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Re: Proposed Rule 1153.1 Comments

Dear Mr. Krause and Ms. Farr:

On behalf of the undersigned organizations, we submit comments on the proposed amendments to Rule 1153.1. On March 2, 2023, eleven organizations submitted comments, and we incorporate those comments by reference here. First off, we appreciate the workshop that took place this month on this important rule. We encourage swift adoption of this first measure that will apply zero-emission Best Available Retrofit Control Technology (BARCT) standards for stationary sources.

I. Great Urgency Exists to Adopt this Rule.

During the workshop, some speakers requested delays. While some industry stakeholders may not have urgency to achieve emissions reductions, we want to reiterate the need to reduce pollution in the most polluted region of the country. Thus, there is great urgency to move

forward with this rule no later than the June Governing Board meeting. We are on the precipice of failing to attain the 1997 8-hour ozone standard. In addition, we have the need for additional emissions reductions to achieve the annual PM2.5 standard. Rules like this are critical to achieving emission reductions, in addition to allowing staff to move onto other life-saving rules.

Also importantly, this rule is critical to wrapping up the transition away from the harmful RECLAIM program. As implementation of the 2016 AQMP continues, we really appreciate the Governing Board's wise decision to shift the Nitrogen Oxide (NOx) and Sulfur Oxide (SOx) RECLAIM program to a command-and-control system. Ensuring the largest stationary sources in the South Coast Air Basin actually install state-of-the-art and life-saving pollution controls is critical to providing cleaner air to millions of breathers in the region. With only two landing rules left, we are very close to wrapping up this transition.

And wrapping up is critical because we have consistently been critical of the RECLAIM program over the years. Indeed, our concerns have been substantiated as the evidence shows facilities in the RECLAIM program pollute our air more than they would if a command-and-control system was in place. In fact, the South Coast AQMD staff's review of the permit database determined that "well over half of the equipment at RECLAIM facilities is currently **not at BARCT**."[1] AQMD Staff's analysis shows that approximately 60% of the equipment in the RECLAIM program does not meet the Best Available Retrofit Control Technology (BARCT) standard. This means the most ozone-polluted basin in the country operates a pollution control system where more than half of the equipment does not even meet standards that staff has determined are achievable when taking into account costs and technological feasibility. Moving forward quickly to complete the RECLAIM transition – including adoption of this rule – is therefore very important.

II. Commercial cooking is a prime place for electrification.

This is a perfect category to start advancing zero-emission technologies in the stationary source arena. We particularly appreciate reevaluating BARCT quickly. We encourage future rulemakings in the large combustion and commercial combustion categories to proceed with this speed in the coming years. We also appreciate places where South Coast AQMD identifies that electric technologies are actually cheaper than methane-burning technologies (e.g., smokehouse ovens). Finally, we applaud the inclusion of a zero-emission standard in Phase III for Tortilla Ovens.

III. Baking Facilities are Already Heavily Electrified.

One of the interesting things about this working group and some of the naysayers of zero-emission technologies is the failure to recognize that these operations are already heavily electrified. The following chart from the 2012 White Paper *called Energy Efficiency Improvement*

[1] SCAQMD, RECLAIM Transition Plan Version 1.0, at p. vi (March 2018), *available at* http://www.aqmd.gov/docs/default-source/rule-book/Proposed-Rules/regxx/draft-transition-plan-version1-final.pdf?sfvrsn=6 (emphasis added).

and Cost Saving Opportunities for the Baking Industry An ENERGY STAR® Guide for Plant and Energy Managers by Eric Masanet, Peter Therkelsen, and Ernst Worrell provides the following chart outlining baking system components for a range of products.[2]

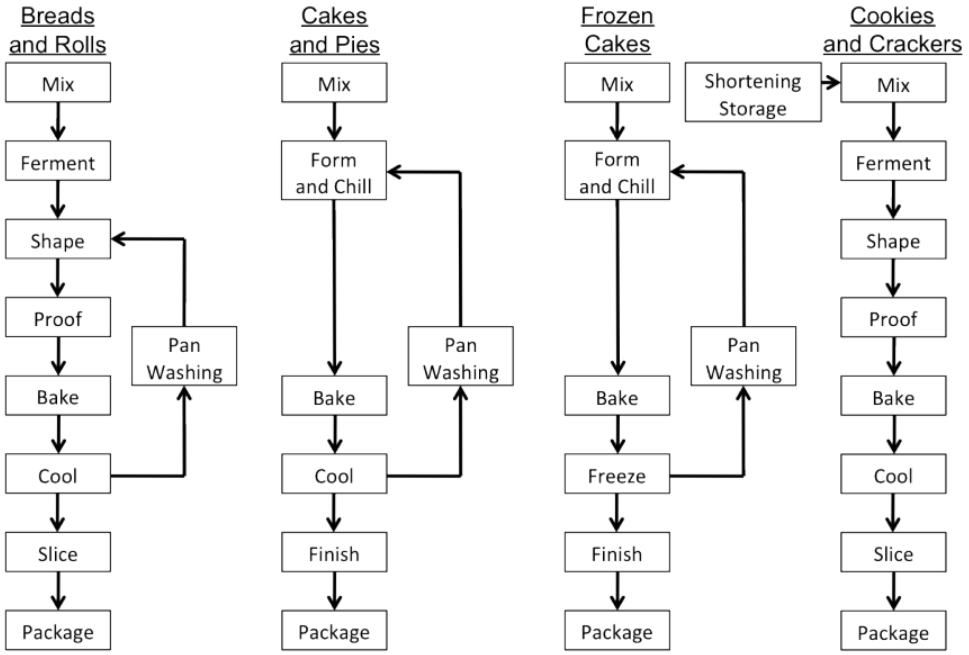

Figure 1. Bakery product production processes

The report recognizes that for "non-frozen products, baking is the largest energy consumer ranging between 26 and 78% of total energy." Thus, even for energy intensive products like cookies and crackers, there are still electrical components all along the system. Moreover, for frozen products, electrical equipment makes up more than half of the energy use. The following chart[3] demonstrates just how intensive making frozen cakes, pies and other pastries is:

Table 5. Frozen cakes, pies, and other pastries (311813) energy requirement per pound of product

BTU/pound of product	Steam	Fuel	Refrigeration	Other Electricity	Percent of Total
Mix	0.0	0.0	0.0	114.5	5%
Form and Chill	108.0	0.0	0.0	0.0	5%
Bake	0.0	555.6	0.0	19.1	26%
Freeze	0.0	0.0	722.1	0.0	32%
Pan Washing	422.0	0.0	0.0	80.2	22%
Finish	0.0	0.0	0.0	114.5	5%
Package	0.0	0.0	0.0	114.5	5%
Total	530.0	555.6	722.1	442.8	1750.5

Source: Adapted from (Sikirica et al. 2003)

This already heavy electric use at these facilities means that rational actors are already looking to ways to reduce energy use. For example, Bimbo bakeries announced in 2022 its plans for an onsite renewable energy microgrid at many facilities, including the Montebello facility in the

[2] Full paper is available at the following url: https://www.osti.gov/servlets/purl/1172002.
[3] Eric Masanet, Peter Therkelsen, and Ernst Worrell *Energy Efficiency Improvement and Cost Saving Opportunities for the Baking Industry An ENERGY STAR® Guide for Plant and Energy Managers*, at p. 7.

South Coast Air Basin.[4] While some of the lobbyists for industry may be myopically looking at this rule as simply switching out methane burning equipment for electric equipment, the rule provides a golden opportunity to couple this shift with energy efficiency and use of clean energy resources like microgrids.

IV. While grid capacity is an important topic, the small number of pieces of equipment at issue in this rule makes it an inappropriate place for broader discussions about grid capacity.

The 2022 AQMP process began in October 2019.[5] After three years of work, the Governing Board adopted the plan in December 2022. After myriad meetings, workshops, and Governing Board discussions, the Board landed on a direction that we must pursue zero emissions. The process even included a robust infrastructure working group. Importantly, the final approval happened in a bipartisan and overwhelming fashion. Nine Board Members voted for the plan, and two Board Members voted against the plan. Two Board Members were absent. Some of the discussion during the February working group meeting seemed to be a re-litigation of this plan, which is not a good use of time.

As a reminder on the grid capacity issue, Michael Carroll from Latham and Watkins, on behalf of the Western States Petroleum Association, proposed a resolution about the concept of grid capacity and having an annual report back to the Mobile Source Committee on this topic. Even though Mr. Carroll ultimately withdrew his resolution request, the Board Chair[6] stated that the agency would follow through on this desire to discuss grid capacity for zero-emission technologies at the Mobile Source Committee.

We encourage staff to follow the sage advice of then Chair Benoit and have these broader discussions at the Mobile Source Committee. It is not appropriate (and in fact inefficient) to have the broader discussion in each and every rule that is undergoing rulemaking. We agree that understanding additional power needs, infrastructure, and other considerations for this universe of equipment is needed for this rule. But, we do not need meandering debates about the entire grid for the complete conversion of the region to zero emissions during this rulemaking, which covers only a small and discrete universe of equipment. We also note that the analysis staff completed on slide 7 of its Working Group 7 presentation pasted below represents a "worst case" scenario.

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[4] Bimbo Bakeries, *Bimbo Bakeries USA Announces Multi-Site Energy Conservation Plan Through Partnership With Greenstruxture* (March 22, 2022) *available at* **https://www.bimbobakeriesusa.com/press/2022-03-28/bimbo-bakeries-usa-announces-multi-site-energy-conservation-plan-through.**

[5] SCAQMD, Final 2022 AQMP, at 9-4.

[6] SCAQMD, Agenda Item No. 2, January 6, 2023 Governing Board Meeting, *available at* http://www.aqmd.gov/docs/default-source/Agendas/Governing-Board/2023/2023-jan6-002.pdf?sfvrsn=4.

Potential Increased Energy Demand from PAR 1153.1

	2021 Power Usage Gigawatt hours (GWh)
California	277,764*
South Coast AQMD	124,994^
PAR 1153.1	0.09▪
Percent Impact	0.00007%

Thus, even with a worst-case scenario analysis, this paltry energy use impact does not merit concerns that this will harm our grid.

V. Future effective date.

We suggest that the future effective date not be drawn too far out into the future for zero-emission standards. Given that the rule will require the installation of zero-emission technologies at the end of equipment life, we suggest that a pace that could allow complete conversion before the attainment deadline for the 2008 8-hour ozone standard would be an appropriate end date. We remain concerned that some of the dates in the rule will happen way out into the future – even beyond the attainment date for the 2015 ozone standard.

Moreover, we suggest an even swifter conversion schedule for smokehouse ovens, given the cost savings of electric technologies compared to gas.

VI. Alternative Compliance Plans

Alternative Compliance Plan (ACP) applications should be published on the AQMD website in a clearly disclosed place. In addition, acceptance or rejections of the ACPs should be posted in the same place on the website.

VII. Interim Emissions Limits.

We support interim emissions limit provisions for RECLAIM facilities.

VIII. One pound or less exemption.

While we do not oppose the 1 lb or less exemption in this rule, we would like to understand the path to get this smaller equipment to zero emissions. Based on an initial analysis, we believe the universe of commercial ovens less than 1 lb may be substantial in the South Coast Air Basin. Given that this equipment could move to zero emissions quickly, it would be good to articulate where these ovens get covered in control measure(s) in the 2022 AQMP.

IX. Technology check-in.

We support the technology check-in approach outlined in the presentation. We do suggest adding a presentation on tortilla oven technology in 2025, as opposed to just 2028 given that there could be advances in this technology in the next couple of years.

X. Incentive Program.

Given that Phase I compliance may mean some entities replace their gas burners with newer burners before 2027, we suggest that the Air District develop a $5-10 million incentive program to encourage shifts to zero-emission technologies sooner by covering the incremental cost difference between gas technologies and electric technologies. This program should be limited to encourage near-term actors to receive funds, while not allowing incentives for those who wait to install zero-emission equipment.

XI. Conclusion.

We appreciate your consideration of these comments. We look forward to the passage of this first regulation that sets a zero-emission stationary source standard in the country.

Sincerely,

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