

BOARD MEETING DATE: March 6, 2015

AGENDA NO. 23

REPORT: Stationary Source Committee

SYNOPSIS: The Stationary Source Committee met Friday, February 20, 2015. Following is a summary of that meeting.

RECOMMENDED ACTION:  
Receive and file.

Dr. Joseph Lyou, Vice Chair  
Stationary Source Committee

MN:am

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### **Attendance**

The meeting began at 10:50 a.m. In attendance at SCAQMD Headquarters were Committee Members Dr. Joseph Lyou and Judith Mitchell. Shawn Nelson (arrived 11:05 a.m., left 12:00 p.m.) and Ben Benoit attended via videoconference. Absent was Dennis Yates. Dr. Joseph Lyou chaired the meeting and suggested taking the agenda items out of order.

## **INFORMATIONAL ITEMS**

### **4. Rule 1148.1 – Oil and Gas Production Wells**

Naveen Berry, Planning and Rules Manager, provided a status report on staff's progress to date on Proposed Amended Rule (PAR) 1148.1 – Oil and Gas Production Wells. Susan Nakamura, Director of Strategic Initiatives, presented a status of Rule 1148.2 - Notification and Reporting Requirements for Oil and Gas Wells and Chemical Suppliers as it relates to Rule 1148.1. Dr. Tom Williams, representing Sierra Club and others, commented that Rule 1148.2 has gone very well, but he was still concerned about the PAR1148.1 and suggested that staff further evaluate: City of Carson's recently revised Odor Ordinance, considered

lower VOC thresholds for all applicable rules, also explicitly regulate hydrogen sulfide. Blair Knox, Director of Regional Affairs, California Independent Petroleum Association, commented several existing rules (e.g., 402, 1173, and 1176) are already implemented to regulate oil and gas facilities' emissions, indicated that electric drilling rigs are infeasible unless sufficient electrical infrastructure is readily available, and that additional proposed requirements are not necessary.

In response to Councilmember Mitchell's query pertaining to the impact of the 1,500 foot distance requirement, Mr. Berry indicated that sources within 1,500 feet of sensitive receptors would be subject to the proposed, more stringent requirements, only through triggers based on the frequency of confirmed odors events. Councilmember Mitchell also suggested expanding the scope of the notifications to the public beyond our web-site through meetings in the community. Dr. Barry Wallerstein committed to this approach through a Board Resolution. Dr. Lyou suggested that data collected under Rule 1148.2 may be helpful to inform voters before they vote on proposed drilling ordinance in the City of Hermosa Beach, and others making decisions about drilling proposals.

### **3. Rule 415 – Odors from Rendering Facilities**

#### **Rule 416 – Odors from Kitchen Grease Processing**

Dr. Philip Fine, Assistant Deputy Executive Officer of Planning and Rules, gave the staff presentation. The development of PRs 415 and 416 is an outgrowth of the Clean Communities Plan (CCP) for Boyle Heights, which identified odors as one of the top community concerns. There have been more than 350 complaints over the ten years or more, but they have trailed off in recent years, perhaps due to lack of awareness of or satisfaction with the complaint response process. Animal rendering and kitchen grease processing, under PR 415, is an important and unique industry that avoids landfilling and other disposal of millions of tons of material for beneficial reuse. The local industry consists of four facilities all located in the Vernon area. PR 416 covers those facilities that process kitchen grease but do not render animal material. PR 416 consists of approximately 10 facilities and is on a different rule development schedule, and as such will come before the Committee in the near future. Odors from processing these materials are difficult to measure and quantify, and some can be fleeting. However, strong odors can travel great distances and can cause health effects, such as nausea, coughing, headache, and respiratory irritation. Often, tracking odors back to a particular source is difficult given the close proximity of the facilities to one other.

The PR 415 concepts include: implementation of odor best management practices (BMPs) in the short term; enclosures vented to odor control equipment or closed systems in the longer term; odor complaint signage; and the use of odor mitigation plans (OMPs) for ongoing odor issues. Key issues include: response and transparency of how odor complaints are handled; effectiveness of Rule 402

provisions for nuisances; a concern that a “one-size-fits-all” approach may not produce the desired results; feasibility of enclosures/odor control equipment; OMP triggers vs. Rule 402 violations; mandatory BMPs vs. a site-specific OMP with facility-specific BMPs; financial impacts of rule compliance; and data on the origin and extent of odors in the Vernon area. For PR 415, two Working Group meetings have been held and a third meeting is scheduled for February 24<sup>th</sup>. A Public Workshop is scheduled for March 5<sup>th</sup> in the community with a close of comments of March 18<sup>th</sup>. A Public Hearing on PR 415 is scheduled for May 1<sup>st</sup>.

Public comments came from two individuals. Jimmy Andreoli II presented comments on behalf of Baker Commodities. Baker is a family-run business, now in its 3rd generation, and began operating in 1937. They are committed to environmental stewardship. Rendering is repurposing of animal waste into useful products and the industry processes billions of material each year and diverts such material from landfills, with the State of California prohibiting disposal of carcasses into landfills. Due to the prevention of greenhouse gas emission resulting from business operations, Baker has negative carbon footprint. Baker wishes to work with staff to address migrating odors and requests additional time to work with staff. Mr. Andreoli stated that the rule as written today would cause Baker to cease operations due to costs and would like additional time to review staff information and receive information from a request of data and information. Lyndy Lewis (Regulatory Compliance Manager) commented for Irvine Ranch Water District regarding PR 416. They agree with the staff presentation that POTWs don't want trap grease in sewer system. Brown grease is desirable to inject directly into digesters and they are expanding operations to receive such material. They want to understand the scope of the rule relative to such facilities that collect fat, oil and grease (FOG). The POTWs would like to be a participant in PR 416 rule development. Irvine Ranch Water District continues working with California Association of Sanitary Agencies (CASA) and Cal Recycle on FOG issues and would like to participate in the rule development process in light of those efforts.

Supervisor Nelson expressed concerns regarding rendering odors and SCAQMD's role in regulating these odors. The odor issue, he said, is a parallel situation to dairy farms in Chino. Odors from rendering existed 80 years before community residents moved in. Residents in the community knew about rendering odors when they bought homes or rented apartments. Very few are still alive in the community that didn't know what they were getting into. Supervisor Nelson said he does not accept the idea that SCAQMD needs to regulate rendering odors if there are no toxics, few health issues from odors and gave a real-life example of when Hunt-Wesson boiled tomatoes in Fullerton, which was a part of landscape in the community. Phone calls regarding odors, he said, does not equal health effects. Community organizers can drive the issue and build momentum. The Board should base decisions on health issues, not complaints, and be objective regarding what needs to be done regarding

odors, if any. Dr. Barry Wallerstein responded that staff is in the midst of rule development and conducting an ongoing dialogue with facility operators. There has been a disagreement with operators over the appropriate level of controls. It should be noted that odors are detectable at Resurrection Church. Dr. Wallerstein has met with one of the facilities of greater concern and they have indicated in writing they can do more to address odors. Trying to address community concerns while balancing responsible facility operations is needed as odors are major concern of the Boyle Heights community, as expressed during CCP meetings. SCAQMD has been involved with similar odor issues for transfer stations. Dr. Wallerstein concluded with an offer to discuss Supervisor Nelson's concerns further with him. He also mentioned, in response to the Supervisor's concern that the comments of Baker Commodities would not go unheeded, that staff was meeting with facility personnel after the Committee meeting.

Councilmember Mitchell asked about the precedent for enclosure and would there be different control measures proposed for the four rendering facilities. Dr. Fine responded that one facility already enclosed part of the operation in response to a prior Notice of Violation. The BMPs are in addition to the enclosure requirement in order to level the playing field. He also stated that control efficiency of odor control equipment is difficult to quantify, but that the rule proposal addresses areas common to all rendering facilities. Dr. Lyou commented in closing that the Executive Officer would be meeting with Supervisor Nelson and the staff will be meeting with the facility, and that he believes the staff will expand their explanation of the health effects associated with odors in the staff report.

### **ACTION ITEM**

#### **1. Annual RECLAIM Audit Report for Compliance Year 2013**

Mohsen Nazemi, Deputy Executive Officer for Engineering and Compliance, gave a brief description of the RECLAIM Audit Report for Compliance Year 2013, which is currently on the agenda for the Governing Board's March 6, 2015 meeting. He pointed out that the results he was discussing were preliminary in that the audit of one RECLAIM facility remained incomplete and that the report presented to the Governing Board would include final data for all RECLAIM facilities.

The 2013 Compliance Year covers January 1, 2013 through June 30, 2014—the twentieth year of the RECLAIM program. The findings in the annual report are consistent with those for prior years. The RECLAIM universe had a net increase of two active facilities, bringing the total number of facilities in the program to 275 as of June 30, 2014. RECLAIM met its aggregate emission goals and the individual facility allocation compliance rates were very high. Compliance Year 2013 NO<sub>x</sub> emissions were 24% below aggregate Allocations. Compliance Year 2013 SO<sub>x</sub> emissions were 35% below aggregate Allocations.

RECLAIM also met all other performance criteria. Federal New Source Review offset ratios were met. There was no significant shift in emissions from winter to summer, and no evidence of increased health risk due to RECLAIM. Although RTC prices were significantly higher than in recent years, the average prices for discrete year and infinite year NOx and SOx RTCs were all well below program review thresholds. One low-priced NOx transaction caused an anomalous average: RTC prices typically decline as expiration approaches but the average price of Compliance Year 2015 RTCs traded in calendar year 2013 was similar to that of Compliance Year 2013 RTCs and significantly lower than that of Compliance Year 2014 RTCs. Average RTC prices in calendar year 2014 followed the typical trend.

Mr. Nazemi concluded by mentioning that investors remained active participants in the RECLAIM market during calendar year 2014; at the end of the year investors held 4.6% of IYB NOx and 0.9% of IYB SOx. He asked that the Stationary Source Committee recommend that the Annual RECLAIM Audit Report for 2013 Compliance Year be presented to the Board for approval.

There were no questions or comments regarding this item from the public and no questions, comments, or discussion on the part of Committee members.

*Moved (Mitchell), seconded (Lyou) and unanimously recommended for approval.*

## **INFORMATIONAL ITEM**

### **2. Reg. IX – Standards of Performance for New Stationary Sources Reg. X – National Emission Standards for Hazardous Air Pollutants**

Philip Fine The staff presentation was waived. Dr. Philip Fine stated that the proposed amendments were to adopt by reference existing federal standards. As the requirements currently exist, they do not represent any new requirements. There were no committee or public comments.

## **WRITTEN REPORTS**

All written reports were acknowledged by the Committee.

## **OTHER BUSINESS**

Mohsen Nazemi provided a brief summary of the incident at ExxonMobil Torrance Refinery. He indicated that on Wednesday morning, February 18, 2015, around 9:00 a.m. the Electrostatic Precipitator (ESP) venting the Fluidized Catalytic Cracking Unit (FCCU) had an explosion which released spent catalyst dust into the air and deposited

around the refinery on neighboring community's cars, homes, and other areas. SCAQMD responded to the incident and deployed both compliance staff and an emergency response team and took air and fallout samples. The results of our sampling and report of the incident will be posted on our web-site. This was in informational item only.

### **PUBLIC COMMENTS**

There were no public comments. Dr. Lyou announced that the next Stationary Source Committee meeting is scheduled for March 20, 2015 and adjourned the meeting at 12:10 p.m.

### **Attachments**

Attendance Roster

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT  
STATIONARY SOURCE COMMITTEE  
February 20, 2015  
ATTENDANCE ROSTER (Voluntary)**

| NAME                          | AFFILIATION                        |
|-------------------------------|------------------------------------|
| Dr. Joseph Lyou               | SCAQMD Governing Board             |
| Mayor Ben Benoit (VT)         | SCAQMD Governing Board             |
| Supervisor Shawn Nelson (VT)  | SCAQMD Governing Board             |
| Councilmember Judith Mitchell | SCAQMD Governing Board             |
| Mohsen Nazemi                 | SCAQMD staff                       |
| Jill Whynot                   | SCAQMD staff                       |
| Elaine Chang                  | SCAQMD staff                       |
| Barbara Baird                 | SCAQMD staff                       |
| Danny Luong                   | SCAQMD staff                       |
| Jean Ospital                  | SCAQMD staff                       |
| Susan Nakamura                | SCAQMD staff                       |
| Joe Cassmassi                 | SCAQMD staff                       |
| Bill Wong                     | SCAQMD staff                       |
| Naveen Berry                  | SCAQMD staff                       |
| Bay Gilchrist                 | SCAQMD staff                       |
| Doug Smith                    | Baker Commodities, Inc.            |
| Dr. Tom Williams              | Sierra Club/CCSC                   |
| Noel Muyco                    | So Cal Gas                         |
| Rita Loof                     | RadTech                            |
| Bill LaMarr                   | California Small Business Alliance |
| David Rothbart                | LA County Sanitation District      |
| Adam Wood                     | Curt, Pringle & Associates         |