

BOARD MEETING DATE: September 4, 2015

AGENDA NO. 31

REPORT: Stationary Source Committee

SYNOPSIS: The Stationary Source Committee met Friday, July 24, 2015.
Following is a summary of that meeting.

RECOMMENDED ACTION:
Receive and file.

Dr. Joseph Lyou, Vice Chair
Stationary Source Committee

MN:am

Attendance

The meeting began at 10:30 a.m. In attendance at SCAQMD Headquarters were Committee Vice Chair Dr. Joseph Lyou and Committee Member Judith Mitchell. Committee Member Ben Benoit attended via videoconference. Absent were Committee Chair Dennis Yates and Committee Member Shawn Nelson.

INFORMATIONAL ITEMS

1. Status Report on Reg. XIII – New Source Review

Mr. William Thompson, Senior Enforcement Manager, gave a brief update. The report shows that SCAQMD is in compliance with the federal New Source Review program. Mr. Thompson noted that the South Coast Air Basin was reclassified as in attainment with federal PM10 standards; therefore, PM10 will be reported in the future for information only, similarly to CO. This item will be presented to the full Board at the September 4, 2015 Board Meeting. There were no questions or comments.

2. Reg. XX – Regional Clean Air Incentive Market

Mr. Joe Cassmassi, Planning and Rules Director, provided the Committee with an update of the proposed amendments to Regulation XX, which include a phased-in 14 ton per day (tpd) NOx RECLAIM Trading Credit (RTC) reduction for the top 90 percent of RTC holders, with a 4 tpd reduction in 2016 followed by 2 tpd reductions

each year from 2018 to 2022. Another change under consideration is the establishment of an Adjustment Account for new power plants that are required to hold RTCs at their potential to emit (PTE) level.

Seven representatives from the regulated community addressed the Committee: Ms. Sue Gornick (Western States Petroleum Association), Mr. Chuck Timms (Cities of Burbank and Pasadena), Mr. Curt Coleman (Southern California Air Quality Alliance), Mr. Steve Park is (Interested Party), Ms. Susan Stark (Tesoro), Mr. Karl Lany (Montrose Environmental), and Mr. Lee Wallace (Southern California Gas Company). Their comments included the amount and schedule for the RTC reductions, the date that would be used to determine RTC reductions, the assumption of equipment life for cost-effectiveness analysis, and emission factors for small sources. Representatives for power plants support the concept of the Adjustment Account for NSR holdings but would like to have the RTCs held by each facility rather than the SCAQMD. Comments also included concern for economic impacts and the robustness of the market after the shave. Several of the commenters requested that they receive information in advance of meetings and that a special session of the Stationary Source Committee be held to allow more time for discussion of the proposed amendments.

Dr. Joseph Lyou, Councilmember Judith Mitchell and Mayor Ben Benoit indicated that a special session of the Stationary Source Committee would be beneficial and that they would convey that to the Chair of the Committee. Councilmember Mitchell requested that the special session be held after the draft CEQA and Socioeconomic assessments are released. She also stated that the current rulemaking schedule needs to provide stakeholders with sufficient time to review and provide comments on the rule documents. She also expressed concerns with some of the municipal power generators' ability to comply with the proposed shave. Councilmember Mitchell also asked if the 4 ton per day reduction in 2016 could be modified. Mayor Benoit concurred with Councilmember Mitchell's comments and encouraged SCAQMD staff to continue working with the stakeholders. Dr. Lyou had questions on why facilities would not be able to install BARCT.

Dr. Philip Fine, Deputy Executive Officer, explained the proposed RTC reduction methodology and the difference in the remaining RTCs after the shave versus the actual emissions. Dr. Lyou encouraged SCAQMD staff to continue working with the stakeholders to resolve any outstanding issues.

3. Rules 1106 – Marine Coating Operations and 1106.1 – Pleasure Craft Coating Operations

Dr. Fine provided an update on the proposed amendments to Rule 1106 – Marine Coating Operations and the proposed rescinding of Rule 1106.1 – Pleasure Craft

Coating Operations. The proposal would revise VOC content limits for certain coatings in order to align with U.S. EPA Control Techniques Guidelines and other California air districts, and add some new categories. The proposed amendment would add provisions for pollution prevention measures, enhanced enforceability, and some changes to improve clarity and consistency.

Ms. Rita Loof (Radtech International) commented that although UV/EB technology does not dominate the marine and pleasure craft coatings market, industry is using UV/EB technology. Ms. Loof also stated that the lowest VOC limit in the rule is 275 grams per liter, and that UV/EB coatings are less than 50 grams per liter. Section (f), recordkeeping requirements, of Proposed Amended Rule 1106 should be clarified to specify that the current exemption in Rule 109 for UV/EB materials is not jeopardized. She requested that Test Method D7767 for thin film UV/EB curable materials be included in section (h) of the rule. In addition, flexibility should be allowed for facilities on the transfer efficiency requirements since the use of those products is preventing and controlling pollution instead of generating it.

Dr. Fine stated that we're always interested in incentivizing the lower-VOC products and will work with Ms. Loof on her suggestions. Regarding the issue about the thin film analysis test method, he stated that staff has not found any application in current use for thin film UV/EB coatings in these categories, but if Ms. Loof has examples staff will look at them.

Dr. Lyou suggested that staff evaluate UV/EB use in this industry, and Councilmember Mitchell commented that this technology is beneficial to lowering VOCs.

WRITTEN REPORTS

All written reports were acknowledged by the Committee.

PUBLIC COMMENTS

There were no public comments.

Dr. Lyou announced that the next Stationary Source Committee meeting is scheduled for September 18, 2015, and adjourned the meeting at 11:35 a.m.

Attachments

Attendance Roster

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
STATIONARY SOURCE COMMITTEE
July 24, 2015
ATTENDANCE ROSTER (Voluntary)**

NAME	AFFILIATION
Dr. Joseph Lyou	SCAQMD Governing Board Member
Councilmember Judith Mitchell	SCAQMD Governing Board Member
Mayor Ben Benoit (Videoconference)	SCAQMD Governing Board Member
Mohsen Nazemi	SCAQMD Staff
Board Consultant Mark Abramowitz	SCAQMD Governing Board (Lyou)
Board Consultant Andrew Silva	SCAQMD Governing Board (Rutherford)
Philip Fine	SCAQMD Staff
Jill Whynot	SCAQMD Staff
Kurt Wiese	SCAQMD Staff
William Thompson	SCAQMD Staff
Tina Cox	SCAQMD Staff
Danny Luong	SCAQMD Staff
Lee Wallace	Southern California Gas Company
Christine Grandstaff	Evo Markets
Bill Lamarr	California Small Business Alliance
Sue Gornick	Western States Petroleum Association
Susan Stark	Tesoro
Al Javiar	Eastern Municipal Water District
Rita Loof	RadTech
Karl Lany	SCEC/Montrose Environmental
Chuck Timms	Cities of Burbank & Pasadena
Peter Whittingham	Curt Pringle & Associates