

BOARD MEETING DATE: September 7, 2018

AGENDA NO. 29

REPORT: Status Report on Regulation XIII – New Source Review

SYNOPSIS: This report presents the federal Final Determination of Equivalency for January 2016 through December 2016. As such, it provides information regarding the status of Regulation XIII – New Source Review, in meeting federal NSR requirements and shows that SCAQMD’s NSR program is in final compliance with applicable federal requirements from January 2016 through December 2016.

COMMITTEE: Stationary Source, August 17, 2018, Reviewed

RECOMMENDED ACTION:
Receive and file.

Wayne Natri
Executive Officer

LT:WCT:SKT

SUMMARY

SCAQMD’s New Source Review (NSR) rules and regulations are designed to comply with federal and state Clean Air Act requirements and ensure that emission increases from new and modified sources do not interfere with efforts to attain and maintain the federal and state air quality standards, while economic growth in the South Coast region is not unnecessarily impeded. Regulation XIII - New Source Review, regulates and accounts for all emission changes (both increases and decreases) from the permitting of new, modified, and relocated stationary sources within the SCAQMD, excluding NO_x and SO_x sources that are subject to Regulation XX – Regional Clean Air Incentives Market (RECLAIM)¹.

Rule 1315 – Federal New Source Review Tracking System, was adopted by the Board on February 4, 2011 to maintain SCAQMD’s ability to issue permits to major sources

¹ While the RECLAIM program is different than command and control rules for NO_x and SO_x and provides greater regulatory flexibility to businesses, its NSR requirements, as specified in Rule 2005, are designed to comply with the governing principles of NSR contained in the federal Clean Air Act (CAA) and the California State Health and Safety Code.

that require offsets, but obtain offset credits from the SCAQMD's Priority Reserve under Rule 1309.1, and/or that are exempt from offsets under SCAQMD Rule 1304. Since these sources are not exempt from offsets under the federal Clean Air Act, SCAQMD provides offsets from SCAQMD's internal bank consisting primarily of orphan shutdowns, i.e. emissions from sources that shut down but did not apply for emission reduction credits. The purpose of this Determination of Equivalency is to show that there are sufficient offsets in the internal bank to cover sources using these offsets for the year in question and projected to be used for the following two years.

Rule 1315 requires that, commencing with calendar year 2010, and for each calendar year thereafter, the Executive Officer prepare a Preliminary Determination of Equivalency (PDE) and Final Determination of Equivalency (FDE), which cover NSR activities for twelve-month periods. The calendar year 2016 FDE is required to be reported to the Board at the September 2018 Board meeting. In addition, Rule 1315 requires the Executive Officer to aggregate and track offsets debited from and deposited to SCAQMD's offset accounts for specified periods between October 1, 1990 and December 31, 2005 and each calendar year from 2006 through 2030 for purposes of making periodic determinations of compliance. The last annual report submitted to the Board on February 2, 2018 presented the PDE for calendar year 2016 and demonstrated that SCAQMD's NSR program continued to meet the federal offset requirements for calendar year 2016. Rule 1315 also requires that, commencing with calendar year 2011, and for each calendar year thereafter, the Executive Officer include in each FDE: the cumulative net emission increase of each nonattainment air contaminant that occurred at major and minor facilities from February 4, 2011, the date of adoption of Rule 1315, through the end of the calendar year 2011 reporting period and through the end of each subsequent reporting period; and the projected cumulative net emission increases at the end of each of the two subsequent reporting periods. The calendar year 2016 FDE contains the cumulative net emission increases through the end of calendar year 2016 and the projected cumulative net emission increases at the end of calendar years 2017 and 2018.

This report demonstrates compliance with federal NSR requirements by establishing aggregate equivalence with federal offset requirements for sources that were not exempt from federal offset requirements, but were either exempt from offsets or obtained their offsets from SCAQMD pursuant to Regulation XIII.

The FDE for calendar year 2016 is summarized in Table 1. Projections of SCAQMD's federal offset account balances for January 2017 through December 2017 and January 2018 through December 2018, as specified and required pursuant to Rule 1315(e), are presented in Table 2. These results demonstrate that there were, and project that there will be, adequate offsets available to mitigate all applicable emission increases during these reporting periods. This report demonstrates that, for calendar years 2016 through 2018, SCAQMD's NSR program continues to meet and is projected to meet federal

offset requirements and is equivalent to those requirements on an aggregate basis². Although the U.S. EPA designated the South Coast Air Basin as being in attainment with the federal CO standard effective June 11, 2007, and as being in attainment with the federal PM10 standard effective July 26, 2013, the Coachella Valley has not attained the PM10 NAAQS. Therefore, SCAQMD will continue to track and report CO and PM10 (in the South Coast Air Basin) accumulated credits and account balances for informational purposes only.

Table 1
Federal Offset Accounts FDE for January 2016 through December 2016

DESCRIPTION	VOC	NO _x	SO _x	CO	PM10
2015 Actual Ending Balance^a (tons/day)	101.20	24.82	4.10	15.75	14.96
2016 Discount of Credits for Surplus Adjustment ^b (tons/day)	0.00	-2.73	0.00	0.00	0.00
2016 Actual Total Credits ^c (lbs/day)	9,437	1,394	434	30,374	2,438
2016 Actual Total Debits ^c (lbs/day)	-312	-169	0	-41	-52
2016 Sum of Actual Credits/Debits^c (lbs/day)	9,125	1,225	434	30,333	2,386
2016 Sum of Actual Credits/Debits^c (tons/day)	4.56	0.61	0.22	15.17	1.19
2016 Actual Ending Balance^d (tons/day)	105.76	22.70	4.32	30.92	16.15

^a Updated “2015 Actual Ending Balance”. Balances previously reported in Table 1 of the 2016 PDE Report dated February 2, 2018 contained incorrect information.

^b This adjustment is surplus at the time of use discount, which is also discussed in Rule 1315(c)(4).

^c For an explanation of the sources of credits and debits please refer to page 9 of this report, as well as Rule 1315(c) and the February 4, 2011 Rule 1315 staff report. Credits are shown as positive and debits as negative, while the sums of credits/debits are shown as positive or negative, as appropriate.

^d “2016 Actual Ending Balance” equals the “2015 Actual Ending Balance,” plus the “2016 Discount of Credits for Surplus Adjustment” and the “2016 Sum of Actual Credits/Debits.”

² SCAQMD’s NSR program is deemed to be equivalent to federal offset requirements. SCAQMD’s ending offset account balances remained positive, indicating there were adequate offsets during this reporting period.

Table 2
Projections of SCAQMD’s Federal Offset Account Balances for
January 2017 through December 2017, and
January 2018 through December 2018

DESCRIPTION	VOC	NO _x	SO _x	CO	PM ₁₀
2016 Actual Ending Balance^a (tons/day)	105.76	22.70	4.32	30.92	16.15
2017 Projected Discount of Credits for Surplus Adjustment ^b (tons/day)	-0.12	-1.58	0.00	-0.22	0.00
2017 Projected Starting Balance (tons/day)	105.64	21.12	4.32	30.70	16.15
2017 Total Projected Credits ^c (lbs/day)	10,373	1,759	373	14,057	1,645
2017 Total Projected Debits ^c (lbs/day)	-695	-395	0	-4,169	-39
2017 Sum of Projected Credits/Debits^c (lbs/day)	9,678	1,364	373	9,888	1,606
2017 Sum of Projected Credits/Debits^c (tons/day)	4.84	0.68	0.19	4.94	0.80
2017 Projected Ending Balance^d (tons/day)	110.48	21.80	4.51	35.64	16.95
2018 Projected Discount of Credits for Surplus Adjustment ^b (tons/day)	-0.03	-1.68	0.00	-0.05	0.00
2018 Projected Starting Balance (tons/day)	110.45	20.12	4.51	35.59	16.95
2018 Total Projected Credits ^c (lbs/day)	10,322	1,670	313	16,151	1,709
2018 Total Projected Debits ^c (lbs/day)	-790	-289	0	-5,003	-47
2018 Sum of Projected Credits/Debits^c (lbs/day)	9,532	1,381	313	11,148	1,662
2018 Sum of Projected Credits/Debits^c (tons/day)	4.77	0.69	0.16	5.57	0.83
2018 Projected Ending Balance^e (tons/day)	115.22	20.81	4.67	41.16	17.78

^a “2016 Actual Ending Balance” as shown in Table 1.

^b This adjustment is surplus at the time of use discount, which is also discussed in Rule 1315(c)(4).

^c For an explanation of the sources of credits and debits please refer to page 9 of this report, as well as Rule 1315(c) and the Rule 1315 staff report. Credits are shown as positive and debits as negative, while the sums of credits/debits are shown as positive or negative, as appropriate.

^d “2017 Projected Ending Balance” equals the “2016 Actual Ending Balance,” plus the “2017 Projected Discount of Credits for Surplus Adjustment” and the “2017 Sum of Projected Credits/Debits.”

^e “2018 Projected Ending Balance” equals the “2017 Projected Ending Balance” plus the “2018 Projected Discount of Credits for Surplus Adjustment” and the “2018 Sum of Projected Credits/Debits.”

Table 3
Cumulative Net Emission Increase
(February 4, 2011 – December 31, 2016)

DESCRIPTION	VOC	NO _x	SO _x	CO	PM ₁₀
2015 Net Emission Increase^a (tons/day)	-13.97	-2.30	-0.61	N/A	-0.15
2016 Increases in Potential to Emit ^b (tons/day)	1.85	0.59	0.01	N/A	0.37
2016 Decreases in Potential to Emit ^c (tons/day)	-5.90	-0.87	-0.27	N/A	-1.52
Cumulative Net Emission Increase^d (tons/day)	-18.02	-2.58	-0.87	N/A	-1.30
Rule 1315(g) Table B Threshold (through December of 2016 - tons/day)	7.58	0.61	0.18	N/A	1.09

^a Updated “2015 Net Emission Increase”. Net emission increases previously reported in Table 3 of the FDE report dated September 2, 2017 contained incorrect information.

^b Increases in potential to emit that occur at major and minor facilities pursuant to Rule 1304 or Rule 1309.1.

^c Decreases in potential to emit that occur at major and minor facilities pursuant to Rule 1304 or Rule 1309.1.

^d “Cumulative Net Emission Increase” is the sum of the increases and decreases in the potential to emit that occur at major and minor facilities pursuant to Rule 1304 or Rule 1309.1 over the period of February 4, 2011 through December 31, 2016

Table 4
Projections of Cumulative Net Emission Increase
January 2017 through December 2017, and
January 2018 through December 2018

DESCRIPTION	VOC	NO _x	SO _x	CO	PM ₁₀
2016 Net Emission Increase^a (tons/day)	-4.05	-0.28	-0.26	N/A	-1.15
2017 Projected Emission Increase ^b (tons/day)	2.61	0.93	0.18	N/A	0.52
2017 Projected Emission Decrease ^b (tons/day)	-5.84	-1.38	-0.33	N/A	-0.78
2017 Projected Cumulative Net Emission Increase^c (tons/day)	-7.28	-0.73	-0.41	N/A	-1.41
Rule 1315(g) Table B 2017 Threshold (tons/day)	8.85	0.68	0.21	N/A	1.29
2018 Projected Emission Increase ^d (tons/day)	2.45	0.89	0.14	N/A	0.47
2018 Projected Emission Decrease ^d (tons/day)	-5.81	-1.46	-0.34	N/A	-0.82
2018 Projected Cumulative Net Emission Increase^e (tons/day)	-10.64	-1.30	-0.61	N/A	-1.76
Rule 1315(g) Table B 2018 Threshold (tons/day)	10.12	0.76	0.24	N/A	1.48

^a “2016 Net Emission Increase” is the sum of the “2016 Increase in Potential to Emit” and “2016 Decrease in Potential to Emit” shown in Table 3.

^b “2017 Projected Emission Increase” and “2017 Projected Emission Decrease” are the averages of the 2012, 2013, 2014, 2015 and 2016 increases and decreases, respectively, in potential to emit.

^c “2017 Projected Cumulative Net Emission Increase” is the sum of the “2017 Projected Emission Increase” and “2017 Projected Emission Decrease” added to the “2016 Net Emission Increase.”

^d “2018 Projected Emission Increase” and “2018 Projected Emission Decrease” are the averages of the 2013, 2014, 2015, 2016 and projected 2017 increases and decreases, respectively, in potential to emit.

^e “2018 Projected Cumulative Net Emission Increase” is the sum of the “2018 Projected Emission Increase” and “2018 Projected Emission Decrease” added to the “2017 Projected Cumulative Net Emission Increase.”

BACKGROUND

SCAQMD originally adopted its NSR program in 1976. U.S. EPA approved SCAQMD’s NSR program into California’s State Implementation Plan (SIP) initially on January 21, 1981 (46FR5965) and again on December 4, 1996 (61FR64291). Most recently, U.S. EPA approved SCAQMD’s May 3, 2002 Rule 1309.1 amendments into the SIP on June 19, 2006. The original program has evolved into the current version of

the Regulation XIII rules in response to federal and state legal requirements and the changing needs of the local environment and economy. Specific amendments to the NSR rules were adopted by the Board on December 6, 2002 to facilitate and provide additional options for credit generation and use. Rule 1315 was adopted and re-adopted on September 8, 2006 and August 3, 2007, respectively. Rule 1309.1 was amended and replaced on September 8, 2006 and August 3, 2007, respectively. On November 3, 2008, in response to a law suit filed by a group of environmental organizations, a California State Superior Court Judge in the County of Los Angeles invalidated the August 3, 2007 adopted Rule 1315 and amendments to Rule 1309.1, and prohibited SCAQMD from taking any action to implement Rule 1315 or the amendments to Rule 1309.1 until it had prepared a new environmental assessment under the California Environmental Quality Act (CEQA). On February 4, 2011 SCAQMD adopted a revised and enhanced version of Rule 1315, which included a new CEQA assessment. U.S. EPA approved Rule 1315 into the SIP, and this approval was upheld by the U.S. Court of Appeals for the Ninth Circuit Court in 2015.

One element of SCAQMD's NSR program design is to offset emission increases in a manner at least equivalent to federal and state statutory NSR requirements. To this end, SCAQMD's NSR program implements the federal and state statutory requirements for NSR and ensures that construction and operation of new, relocated and modified stationary sources does not interfere with progress towards attainment of the National and State Ambient Air Quality Standards. SCAQMD's computerized emission tracking system is utilized to demonstrate equivalence with federal and state offset requirements on an aggregate basis. Specific NSR requirements of federal law are presented below.

Federal Law

The NSR requirements of federal law vary with respect to the area's attainment status and classification. Based on their classification in 2007, the South Coast Air Basin (SOCAB) and Salton Sea Air Basin (SSAB) must comply with the requirements for severe 17 and severe non-attainment areas, respectively, for ozone precursors (*i.e.*, VOC and NO_x). However, in May of 2010, the SOCAB was re-designated as an extreme non-attainment area for ozone. During the equivalency period, both the SOCAB and the SSAB complied with their respective requirements for ozone non-attainment and serious non-attainment for PM₁₀ and its precursors (*i.e.*, VOC, NO_x, and SO_x)³. SSAB is considered in attainment for CO. Although effective June 11, 2007, U.S. EPA designated the SOCAB as in attainment with federal CO standards, SCAQMD will continue to track and report CO accumulated credits and account balances for informational purposes only. Both SOCAB and SSAB are considered in attainment for SO₂ and NO₂; however, SO_x and NO_x are precursors to pollutants for which both

³ As of July 26, 2013, SOCAB was redesignated as in attainment for the federal 24-hour PM₁₀ standard and U. S. EPA approved a PM₁₀ maintenance plan. SCAQMD will continue to track and report PM₁₀ accumulated credits and account balances for informational purposes only in the SOCAB and for equivalency in the SSAB (Coachella Valley).

SOCAB and SSAB are designated as in nonattainment⁴. The Mojave Desert Air Basin (MDAB) is currently classified as in moderate nonattainment for ozone precursors (*i.e.*, VOC and NOx) and as in attainment for NO₂, SO₂, and CO. Federal law requires the use of Lowest Achievable Emission Rate (LAER) and offsets for emissions of nonattainment pollutants (or their precursors) for new, modified, and relocated stationary sources, when the source is considered a major stationary source⁵ for the nonattainment pollutants (or their precursors). This report demonstrates compliance with the federal NSR offsets requirements.

OVERVIEW OF ANALYSIS METHODOLOGY

The two most important elements of federal nonattainment NSR requirements are LAER and emission offsetting for major sources. As set forth in SCAQMD’s *Best Available Control Technology (BACT) Guidelines*, SCAQMD’s BACT requirements are at least as stringent as federal LAER for major sources. Furthermore, the NSR emission offset requirements that SCAQMD implements through its permitting process ensure that sources provide emission reduction credits (ERCs) to offset their emission increases in compliance with federal requirements. As a result, these sources each comply with federal offset requirements by providing their own ERCs. However, certain sources are exempt from SCAQMD’s offset requirements pursuant to Rule 1304 or qualify for offsets from SCAQMD’s Community Bank (applications received between October 1, 1990 and February 1, 1996 only) or Priority Reserve, both pursuant to Rule 1309.1. Providing offset exemptions and the Priority Reserve (as well as the previously-administered Community Bank) is important to the NSR program and the local economy while encouraging installation of BACT. Therefore, SCAQMD has assumed the responsibility of providing the necessary offsets for exempt sources, the Priority Reserve, and the Community Bank. This report examines deposits to and withdrawals from SCAQMD’s emission offset accounts during calendar year 2016 and demonstrates programmatic equivalence on an aggregate basis with federal emission offset requirements for the sources exempt from providing offsets and the sources that receive offsets from the Priority Reserve or the Community Bank.

⁴ SOx is a precursor to PM10 and NOx is a precursor to both PM10 and ozone.

⁵ The major source thresholds for SOx, SSAB and MDAB, based on their attainment status during the calendar year 2016 reporting period are summarized below:

Pollutant	SOCAB	SSAB	MDAB
VOC	10 tons/year	25 tons/year	100 tons/year
NOx	10 tons/year	25 tons/year	100 tons/year
SOx	100 tons/year	100 tons/year	100 tons/year
PM10	100 tons/year	70 tons/year	100 tons/year
CO	100 tons/year	100 tons/year	100 tons/year

SCAQMD's Offset Accounts

For this report, federal debit and credit accounting for SCAQMD's offset accounts was conducted pursuant to the same procedures previously agreed to by U.S. EPA and as delineated in Rule 1315 and described in the staff report. Each of the pollutants subject to offset requirements has its own federal offset account. SCAQMD's NSR program is considered to provide equivalent or greater offsets of emissions as required by federal requirements for each subject pollutant provided the balance of offsets in SCAQMD's federal offset account for each pollutant remains positive.

Debit Accounting

SCAQMD tracks all emission increases that are offset through the Priority Reserve or the Community Bank, as well as all increases that are exempt from offset requirements pursuant to Rule 1304 – Exemptions. These increases are all debited from SCAQMD's federal offset accounts when they occur at federal major sources. For federal equivalency demonstrations, an offset ratio of 1.2-to-1.0 is used for extreme non-attainment pollutants (ozone and ozone precursors, *i.e.*, VOC and NO_x) and a 1.0-to-1.0 ratio is used for all other non-attainment pollutants (non-ozone precursors, *i.e.*, SO_x, CO, and PM₁₀) to offset any such increases. That is, 1.2 pounds are deducted from SCAQMD's offset accounts for each pound of maximum allowable permitted potential to emit VOC or NO_x increase at a federal source and 1.0 pound is deducted for each pound of maximum allowable permitted potential to emit SO_x, CO, or PM₁₀ at a federal source. A more detailed description of federal debit accounting is provided in the Rule 1315 staff report and Rule 1315(c)(2).

Furthermore, to comply with U.S. EPA's NSR Reform requirements applicable to extreme non-attainment areas for ozone, the SCAQMD tracks changes to facility-wide limits under Rule 1304 – Exemptions and debits any increases from the federal offset accounts accordingly.

Credit Accounting

When emissions from a permitted source are permanently reduced (*e.g.*, installation of control equipment, removal of the source) and the emission reduction is not required by rule or law and is not called for by an AQMP control measure that has been assigned a target implementation date⁶, the permit holder may apply for ERCs for the pollutants reduced. If the permit holder for the source generating the emission reduction had previously received offsets from SCAQMD or has a positive NSR balance (*i.e.*, pre-1990 net emission increase), the quantity of SCAQMD offsets used or the amount of the positive NSR balance is subtracted from the reduction and paid back to SCAQMD's accounts prior to issuance of an ERC pursuant to Rule 1306. In certain other cases, permit holders do not always submit applications to claim ERCs or do not qualify to obtain ERCs for their equipment shutdowns or other eligible emission reductions.

⁶ Refer to Rule 1309(b) for a complete explanation of eligibility requirements.

These unclaimed reductions are referred to as orphan shutdowns and are deposited in SCAQMD's offset accounts. ERCs provided as offsets by major sources in excess of the applicable federally-required offset ratio and all ERCs provided as offsets by minor sources not subject to federal offset requirements are also deposited in SCAQMD's federal offset accounts. A more detailed description of federal credit accounting is provided in Rule 1315(c)(3)(A) and its staff report.

DETERMINATION OF EQUIVALENCY WITH FEDERAL OFFSET REQUIREMENTS

The federal offset requirements FDE for calendar year 2016 and the projections for calendar years 2017 and 2018 are summarized in Tables 1 and 2, respectively. The detailed listing of actual final withdrawals, deposits and sum of withdrawals and deposits are shown in Tables A and B of Attachment 1 to this letter.

These account balances, shown in Tables A and B reflect the tracking sequence described under Rule 1315(c)(5).

CALIFORNIA ENVIRONMENTAL QUALITY ACT NET EMISSION INCREASES

Pursuant to Rule 1315(g)(1), net emission increases of nonattainment air contaminants at major and minor facilities are based on the sum of increases and decreases in potential to emit at major and minor facilities pursuant to Rule 1304 – Exemptions or Rule 1309.1 – Priority Reserve.

Increases in potential to emit for major and minor sources include potential to emit increases from the Priority Reserve or Community Bank pursuant to Rule 1309.1 and exemptions from the offset requirements of Rule 1303 – Requirements pursuant to Rule 1304 – Exemptions.

Decreases to potential to emit for major and minor sources include, but are not limited to, potential to emit reductions as a result of orphan shutdowns and/or orphan reductions.

In addition, pursuant to Rule 1315(g)(2), projections of cumulative net emission increases at the end of the two subsequent reporting periods are based upon the average of the aggregate increase in potential to emit of each nonattainment air contaminant and the average of the aggregate emissions reductions of the same nonattainment air contaminant for the five reporting periods most recently included in a PDE or an FDE for each of the reporting periods commencing with the 2011 reporting period, whichever is fewer reporting periods. For calendar year 2016 FDE, the averages are based on the 2012, 2013, 2014, 2015 and 2016 increases in potential to emit and emissions reductions. The purpose of Rule 1315(g) is to ensure that implementation of

Rule 1315 does not cause emission increases beyond those analyzed in the CEQA document for Rule 1315.

Cumulative net emission increases and projected cumulative net emission increases must remain below the thresholds shown in Table B of Rule 1315 in order for the Executive Officer to be able to continue to issue permits to exempt sources pursuant to Rule 1304 or subject to Rule 1309.1 Priority Reserve.

CONCLUSIONS

The analysis presented in this report demonstrates the following:

- For calendar year 2016, SCAQMD's NSR program provides equivalent offsets to those required by federal NSR requirements and is equivalent to the federal requirements on an aggregate basis. This conclusion is based on the fact that the final ending offset account balances for this calendar year reporting period, as shown in Table 1, remained positive for all pollutants.
- SCAQMD's projected offset account balances for 2017 and 2018 are projected to remain positive. This means that the sum of the estimated deposits to and withdrawals from SCAQMD's offset accounts during 2017 and 2018 are projected to remain positive and, therefore, demonstrates that SCAQMD's NSR program is equivalent to federal NSR requirements.
- From the date of adoption of Rule 1315 (February 4, 2011) to the end of calendar year 2016, both the cumulative net emission increase of each nonattainment air contaminant at major and minor facilities and the projected cumulative net emission increase for 2017 and 2018 remained below the thresholds identified in Table B of Rule 1315, and therefore the Executive Officer can continue to issue permits to construct and permits to operate that rely on further use of Rule 1304 exemptions or Rule 1309.1 Priority Reserve offsets to major and minor sources.

ATTACHMENTS

1. Detailed listing of actual debits, preliminary credits and sum of debits and credits.
2. Board Meeting Presentation

ATTACHMENT 1

Detailed listing of actual debits, preliminary credits and sum of debits and credits.

Table A
Total Actual Debits from SCAQMD's Federal Offset Accounts
(January 2016 through December 2016)*

SCAQMD OFFSETS USED	VOC	NO_x	SO_x	CO	PM10
Priority Reserve (lbs/day)	-82	-33	0	-9	0
Community Bank (lbs/day)	-3	0	0	0	0
Rule 1304 Exemptions (lbs/day)	-175	-108	0	-32	-52
Sum Total of SCAQMD Offsets (lbs/day)	-260	-141	0	-41	-52
1.2-to-1.0 Offset Ratio (lbs/day)	-52	-28	N/A	N/A	N/A
Total Actual Debits to SCAQMD Account (lbs/day)	-312	-169	0	-41	-52
Total Actual Debits to SCAQMD Account (tons/day)	-0.16	-0.08	0	-0.02	-0.03

* Updated "Total Actual Debits from SCAQMD's Federal Offset Accounts". Offsets previously reported in Table A of the 2016 PDE Report dated February 2, 2018 contained incorrect information.

Table B
Total Actual Credits to SCAQMD’s Federal Offset Accounts
(January 2016 through December 2016)

CREDITS RECEIVED	VOC	NO_x	SO_x	CO	PM10
Major Source Orphan Credits (lbs/day)	6,041	339	0	34,749	1,703
Minor Source Orphan Credits (lbs/day)	5,755	1,404	543	3,219	1,345
Total Orphan Credits (lbs/day)	11,796	1,743	543	37,968	3,048
Adjustment to Actual Emissions ^a (lbs/day)	-2,359	-349	-109	-7,594	-610
Discount of ERCs ^b (lbs/day)	0	0	0	0	0
Creditable Minor Source ERC Use ^c (lbs/day)	0	0	0	0	0
Creditable Major Source ERC Use (lbs/day)	0	0	0	0	0
Total Actual Credits to SCAQMD Account (lbs/day)	9,437	1,394	434	30,374	2,438
Total Actual Credits to SCAQMD Account (tons/day)	4.72	0.7	0.22	15.19	1.22

^a Adjustment of orphan shutdown and orphan reduction offset credits deposited in SCAQMD offset accounts to correct from potential emissions to actual emissions as discussed in Rule 1315(c)(3)(B)(i).

^b Prior to issuance of ERCs, they are discounted for NSR “Payback,” which includes payback of NSR balance, Community Bank and Priority Reserve allocations, and offset exemptions, as discussed in Rule 1315(c)(3)(A)(v) and Rule 1306(c).

^c There is no creditable minor source ERC use for calendar year 2016.

Table C
Sum of Final Credits/Debits Activities in SCAQMD's Federal Offset
Accounts
(January 2016 through December 2016)

Description	VOC	NO _x	SO _x	CO	PM ₁₀
Total Actual Debits ^a (lb/day)	-312	-141	0	-41	-52
Total Actual Credits ^a (lb/day)	9,437	1,394	434	30,374	2,438
Sum of Actual Debits(-)/Credits(+)^a (lb/day)	9,125	1,253	434	30,333	2,386
Sum of Actual Debits(-)/Credits(+)^a (ton/day)	4.56	0.63	0.22	15.17	1.19

^a Debits are shown as negative and Credits as positive, while their sum is shown as negative or positive, as appropriate.



Status Report on Regulation XIII – New Source Review

Governing Board Meeting
September 7, 2018



NSR Status Report Overview

Purpose:

Demonstrate SCAQMD's NSR program meets federal NSR offset requirements for Major Sources, for sources that are exempt from offsets under SCAQMD's NSR rule



NSR Status Report History

- SCAQMD has produced annual NSR Status Reports going back to 1990
- Around 2002-2004 EPA requested SCAQMD to adopt a rule to memorialize equivalency demonstrations
- SCAQMD adopted Rule 1315 - Federal NSR Tracking System in 2006/2007 and adopted a revised Rule 1315 in February 2011
- EPA approved Rule 1315 into the SIP and it became effective on June 25, 2012



Rule 1315

Federal NSR Tracking System

- Rule 1315 established procedures to demonstrate equivalency with federal NSR offset requirements
 - Tracks debits from and credits to SCAQMD's federal internal offset account for each pollutant
 - Annual Preliminary Determination of Equivalency (PDE), Final Determination of Equivalency (FDE) and Projections
 - Balances in SCAQMD's federal offset account must remain positive
 - Cumulative Net Emission Increases must remain below Rule 1315(g) thresholds



SCAQMD's Federal NSR Offset Accounts Final Determination of Equivalency (FDE) (CY 2016)

DESCRIPTION	VOC	NOx	SOx	CO	PM10
2015 Final Ending Balance (tons/day)	101.20	24.82	4.10	15.75	14.96
2016 Total Credits (tons/day)	4.72	0.7	0.22	15.19	1.22
2016 Total Debits (tons/day)	-0.16	-0.09	0	-0.02	-0.03
2016 Total Discount of Credits for Surplus Adjustment (tons/day)	0.00	-2.73	0.00	0.00	0.00
2016 Final Ending Balance (tons/day)	105.76	22.70	4.32	30.92	16.15



Cumulative Net Emission Increase February 4, 2011 – December 31, 2016

DESCRIPTION	VOC	NOx	SOx	CO	PM10
2015 Net Emission Increase (tons/day)	-13.97	-2.30	-0.61	N/A	-0.15
2016 Increases in Potential to Emit (tons/day)	1.85	0.59	0.01	N/A	0.37
2016 Decreases in Potential to Emit (tons/day)	-5.90	-0.87	-0.27	N/A	-1.52
Cumulative Net Emission Increase (tons/day)	-18.02	-2.58	-0.87	N/A	-1.30
Rule 1315(g) Table B Threshold (tons/day)	7.58	0.61	0.18	N/A	1.09



SCAQMD's Projected Federal NSR Offset Accounts CY 2017

DESCRIPTION	VOC	NOx	SOx	CO	PM10
2016 Final Ending Balance (tons/day)	105.76	22.70	4.32	30.92	16.15
CY 2017 Total Projected Credits (tons/day)	5.19	0.88	0.19	7.03	0.82
CY 2017 Total Projected Debits (tons/day)	-0.35	-0.20	0.00	-2.09	-0.02
CY 2017 Total Projected Discount of Credits for Surplus Adjustment (tons/day)	-0.12	-1.58	0.00	-0.22	0.00
CY 2017 Projected Ending Balance (tons/day)	110.48	21.80	4.51	35.64	16.95

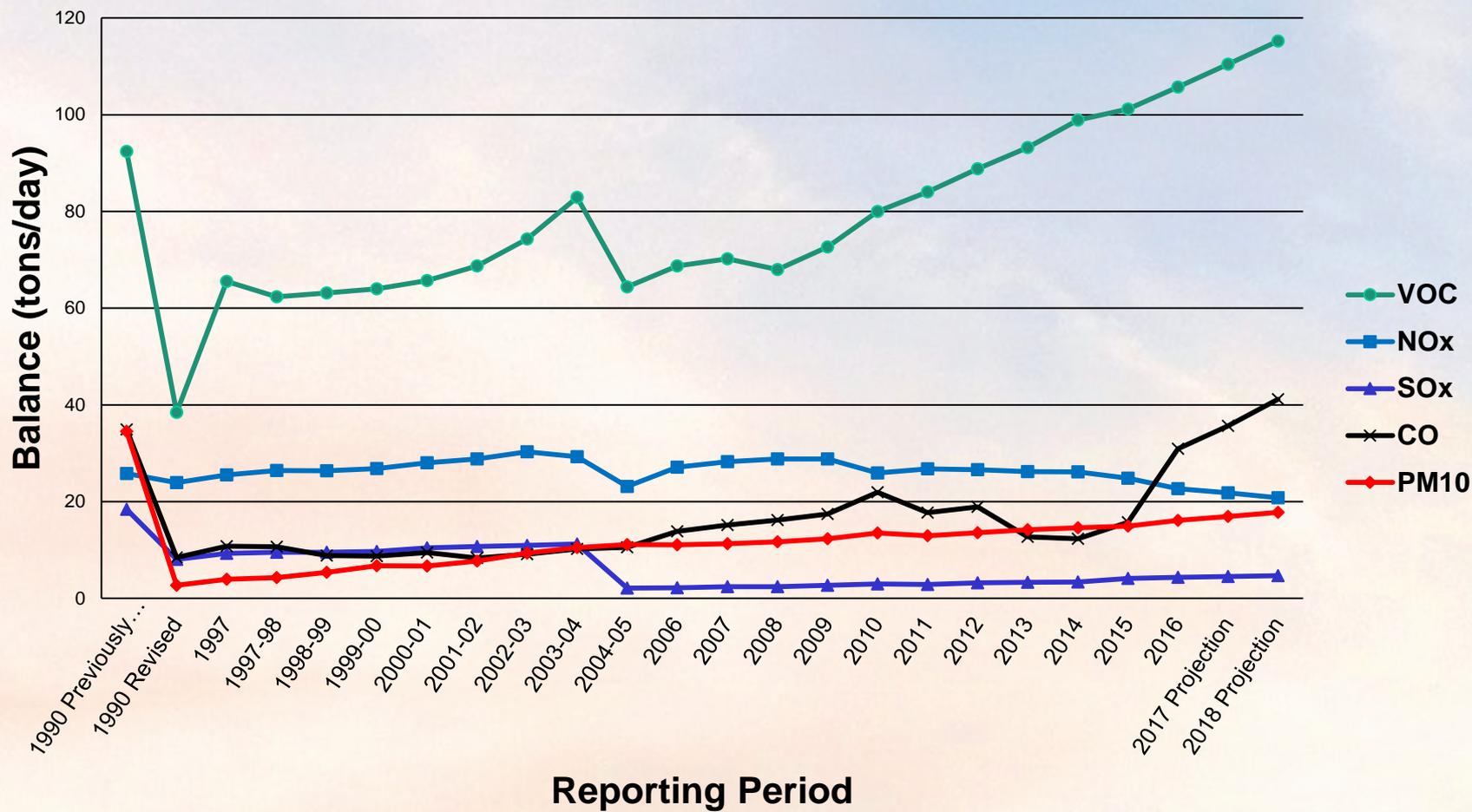


SCAQMD's Projected Federal NSR Offset Accounts CY 2018

DESCRIPTION	VOC	NOx	SOx	CO	PM10
CY 2017 Projected Ending Balance (tons/day)	110.48	21.80	4.51	35.64	16.95
CY 2018 Total Projected Credits (tons/day)	5.16	0.83	0.16	8.07	0.85
CY 2018 Total Projected Debits (tons/day)	-0.39	-0.14	0.00	-2.50	-0.02
CY 2018 Total Projected Discount of Credits for Surplus Adjustment (tons/day)	-0.03	-1.68	0.00	-0.05	0.00
CY 2018 Projected Ending Balance (tons/day)	115.22	20.81	4.67	41.16	17.78



SCAQMD's Federal Offset Account Balances (1990 – 2016, and 2017-2018 Projections)





Conclusions

- The Final Determination of Equivalency for CY 2016 shows SCAQMD's NSR program continued to be at least equivalent to the federal NSR offset requirements
- For CYs 2017 and 2018 it is also projected that SCAQMD's NSR program will continue to be at least equivalent to the federal NSR offset requirements
- The Cumulative Net Emission Increases for CY 2016 remained below the thresholds identified in Table B of Rule 1315(g)(4)
- Next Preliminary Determination of Equivalency for CY 2017 will be presented to the Board in February 2019