

NO_x RECLAIM Working Group Meeting

March 24, 2017

SCAQMD

Diamond Bar, CA

RECLAIM Program Recent Actions

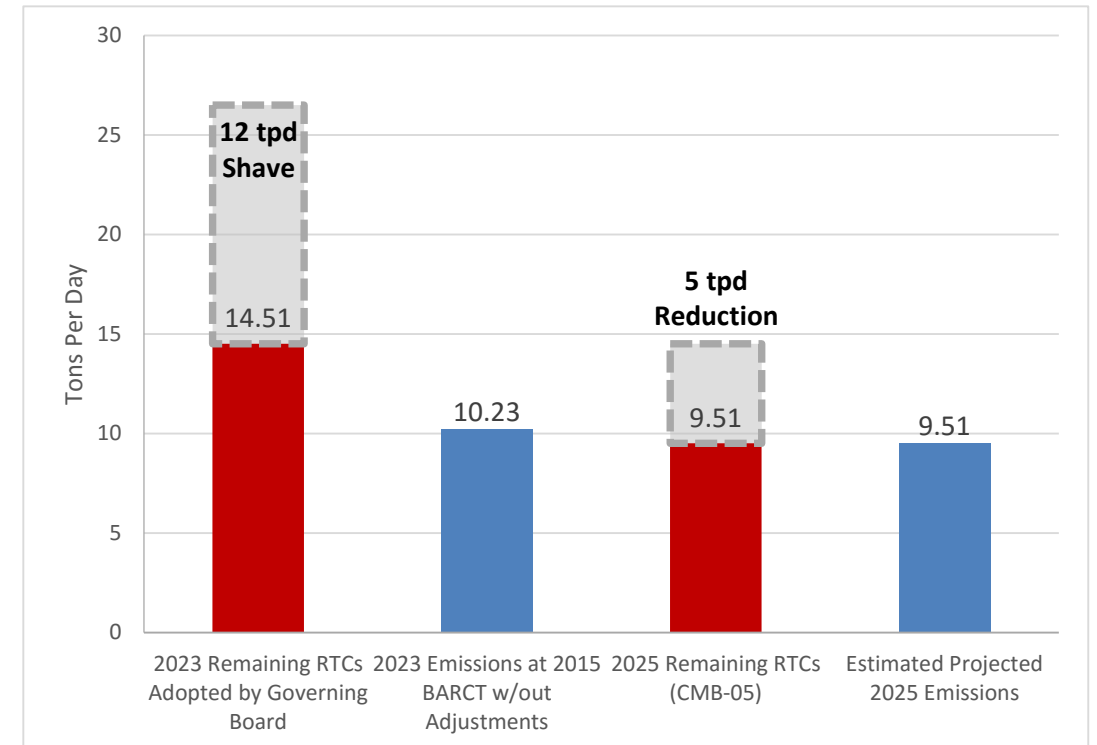
- December 2015 amendments established a 12 tpd NO_x RTC shave which will end in 2022 (current NO_x reduction commitment)
- October 2016 amendments established provisions for facility shutdowns and the handling of RTCs (prevents excess NO_x RTCs in the market and encourages the installation of BARCT)
- 2016 Air Quality Management Plan Control Measure CMB-05 called for further NO_x reductions from an assessment of the RECLAIM program, including:
 - A 5 ton per day NO_x reduction to be achieved no later than 2031; and
 - Develop options and timing for a transition to a command-and-control regulatory structure

2016 Final AQMP Resolution

- Adopted at March 3, 2017 Governing Board Meeting:
“BE IT FURTHER RESOLVED, that the SCAQMD Governing Board does hereby direct staff to modify the 2016 AQMP NOx RECLAIM measure (CMB-05) to achieve the five (5) tons per day NOx emission reduction commitment as soon as feasible, and no later than 2025, and to transition the RECLAIM program to a command and control regulatory structure requiring BARCT level controls as soon as practicable, and to request staff to return in 60 days to report feasible target dates for sunseting the RECLAIM program.”

Achieving the 5 tons per day NOx Reduction

- Emission Reduction
 - Final year of current NOx shave is 2022
 - New BARCT analysis may be required for additional NOx reductions by 2025
 - Existing margin between projected 2023 emissions and RTC holdings = 4.28 tpd
- Sunsetting the Program (Command-and-Control)
 - No need for “margin”
 - Less frequent BARCT assessments
 - Re-examine stringent reporting requirements



60-Day Report on Feasible Timing for Sunset

- Potential Approach

- By 2025 align both Governing Board Directives:

- Reduce NOx RTCs by 5 TPD, and
 - Completely transition NOx and SOx RECLAIM to a command-and-control regulatory framework

- Basis for approach:

- Excess RTCs (margin) can be applied to the 5 TPD reductions;
 - Greater certainty for facility compliance, that is, investment decisions can consider both 2015 shave and 2016 AQMP (5 tpd + sunset timing)
 - Post 2025, continuing NOx RECLAIM would require 5 tpd additional NOx reductions through significantly narrower compliance margin and/or installation of additional controls

Next Steps

- Next Working Group Meeting: April 19, 2017
- Governing Board Meeting: May 5, 2017
 - Provide best estimate of timing feasibility based on working group feedback
- Subsequent Working Group Meetings to be held monthly
 - Topics:
 - Transition mechanisms
 - Timing of short-term and long term rule amendments
 - Opt-out provisions
 - Options for some flexibility under command-and-control
 - Monitoring and reporting requirements