria

- Federal Clean Air Act includes specific provisions for generating offsets referred to as the “federal offset criteria”
- Federal offset criteria is designed to ensure that all offsets meet five star test of:
 - **Real:** Emission reductions are real – not “paper” reductions
 - **Quantifiable:** Emission reductions must be verifiable
 - **Permanent:** Permanent through permit conditions or permit inactivation
 - **Enforceable:** Legally and practically enforceable through permit conditions or permit closures
 - **Surplus:** Reductions beyond those required by the Federal CAA for SIP planning or other applicable rules and regulations



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State NSR Requirements



- California Clean Air Act establishes NSR provisions – similar to the federal Clean Air Act that all air districts must follow
- In response to U.S. EPA’s 2002 NSR Reform, SB 288 “Protect California Air Act of 2003” was enacted
- SB 288 requires that:
 - Any amendments to NSR rules or regulations cannot be less stringent than those that existed on December 30, 2002
 - NSR changes that are more stringent than existing provisions are allowed
 - Certain changes that are less stringent are allowed under specific conditions

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South Coast AQMD's NSR Regulatory Program

- South Coast AQMD has two NSR regulatory programs that are both state and federally approved
 - Regulation XIII – New Source Review (for non-RECLAIM facilities)
 - Rule 2005 - RECLAIM New Source Review (RECLAIM facilities)
- Non-RECLAIM facilities must comply with Regulation XIII NSR requirements
- RECLAIM facilities must comply with:
 - Rule 2005 while in RECLAIM; and
 - Regulation XIII after transitioning out of RECLAIM

Regulation XIII New Source Review

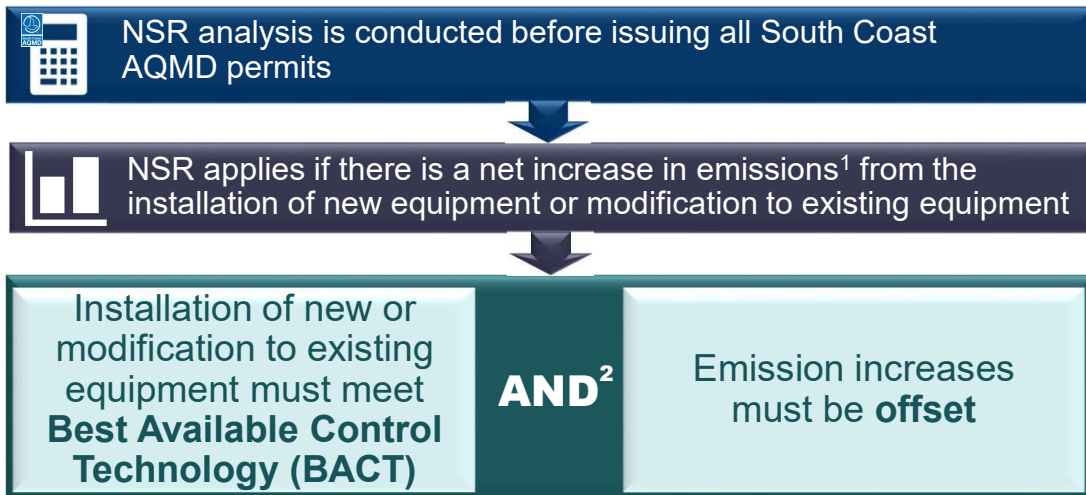
NSR requirements for non-RECLAIM facilities
Pollutants: VOC, NOx, SOx, and PM10

Rule 2005 New Source Review for RECLAIM

NSR requirements for RECLAIM facilities
Pollutants: NOx and SOx

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Basic Concept of NSR



¹ Emissions increase of any non-attainment air pollutant

² Air quality modeling is also required for RECLAIM and non-RECLAIM, no modeling for VOC and SOx

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What is Best Available Control Technology (BACT)?

- BACT means the more stringent emission limitation that is either:
 - Contained in the state implementation plan for the particular class or category of source, unless the limitation is not achievable; or
 - Achieved in practice by that class or category or source
- State¹ definition of BACT is similar to federal Lowest Achievable Emission Rate

¹ California Health and Safety Code Section 40405



Best Available Retrofit Control Technology (BARCT)

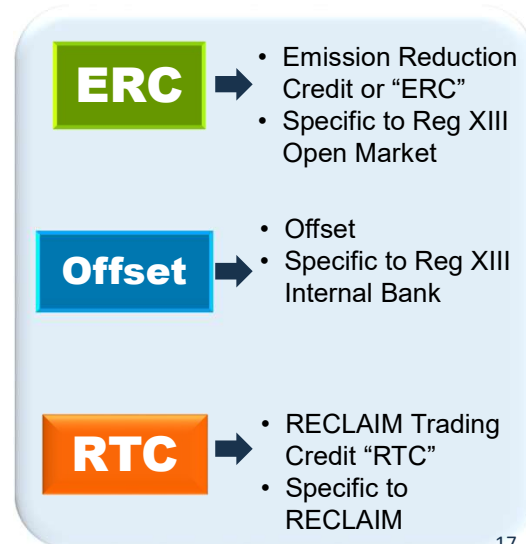
California Health and Safety §40406 defines BARCT as:

“...an emission limitation that is based on the maximum degree of reduction achievable, taking into account environmental, energy, and economic impacts by each class or category of source.”

- BARCT emission limits represent the maximum degree of reduction *achievable*
- BARCT analysis includes a technology assessment and cost-effectiveness analysis
- BARCT emission limits are incorporated in rules for existing sources and applies to equipment retrofits and replacement

What is Offsetting?

- Offsetting is the use of emission reductions from an existing source to offset emission increases
- Under Regulation XIII there are two types of offsets:
 - Emission Reduction Credits or “ERCs” which are specific to the Open Market; and
 - Offsets which are specific to the South Coast AQMD’s Internal Bank
- Under RECLAIM, RTCs can be used as emission offsets

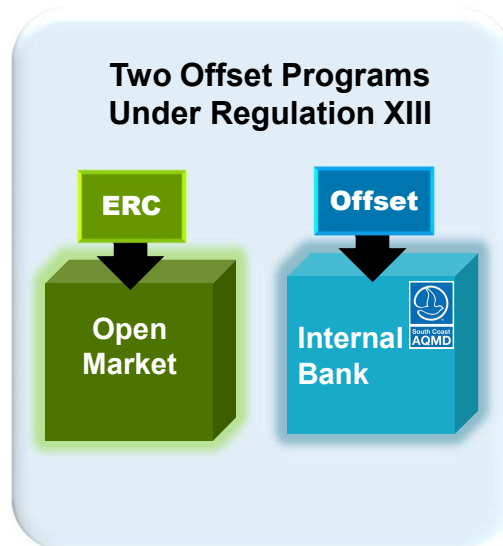


Key NSR Challenge

- As facilities transition out of RECLAIM, they will be subject to Regulation XIII – New Source Review
- One of the most significant challenges for the RECLAIM transition is availability of offsets
- If offsets are not available, permits cannot be issued
- Staff has been working to identify approaches to ensure sufficient emission offsets are available under Regulation XIII
- Revisions to NSR requirements in RECLAIM and/or Regulation XIII must comply with federal and state requirements

Regulation XIII – New Source Review

- Regulation XIII establishes requirements for generating and using offsets for non-RECLAIM facilities
- Regulation XIII has two offset programs
 - Open Market
 - Internal Bank
- Both the Open Market and Internal Bank include offsets for VOC, NO_x, SO_x, and PM₁₀



Overview of the Open Market and Internal Bank

Open Market (ERCs)

- Operators can purchase ERCs from ERC holders
- No restrictions on types of facilities that can use ERCs
- ERC holder sets the price

The diagram shows two stylized human figures. The figure on the left is handing a green box labeled 'ERC' to the figure on the right. A red arrow points from the figure on the left to the figure on the right, and a green arrow points from the figure on the right back to the figure on the left, indicating a transaction.

Internal Bank (Offsets)

- South Coast AQMD manages Offsets in the Internal Bank
- Internal Bank Offsets are free for:
 - Essential Public Services
 - Facilities < 4 ton/year
 - Other facilities that are exempt from providing offsets



- Facility operator submits permit application to expand their operations
- New equipment results in emission increase and triggers New Source Review



- Yes
- BACT is required for any new or modified source where there is a net emission increase



- If eligible, offsets can be obtained for free from the Internal Bank
- All other facilities must obtain offsets from the Open Market



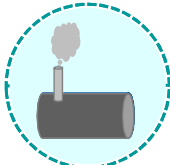
How NSR Works Under Regulation XIII?

How ERCs and Offsets are Generated for the Open Market and Internal Bank

- All offsets for the Open Market and Internal Bank must be generated pursuant to Regulation XIII to ensure they meet the Federal Offset Criteria
- In general, the origin of all offsets is from either over controlling or shutting down a piece of equipment
 - Almost all offsets are generated from equipment shutdowns
- The decision if an ERC or Offset is generated is based on if an ERC application is submitted



Overview of Generation of ERCs for the Open Market



- Operator shuts down boiler



- Operator inactivates permit for boiler



- Operator submits application to generate ERCs
- ERC fee is:
 - ~\$4,800 for non-Title V
 - \$6,000 for Title V

Point where reduction will be an ERC for the Open Market

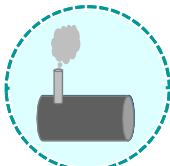


- South Coast AQMD engineers calculate emission reductions
- All ERCs are discounted to BACT level



- South Coast AQMD issues ERC to Applicant

Overview of Generation of Offsets for the Internal Bank



- Operator shuts down boiler



- Operator inactivates permit for boiler; or
- Operator did not pay annual permit renewal fee

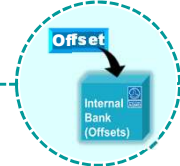


- No ERC application submitted; and
- Operator did not pay annual permit renewal for more than 12 months

Point where reduction will be an Offset for the Internal Bank

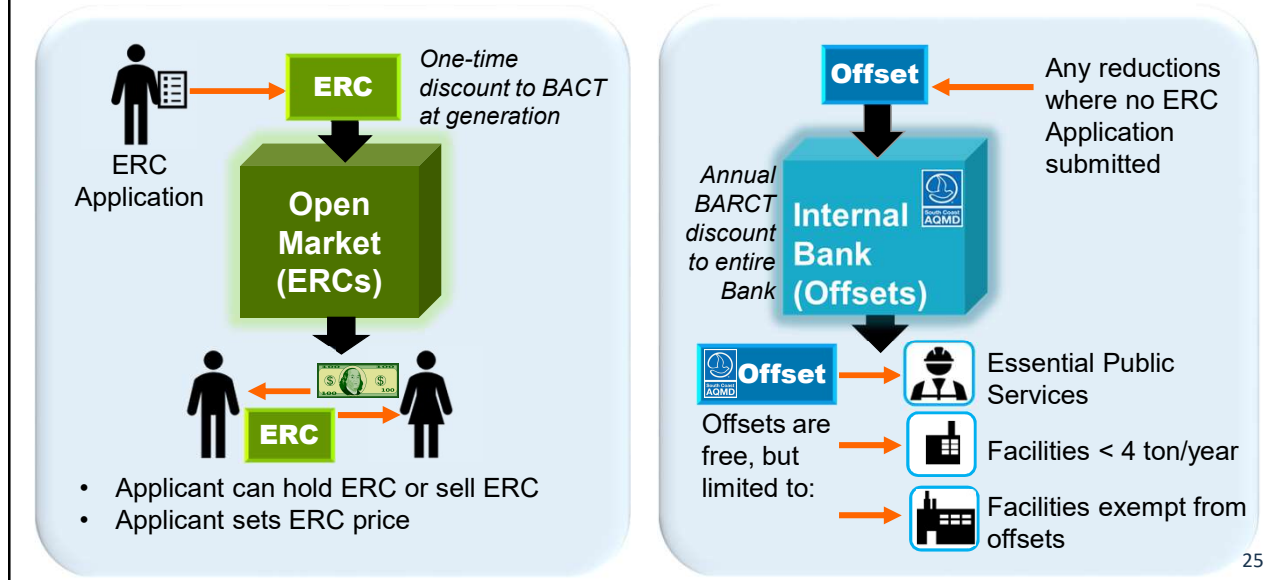


- South Coast AQMD engineers verify:
 - Shutdown and
 - Emission reductions



- Offset is deposited in Internal Bank
- South Coast AQMD programmatically discounts Offsets annually to current BARCT

Summary of Open Market and Internal Bank



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Current Balances of ERCs and Offsets

- Supply of offsets in the Internal Bank are significantly higher than the Open Market
- Origin of reductions are the same
- Many operators do not go through the process to generate an ERC
- Discounting methodologies for ERCs and Offsets are different

Pollutant	Open Market	Internal Bank
	Open Market ERCs (Tons/Day)	Internal Bank Offsets (Tons/Day)
VOC	5.1	107
NOx	0.4	23
PM10	0.7	16
SOx	0.4	4

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Use of ERCs and Offsets After the RECLAIM Transition

- Based on the current structure of the Open Market and Internal Bank, RECLAIM facilities could only access ERCs in the Open Market
 - In general¹, RECLAIM facilities would not be eligible to use the Internal Bank (not essential public services and > 4 tons per year)
- Staff evaluated the current availability of ERCs in the Open Market to assess if there are sufficient NOx ERCs for facilities after the RECLAIM transition

¹ Some RECLAIM facilities may qualify for the Internal Bank because their permitted emissions are < 4 tons/year or are exempt from providing offsets pursuant to Rule 1304.



Based on current supply of ERCs in the Open Market, staff found that the Open Market is not a viable solution for NOx RECLAIM facilities because...

With RECLAIM facilities, the supply of ERCs in the Open Market can be depleted in one year

ERC ownership is limited to a small universe:
5 facilities hold 80% of NOx ERCs

Average price of NOx ERC is **\$100,000 per ton year of NOx**

¹ Based on March 2019 ERC availability

² Based on average ERC transactions between 2008 to 2017

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Issues are Not Limited to NOx ERCs

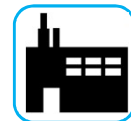
- Concerns for price and availability of offsets in the Open Market are not limited to NOx ERCs
- Based on evaluation of the Open Market, staff found similar issues with SOx and PM10 ERCs
- ERC ownership is limited to a small number of facilities
 - 5 out of 30 facilities hold 58% of SOx ERCs
 - 5 out of 64 facilities hold 65% of PM10 ERCs
- Average price of SOx and PM10 ERCs is high
 - Average price of SOx ERCs is \$375,000 per tons per year
 - Average price of PM10 ERCs is \$735,000 per tons per year

¹ Based on March 2019 ERC availability

² Based on average ERC transactions between 2008 to 2017

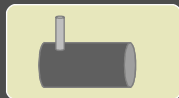
Availability of Offsets in the Internal Bank

- Supply of NOx offsets in the Internal Bank is more than 55 times higher than the Open Market
- Staff has explored the concept of expanding the use of offsets in the Internal Bank for ex-RECLAIM facilities or using offsets to seed an additional Large Source Bank
- U.S. EPA will not allow expanding use of the Internal Bank without approval of the entire program
- Stakeholders have commented on the need to continue ensuring that offsets are available for Essential Public Services and smaller sources that are exempt from providing offsets



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Framing the Challenge



Difficult to increase generation of ERCs – Most ERCs are from shutdowns



Permits cannot be issued if facilities cannot secure offsets



High ERC costs can stop environmentally beneficial projects from moving forward



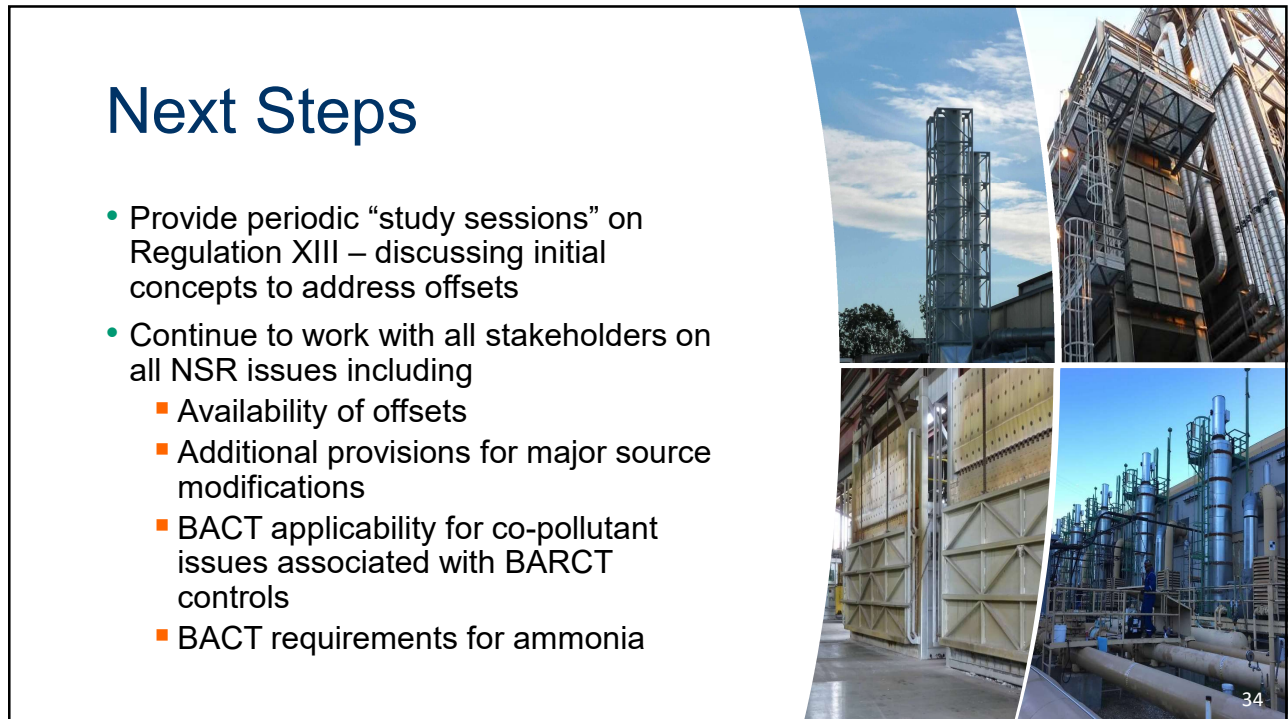
Working within federal and state regulatory boundaries adds to the complexity

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Path Forward

- Staff has been working with U.S. EPA to develop a path forward to ensure there are sufficient offsets for RECLAIM facilities
- Initial concepts have been presented to the Regulation XIII Working Group
- Staff suggests an additional study session to discuss initial concepts



Next Steps

- Provide periodic “study sessions” on Regulation XIII – discussing initial concepts to address offsets
- Continue to work with all stakeholders on all NSR issues including
 - Availability of offsets
 - Additional provisions for major source modifications
 - BACT applicability for co-pollutant issues associated with BARCT controls
 - BACT requirements for ammonia

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
General Counsel's Office
DRAFT**

April 2020 Settlement Penalty Report

Total Penalties

Civil Settlements:	\$90,145.00
MSPAP Settlements:	\$800.00
Hearing Board Settlements:	\$77,000.00

Total Cash Settlements: \$167,945.00

Total SEP Value: \$0.00

Fiscal Year through 4 / 2020 Cash Total: \$11,910,555.36

Fiscal Year through 4 / 2020 SEP Value Only Total: \$0.00

Fac ID	Company Name	Rule Number	Settled Date	Init	Notice Nbr	Total Settlement
Civil Settlements						
3417	AIR PROD & CHEM INC	3002(c)(1)	4/10/2020	NSF	P68955 P68956 P68957 P68958	\$56,900.00
39133	COOPER & BRAIN, B & B LEASE	1148.1 1173	4/22/2020	KCM	P63263 P63264	\$9,250.00
346	FRITO-LAY, INC.	2004 2012	4/10/2020	TRB	P66209	\$1,500.00
9163	INLAND EMPIRE UTL AGEN, A MUN WATER DIS	203 1146 3002	4/10/2020	WBW	P65032 P65033	\$10,000.00

Fac ID	Company Name	Rule Number	Settled Date	Init	Notice Nbr	Total Settlement
45746	PABCO BLDG PRODUCTS LLC,PABCO PAPER, DBA	2004 2012	4/22/2020	TRB	P66101 P68307	\$2,500.00
37603	SGL TECHNIC INC, POLYCARBON DIVISION	2004	4/10/2020	TRB	P65582 P66220 P68253	\$1,500.00
160437	SOUTHERN CALIFORNIA EDISON	2004 3002	4/17/2020	TRB	P64383 P64420	\$7,500.00
1634	STEELCASE INC, WESTERN DIV	2004(f)(1)	4/16/2020	SH	P65367	\$995.00

Total Civil Settlements: \$90,145.00

Fac ID	Company Name	Rule Number	Settled Date	Init	Notice Nbr	Total Settlement
MSPAP Settlements						
148163	NELSON'S CLEANERS	1421	4/17/2020	TF	P68754	\$375.00
46138	PARIS CLEANERS	1421	4/17/2020	TF	P69301	\$50.00
135682	VASQUEZ MAINTENANCE	461	4/17/2020	TF	P66379	\$375.00
Total MSPAP Settlements: \$800.00						

Fac ID	Company Name	Rule Number	Settled Date	Init	Notice Nbr	Total Settlement
Hearing Board Settlements						
104234	MISSION FOODS CORPORATION	202 203(b) 1153.1 1303	4/16/2020	KCM	5400-4	\$50,000.00
181758	RUDOLPH FOODS WEST, INC.	202	4/17/2020	KCM	6168-1	\$2,000.00
175187	VENICE BAKING, TORRANCE FACILITY	202(a) 203(a)	4/10/2020	KCM	6144-1	\$25,000.00

Total Hearing Board Settlements: \$77,000.00

**SOUTH COAST AQMD'S RULES AND REGULATIONS INDEX
FOR APRIL 2020 PENALTY REPORT**

REGULATION II - PERMITS

- Rule 202 Temporary Permit to Operate
- Rule 203 Permit to Operate

REGULATION IV - PROHIBITIONS

- Rule 461 Gasoline Transfer and Dispensing

REGULATION XI - SOURCE SPECIFIC STANDARDS

- Rule 1146 Emissions of Oxides of Nitrogen from Industrial, Institutional and Commercial Boilers, Steam Generators, and Process Heaters
- Rule 1148.1 Oil and Gas Production Wells
- Rule 1153.1 Emissions of Oxides of Nitrogen from Commercial Food Ovens
- Rule 1173 Fugitive Emissions of Volatile Organic Compounds

REGULATION XIII - NEW SOURCE REVIEW

- Rule 1303 Requirements

REGULATION XIV - TOXICS

- Rule 1421 Control of Perchloroethylene Emissions from Dry Cleaning Operations

REGULATION XX - REGIONAL CLEAN AIR INCENTIVES MARKET (RECLAIM)

- Rule 2004 RECLAIM Program Requirements
- Rule 2012 Requirements for Monitoring, Reporting, and Recordkeeping for Oxides of Nitrogen (NOx) Emissions

REGULATION XXX - TITLE V PERMITS

- Rule 3002 Requirements for Title V Permits

May 2020 Update on Work with U.S. EPA on New Source Review Issues for the RECLAIM Transition

At the October 5, 2018 Board meeting, the Board directed staff to provide the Stationary Source Committee with a monthly update of staff's work with U.S. EPA regarding resolving NSR issues for the transition of facilities from RECLAIM to a command and control regulatory structure. The table below summarizes key activities over the past month.

Item	Discussion
Teleconference with U.S. EPA – April 30, 2020	<ul style="list-style-type: none"> • Discussed with U.S. EPA concepts for a new Large Source Bank
Teleconference with U.S. EPA – May 7, 2020	<ul style="list-style-type: none"> • Continued discussions with U.S. EPA regarding concepts for the Large Source Bank • Reviewed material for the May RECLAIM and Regulation XIII working group meetings
RECLAIM and Regulation XIII (New Source Review) Working Group Meeting – May 14, 2020	<ul style="list-style-type: none"> • Provided updates on rulemakings for the RECLAIM transition • Presented a summary of the March 5, 2020 video conference with U.S. EPA • Discussed concepts to establish a new Large Source Bank <ul style="list-style-type: none"> ○ Provided a general overview about offset generation and Federal integrity criteria for offsets ○ Discussed initial discounting concepts to ensure offsets for the Large Source Bank are surplus