

BOARD MEETING DATE: February 3, 2017

AGENDA NO. 21

REPORT: Stationary Source Committee

SYNOPSIS: The Stationary Source Committee met Friday, January 20, 2017. Following is a summary of that meeting.

RECOMMENDED ACTION:
Receive and file.

Ben Benoit, Chair
Stationary Source Committee

LT:eb

Attendance

The meeting began at 10:40 a.m. In attendance at SCAQMD headquarters were Committee Chair Ben Benoit and Committee Members Judith Mitchell, Dr. Joseph Lyou, Sheila Kuehl, and Janice Rutherford. Committee Member Shawn Nelson attended via videoconference.

ACTION ITEM

1. 2017 – 2019 Home Rule Advisory Group Membership Roster

Based on the Blue Ribbon Panel Recommendations and approval by the Board, the 2017 - 2019 Home Rule Advisory Group Membership Roster was submitted for concurrence of this Committee.

Moved (Dr. Lyou), seconded (Mitchell) and approved as recommended by the following vote:

Ayes: Benoit, Rutherford, Dr. Lyou, Mitchell, Kuehl

Noes:

Absent: Nelson

Supervisor Nelson joined the meeting at 10:45 a.m., and therefore did not participate in the vote.

INFORMATIONAL ITEMS

2. Summary of Proposed Rule 1430 - Control of Emissions from Metal Grinding Operations at Metal Forging Facilities

Acting Assistant Deputy Executive Officer/Planning, Rule Development & Area Sources Susan Nakamura presented the proposal for Proposed Rule (PR) 1430 – Control of Emissions from Metal Grinding Operations at Metal Forging Facilities. PR 1430 establishes requirements for metal forging facilities to reduce fugitive metal emissions coming from metal grinding and metal cutting operations. The proposed requirements include the installation and implementation of pollution controls at grinding operations, installation of total enclosures, total enclosures with negative air for facilities near sensitive land uses, and implementation of housekeeping measures. The public hearing for the proposed rule is scheduled for March 3, 2017.

Supervisor Kuehl encouraged staff to consider increasing the distance between the facility and a sensitive receptor from 300 feet to 500 feet for more stringent requirements. She expressed concern about the 14 children diagnosed with leukemia at one school in Paramount and that while the rule requirements may result in additional costs to industry, the County of Los Angeles cannot afford the cost of health impacts. Supervisor Kuehl also requested that staff provide systematic reports about the bag leak detection system and pressure drops to the Board.

Dr. Lyou commented that he supports Supervisor Kuehl's request and reminded staff that risk levels drop off at shorter distances they are not eliminated. Councilmember Mitchell added that she also supports Supervisor Kuehl's request and asked staff to explain why this industry is unregulated. Ms. Nakamura responded that the local community helped to identify this source through complaints received, and ambient air monitoring near Carlton Forge Works substantiated the air quality issue from grinding at metal forging facilities. Councilmember Mitchell also stated that there is a feeling in the community that we have not done enough and that the time taken to address their concerns is not acceptable. Also, use of business licenses is a good tool to identify unpermitted facilities with air quality issues in the future. Dr. Lyou agreed.

Dr. Lyou asked staff if titanium metals used at these facilities are toxic metals. Executive Officer Wayne Natri responded that part of the challenge is titanium metals used at facilities like Valley Forge contain traces of other toxic metals. Dr. Lyou also asked if facilities subject to PR 1430 have baghouses, and if so, can they provide staff information through this rule. Ms. Nakamura responded that PR 1430 has requirements for baghouse catch samples which will provide information on toxic content. Dr. Lyou commented that PR 1430 could have disincentives that trigger additional requirements, such as increased monitoring.

Councilmember Mitchell commented that we do not have authority for immediate shutdown; however, our staff began a very collaborative process with the Los Angeles County Department of Public Health to address facilities of concern. She also mentioned the potential for soil contamination in Paramount. Mr. Nastri responded that the state Department of Toxic Substances Control is a part of our multi-agency task force and they have in the past dealt with similar issues. Chief Operating Officer Jill Whynot also noted that staff is sharing information learned from the Paramount effort with other air districts and CARB. Supervisor Kuehl expressed concern that pollution in soil and waterways can get into food sources.

Mike Pearce, representing Dodge Oil, commented that his company supports the rule; however, he is concerned that going forward there are thousands of facilities that conduct metal grinding and it is important that future regulations address the issues in a comprehensive manner.

James Simonelli, representing California Metals Coalition, commented that he would like PR 1430 to distinguish between toxic and non-toxic pollutants. He also expressed concern that Valley Forge cannot comply with the rule as currently written and would like the rule to separate toxic metals from non-toxic metals.

Harvey Eder, representing the Public Solar Power Coalition, commented that the hexavalent chromium discussion reminded him of the movie about Erin Brockovich. Dr. Lyou responded that it is the same pollutant except in air and not water.

3. Status Report on Rule 1147 Technology Assessment

Tracy Goss, Planning and Rules Manager, presented an update on the Technology Assessment for Rule 1147 – NOx Reductions from Miscellaneous Sources, specifically assessing small and low-emission sources; and the results of an outside independent review of staff’s findings and recommendations regarding future rule amendments.

Supervisor Kuehl asked if there is any decision regarding multiple spray booths. Mr. Goss responded that some of the booths may need to be retrofitted with a fuel meter and timers so they can be looked at individually. Gary Quinn, Planning and Rules Program Supervisor, added that staff would work with the regulated community during rule development.

Paul Engel, consultant representing Handbill Printers, stated that it would be too costly to install low-NOx burners for emission sources less than 1 lb/day. Mark Messick, owner of Handbill Printers, expressed concerns on the burden of retrofitting their recently relocated burners that initially were permitted in the mid-

1990s. Two to three of their burners emit less than 1 lb/day of NOx. Mr. Goss stated that staff will meet with Handbill Printers regarding their issue.

Tony Endres, President/FDI, stated that he has some questions and concerns on how the ETS evaluation of staff's Technology Assessment was conducted. Mr. Endres passed out copies of his comments of the ETS study. He also stated that ETS diminished certain important issues, one of which was the cost-effectiveness analysis. Mr. Endres quoted an example analysis he conducted for Press Coating which was included in his handout.

Gerry Bonetto, Vice president/Government Affairs for Printing Industries of California, further explained Handbill Printers' situation. Mr. Bonetto emphasized Handbill Printers' issue was due to relocation which triggered retrofit requirement. Mr. Bonetto was certain that the NOx emissions from these burners are less than 1 lb/day.

Bill LaMarr, Executive Director/California Small Business Alliance, stated that this rule is more damaging than it is beneficial to air quality. Mr. LaMarr strongly believes that less than 1 lb/day emission sources should be exempted from the rule. He also urged the staff to remove the word "relocate" from the proposed amended rule.

Angela Johnson Meszaros from EarthJustice urged staff to think in a more comprehensive approach and recognize where our burdens lie in reducing NOx emissions while making sure we attain the ambient health standards.

Councilmember Mitchell noted that small businesses are the backbone of our economy and we really need to work with them. She requested that staff respond to the 1 lb/day issue, Rule 222, and relocation language. Mr. Goss explained that relocation triggers New Source Review for permitted sources. Mr. Nastri affirmed that staff will work with the stakeholders on these issues. Supervisor Kuehl commented that there are consequences associated with relocation which may not seem to be fair but people have to comply with it. Dr. Lyou advocated to have emission reductions from larger sources (e.g., heavy-duty trucks) without having severe impact on local businesses.

4. Update on Proposed Rules 1304.2 and 1304.3

Tracy Goss presented a brief update on Proposed Rules 1304.2 and 1304.3, and electrical generating facility projects potentially subject to the proposed rules. Mr. Goss stated that while the proposed rules were viewed as critical a few years ago, changes in the industry make them seem less critical at the present. Staff

recommended suspending rulemaking until more specific information supporting the need for Proposed Rules 1304.2 and 1304.3 becomes available.

Harvey Eder testified that combustion of natural gas generates fine particulates that cannot be controlled, even with HEPA filters, and urged the Committee for a total and immediate move to solar energy.

Angela Johnson Meszaros questioned the need for the rules and stated that it sends the wrong message to industry by implying that District offsets were available for a fee. She further stated that fossil fuels are not cost effective if the project proponent has to generate offsets by implementing emission reduction projects, and that instead, the Committee had an opportunity to send a message by directing staff to abandon rule development.

Karl Lany, Vice President/ES Engineering Services, commented that the City of Glendale had selected a project, contracted with specific equipment vendors, issued the Notice of Preparation for the project, and was finishing their environmental evaluation, with CEQA scheduled to start in March. The City would be submitting their air quality permit application in April and that there was an absolute need for the rule. Mr. Lany stated that the rule was critical in order to guarantee grid reliability by changing out old power generating equipment and avoid having to ask other municipalities for power. The City will explore working with brokers to see if purchasing offsets in the market was viable but he requested that the Committee just temporarily suspend rulemaking until more information could be provided and to keep stakeholders updated on developments. Dr. Lyou asked why the SCAQMD was providing sources with discounted offsets. Mr. Goss responded that the pricing was on par with Rule 1304.1 offset pricing. Dr. Laki Tisopulos, Deputy Executive Officer/Engineering & Permitting, stated that Rule 1304.1 pricing was based on weighted average ERC transaction prices over a 3 to 5 year span, but offered that these calculations could be repeated with the most recent data.

5. Update on Implementation of Rule 1111 - Reduction of NO_x Emissions from Natural-Gas-Fired, Fan-Type Central Furnaces

Tracy Goss presented an update on Rule 1111 implementation, status on the availability of compliant products, and recommendations for future activities. The following comments were made at the committee meeting.

Dr. Lyou mentioned that the Board received a letter from a burner system manufacturer suggesting that the testing method is not comprehensive. Mr. Goss responded that he does believe our test method is comprehensive and some manufacturers have expressed concerns about the high NO_x emissions during the burner's startup phase. However, the manufacturer did not provide information on

the burner system that they use. Mr. Goss also noted that the Rheem technology is compliant through the entire process, even during the startup phase.

Mr. Eder stated that solar technology needs to be evaluated in relation to space heating and cooling.

Karen Meyers, Vice President/Government Affairs, for Rheem, provided a handout showing that their product complies with the Rule 1111 limit for standard units. Ms. Meyers commented that Rheem will subject their compliant burner system to field tests next week. Ms. Meyers commented that this furnace is reliable and safe to operate and has been certified by the Canadian Standards Association (CSA), as well as by several other third-party consultants. Rheem understands that the SCAQMD will review this rule in the next 6 months. As this is a multimillion dollar project, Rheem is waiting to see what will happen to Rule 1111 before they move forward (i.e., commercialize their technology).

Dr. Lyou expressed appreciation for Rheem making their investment in developing a compliant system. Dr. Lyou asked if there would be a huge price difference (for consumers) so the manufacturer can cover the cost. Dr. Lyou stated we might have some discomfort if Rheem raises the price of their product to such an extent that it would be unaffordable for many customers. Ms. Meyers said that Rheem is willing to license their technology and requested that staff extend the mitigation fee to allow others to catch up with their technology.

Terry Stern, Rheem Product Manager, stated that his company came to the Board meeting in December 2016 to present their product. They were thankful to present their product to staff but were unable to present it to Board members. Rheem spent one week in the South Coast and another week in San Joaquin Valley to demonstrate their low-NO_x furnace (NO_x emissions at or below 14 ng/j). Rheem came back to the January 2017 Board meeting and introduced their product during the public comments session. Mr. Stern also emphasized that Rheem will not move forward to commercialize the product until they know what will happen to Rule 1111. Mr. Stern stated that Rheem will have the first field test in San Joaquin Valley next week. There will be life cycle testing and more training. Mr. Stern stated that Rheem would not want a monopoly and would welcome additional time for other manufacturers to catch up. To that end, Rheem is willing to license their product to other manufacturers. Councilmember Mitchell asked where the San Joaquin Valley APCD is in their rulemaking process. Mr. Stern stated that they have adopted the District's NO_x emission limit but their emission mitigation fees are higher.

6. Status Report on Reg. XIII

Due to time constraints, this item was delayed to the February meeting.

WRITTEN REPORTS

All written reports were acknowledged by the Committee.

PUBLIC COMMENTS

There were no public comments.

The next Stationary Source Committee meeting is scheduled for February 17, 2017.
The meeting was adjourned at 12:25 p.m.

Attachment

Attendance Roster

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
STATIONARY SOURCE COMMITTEE**

January 20, 2017

Attendance Roster (Voluntary)

Mayor Pro Tem Ben Benoit	SCAQMD Governing Board
Dr. Joseph Lyou.....	SCAQMD Governing Board
Councilmember Judith Mitchell	SCAQMD Governing Board
Supervisor Sheila Kuehl	SCAQMD Governing Board
Supervisor Janice Rutherford	SCAQMD Governing Board
Supervisor Shawn Nelson (videoconference)	SCAQMD Governing Board
Wayne Nastri	SCAQMD staff
Barbara Baird.....	SCAQMD staff
Philip Fine.....	SCAQMD staff
Laki Tisopoulos	SCAQMD staff
Jill Whynot	SCAQMD staff
Kurt Wiese.....	SCAQMD staff
Matt Miyasato.....	SCAQMD staff
Susan Nakamura	SCAQMD staff
Amir Dejbakhsh.....	SCAQMD staff
Tracy Goss.....	SCAQMD Staff
Gary Quinn	SCAQMD Staff
Bill LaMarr	California Small Business Alliance
David Rothbart	L.A. County Sanitation Districts
Dan McGivney	SoCalGas
Noel Muyco	SoCalGas
Rita Loof.....	RadTech
Susan Stark	Tesoro
James Simonelli.....	California Metals Coalition
Harvey Eder	Public Solar Power Coalition
Mike Pearce	W.S. Dodge Oil Co.
Rita Loof.....	RadTech
Karl Lany.....	Montrose Air Quality Service