

BOARD MEETING DATE: September 6, 2019

AGENDA NO. 23

REPORT: Status Report on Regulation XIII – New Source Review

SYNOPSIS: This report presents the federal Final Determination of Equivalency for January 2017 through December 2017. It provides information regarding the status of Regulation XIII – New Source Review, in meeting federal NSR requirements and shows that South Coast AQMD’s NSR program is in compliance with applicable federal requirements from January 2017 through December 2017.

COMMITTEE: No Committee Review

RECOMMENDED ACTION:
Receive and file.

Wayne Natri
Executive Officer

LT:AD:DO:GI:SKT

SUMMARY

South Coast AQMD’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 South Coast AQMD, excluding NOx and SOx sources that are subject to Regulation XX – Regional Clean Air Incentives Market (RECLAIM)¹.

¹ While the RECLAIM program is different than command and control rules for NOx and SOx 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.

Rule 1315 – Federal New Source Review Tracking System, was adopted by the Board on February 4, 2011 to maintain South Coast AQMD’s ability to issue permits to major sources that require offsets, but obtain offset credits from the South Coast AQMD’s Priority Reserve under Rule 1309.1 – Priority Reserve, and/or that are exempt from offsets under South Coast AQMD Rule 1304 - Exemptions. Since these sources are not exempt from offsets under the federal Clean Air Act, South Coast AQMD provides offsets from South Coast AQMD’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 2017 FDE is required to be reported to the Board at the September 2019 Board meeting. In addition, Rule 1315 requires the Executive Officer to aggregate and track offsets debited from and deposited to South Coast AQMD’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 1, 2019 presented the PDE for calendar year 2017 and demonstrated that South Coast AQMD’s NSR program continued to meet the federal offset requirements for calendar year 2017. 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 2017 FDE contains the cumulative net emission increases through the end of calendar year 2017 and the projected cumulative net emission increases at the end of calendar years 2018 and 2019.

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 South Coast AQMD pursuant to Regulation XIII.

The FDE for calendar year 2017 is summarized in Table 1. Projections of South Coast AQMD’s federal offset account balances for January 2018 through December 2018 and January 2019 through December 2019, 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 2017 through 2019, South Coast AQMD’s NSR program continues to meet and is projected to meet federal offset requirements and is equivalent to those requirements on an aggregate basis². Since U.S. EPA designated the South Coast Air Basin as being in attainment with the federal CO standard effective June 11, 2007, South Coast AQMD does not report CO accumulated credits and account balances in this equivalency determination. All data will be maintained in the unlikely event it is needed in the future. U.S. EPA designated the South Coast Air Basin as being in attainment with the federal PM10 standard effective July 26, 2013. However, the Coachella Valley has not attained the PM10 NAAQS, therefore, South Coast AQMD will continue to track and report PM10 (in the South Coast Air Basin) accumulated credits and account balances for informational purposes only.

**Table 1
Federal Offset Accounts FDE for January 2017 through December 2017**

DESCRIPTION	VOC	NO _x	SO _x	PM10
2016 Actual Ending Balance^a (tons/day)	105.76	22.70	4.32	16.15
2017 Discount of Credits for Surplus Adjustment ^b (ton/day)	0.00	-0.05	0.00	0.00
2017 Actual Total Credits ^c (lbs/day)	6,817	2,979	367	1,052
2017 Actual Total Debits ^c (lbs/day)	-2,604	-797	-467	-1,309
2017 Sum of Actual Credits/Debits^c (lbs/day)	4,213	2,182	-100	-257
2017 Sum of Actual Credits/Debits^c (tons/day)	2.11	1.09	-0.05	-0.13
2017 Actual Ending Balance^d (tons/day)	107.87	23.74	4.27	16.02

- ^a “2016 Actual Ending Balance” is from Table 1 of the 2017 PDE Report dated February 1, 2019,
- ^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 “2017 Actual Ending Balance” equals the “2016 Actual Ending Balance,” plus the “2017 Discount of Credits for Surplus Adjustment” and the “2017 Sum of Actual Credits/Debits.”

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

Table 2
Projections of South Coast AQMD’s Federal Offset Account Balances for
January 2018 through December 2018, and
January 2019 through December 2019

DESCRIPTION	VOC	NO _x	SO _x	PM ₁₀
2017 Actual Ending Balance^a (tons/day)	107.87	23.74	4.27	16.02
2018 Projected Discount of Credits for Surplus Adjustment ^b (tons/day)	-0.01	-1.51	0.00	0.00
2018 Projected Starting Balance (tons/day)	107.86	22.23	4.27	16.02
2018 Total Projected Credits ^c (lbs/day)	9,086	2,231	299	1,314
2018 Total Projected Debits ^c (lbs/day)	-1,171	-370	-93	-301
2018 Sum of Projected Credits/Debits^c (lbs/day)	7,915	1,861	206	1,013
2018 Sum of Projected Credits/Debits^c (tons/day)	3.96	0.93	0.10	0.51
2018 Projected Ending Balance^d (tons/day)	111.82	23.16	4.37	16.53
2019 Projected Discount of Credits for Surplus Adjustment ^b (ton/day)	-0.01	-1.54	0.00	0.00
2019 Projected Starting Balance (tons/day)	111.81	21.62	4.37	16.53
2019 Total Projected Credits ^c (lbs/day)	8,743	2,331	324	1,344
2019 Total Projected Debits ^c (lbs/day)	-1,010	-441	-112	-361
2019 Sum of Projected Credits/Debits^c (lbs/day)	7,733	1,890	212	983
2019 Sum of Projected Credits/Debits^c (tons/day)	3.87	0.95	0.11	0.49
2019 Projected Ending Balance^e (tons/day)	115.68	22.57	4.48	17.02

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

^e “2019 Projected Ending Balance” equals the “2018 Projected Ending Balance” plus the “2019 Projected Discount of Credits for Surplus Adjustment” and the “2019 Sum of Projected Credits/Debits.”

Table 3
Cumulative Net Emission Increase
(February 4, 2011 – December 31, 2017)

DESCRIPTION	VOC	NO _x	SO _x	PM ₁₀
2016 Net Emission Increase^a (tons/day)	-18.02	-2.58	-0.87	-1.30
2017 Increases in Potential to Emit ^b (tons/day)	1.61	0.86	0.32	1.25
2017 Decreases in Potential to Emit ^c (tons/day)	-4.26	-1.86	-0.23	-0.66
Cumulative Net Emission Increase^d (tons/day)	-20.67	-3.58	-0.78	-0.71
Rule 1315(g) Table B Threshold (through December of 2017 - tons/day)	8.85	0.68	0.21	1.29

- ^a “2016 Net Emission Increase” is from Table 3 of the FDE report dated September 7, 2018.
- ^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, 2017.

Table 4
Projections of Cumulative Net Emission Increase
January 2018 through December 2018, and
January 2019 through December 2019

DESCRIPTION	VOC	NO _x	SO _x	PM ₁₀
2017 Net Emission Increase^a (tons/day)	-2.65	-1.00	-0.22	0.59
2018 Projected Emission Increase ^b (tons/day)	2.25	0.87	0.11	0.62
2018 Projected Emission Decrease ^b (tons/day)	-5.50	-1.56	-0.32	-0.80
2018 Projected Cumulative Net Emission Increase^c (tons/day)	-5.90	-1.69	-0.43	0.41
Rule 1315(g) Table B 2018 Threshold (tons/day)	10.12	0.76	0.24	1.48
2019 Projected Emission Increase ^d (tons/day)	2.10	0.88	0.11	0.68
2019 Projected Emission Decrease ^d (tons/day)	-5.25	-1.65	-0.36	-0.81
2019 Projected Cumulative Net Emission Increase^e (tons/day)	-9.05	-2.46	-0.68	0.28
Rule 1315(g) Table B 2019 Threshold (tons/day)	11.39	0.84	0.27	1.67

- ^a “2017 Net Emission Increase” is the sum of the “2017 Increase in Potential to Emit” and “2017 Decrease in Potential to Emit” shown in Table 3.
- ^b “2018 Projected Emission Increase” and “2018 Projected Emission Decrease” are the averages of the 2013, 2014, 2015, 2016 and 2017 increases and decreases, respectively, in potential to emit.
- ^c “2018 Projected Cumulative Net Emission Increase” is the sum of the “2018 Projected Emission Increase” and “2018 Projected Emission Decrease” added to the “2017 Net Emission Increase.”
- ^d “2019 Projected Emission Increase” and “2019 Projected Emission Decrease” are the averages of the 2014, 2015, 2016, 2017 and projected 2018 increases and decreases, respectively, in potential to emit.
- ^e “2019 Projected Cumulative Net Emission Increase” is the sum of the “2019 Projected Emission Increase” and “2019 Projected Emission Decrease” added to the “2018 Projected Cumulative Net Emission Increase.”

Background

South Coast AQMD originally adopted its New Source Review Rules and Regulation (NSR program) in 1976. U.S. EPA approved South Coast AQMD’s NSR program into the State Implementation Plan (SIP) initially on January 21, 1981 (46FR5965) and again on December 4, 1996 (61FR64291). U.S. EPA approved South Coast AQMD’s May 3, 2002 Rule 1309.1 amendments into the SIP on June 19, 2006 (71FR35157). 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 South Coast AQMD 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 South Coast AQMD adopted a revised and enhanced version of Rule 1315, which included a new CEQA assessment. U.S. EPA approved Rule 1315 into the SIP in 2012 (77FR21300), and this approval was upheld by the U.S. Court of Appeals for the Ninth Circuit Court in 2015.

One element of South Coast AQMD's NSR program design is to offset emission increases in a manner at least equivalent to federal and state statutory NSR requirements. South Coast AQMD'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. South Coast AQMD's computerized emission tracking system is used to demonstrate equivalence with federal and state offset requirements on an aggregate basis. Specific NSR requirements of federal law are presented below.

Federal Law

Federal NSR requirements 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 2010, the SOCAB was re-designated as an extreme non-attainment area for ozone. During the 2017 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. U.S. EPA designated the SOCAB as in attainment with federal CO standards on June 11, 2007. Starting calendar year 2017, South Coast AQMD did not report CO accumulated credits and account balances in this equivalency determination. Both SOCAB and SSAB are considered in attainment for SO₂ and NO₂.

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. South Coast AQMD 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).

however, SOx and NOx are precursors to pollutants for which both 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 South Coast AQMD’s Best Available Control Technology (BACT) Guidelines, South Coast AQMD’s BACT requirements are at least as stringent as federal LAER for major sources. Furthermore, the NSR emission offset requirements that South Coast AQMD 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 ERCs. However, certain sources are exempt from South Coast AQMD’s offset requirements pursuant to Rule 1304 or qualify for offsets from South Coast AQMD’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. Therefore, South Coast AQMD 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 South Coast AQMD’s emission offset accounts during calendar year 2017 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 SOCAB, SSAB and MDAB, based on their attainment status during the calendar year 2017 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	70 tons/year	70 tons/year	100 tons/year
PM10	70 tons/year	70 tons/year	100 tons/year
CO	50 tons/year	100 tons/year	100 tons/year

South Coast AQMD's Offset Accounts

For this report, federal debit and credit accounting for South Coast AQMD 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. South Coast AQMD'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 South Coast AQMD's federal offset account for each pollutant remains positive.

Debit Accounting

Staff 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 South Coast AQMD'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 and PM₁₀) to offset any such increases. That is, 1.2 pounds are deducted from South Coast AQMD 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 or PM₁₀ at a federal source. A more detailed description of federal debit accounting is provided in the Rule 1315 staff report dated January 7, 2011 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 South Coast AQMD 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 South Coast AQMD or has a positive NSR balance (i.e., pre-1990 net emission increase), the quantity of South Coast AQMD offsets used or the amount of the positive NSR balance is subtracted from the reduction and paid back to South Coast AQMD'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

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

ERCs or do not qualify to obtain ERCs for their equipment shutdowns or other eligible emission reductions. These unclaimed reductions are referred to as “orphan shutdowns” and are deposited in South Coast AQMD’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 South Coast AQMD’s federal offset accounts. A more detailed description of federal credit accounting is provided in Rule 1315(c)(3)(A) and its staff report dated January 7, 2011.

Determination of Equivalency with Federal Offset Requirements

The federal offset requirements FDE for calendar year 2017 and the projections for calendar years 2018 and 2019 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, B, and C of Attachment 1 to this report.

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

California Environmental Quality Act Backstop Provisions

In addition to the equivalency demonstration with the federal offset requirements, Rule 1315(g) requires the tracking of all increases in potential to emit that occur at minor and major facilities and ensure that the cumulative net emission increases in any given year remain below the thresholds, established in Rule 1315.

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 2017 FDE, the averages are based on the 2013, 2014, 2015, 2016 and 2017 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 2017, South Coast AQMD'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.
- South Coast AQMD's projected offset account balances for 2018 and 2019 are projected to remain positive. This means that the sum of the estimated deposits to and withdrawals from South Coast AQMD's offset accounts during 2018 and 2019 are projected to remain positive and, therefore, demonstrates that South Coast AQMD'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 2017, both the cumulative net emission increase of each nonattainment air contaminant at major and minor facilities and the projected cumulative net emission increase for 2018 and 2019 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, actual credits and sum of debits and credits.
2. Board Meeting Presentation

ATTACHMENT 1

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

Table A
Total Actual Debits from South Coast AQMD's Federal Offset Accounts
(January 2017 through December 2017)

South Coast AQMD OFFSETS USED	VOC	NO_x	SO_x	PM₁₀
Priority Reserve (lbs/day)	-60	-59	-185	0
Community Bank (lb/day)	0	0	0	0
Rule 1304 Exemptions (lbs/day)	-2,110	-605	-282	-1,309
Sum Total of South Coast AQMD Offsets (lbs/day)	-2,170	-664	-467	-1,309
1.2-to-1.0 Offset Ratio (lbs/day)	-434	-133	N/A	N/A
Total Actual Debits to South Coast AQMD Account (lbs/day)	-2,604	-797	-467	-1,309
Total Actual Debits to South Coast AQMD Account (tons/day)	-1.30	-0.40	-0.23	-0.66

Table B
Total Actual Credits to South Coast AQMD's Federal Offset Accounts
(January 2017 through December 2017)

CREDITS RECEIVED	VOC	NOx	SOx	PM10
Major Source Orphan Credits (lbs/day)	1,364	905	135	128
Minor Source Orphan Credits (lbs/day)	7,157	2,819	324	1,187
Total Orphan Credits (lbs/day)	8,521	3,724	459	1,315
Adjustment to Actual Emissions ^a (lbs/day)	-1,704	-745	-92	-263
Discount of ERCs ^b (lb/day)	0	0	0	0
Creditable Minor Source ERC Use (lb/day)	0	0	0	0
Creditable Major Source ERC Use (lb/day)	0	0	0	0
Total Actual Credits to South Coast AQMD Account (lbs/day)	6,817	2,979	367	1,052
Total Actual Credits to South Coast AQMD Account (tons/day)	3.41	1.49	0.18	0.53

^a Adjustment of orphan shutdown and orphan reduction offset credits deposited in South Coast AQMD 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).

Table C
Sum of Final Credits/Debits Activities in South Coast AQMD's Federal Offset Accounts
(January 2017 through December 2017)

Description	VOC	NOx	SOx	PM10
Total Actual Debits ^a (lbs/day)	-2,604	-797	-467	-1,309
Total Actual Credits ^a (lbs/day)	6,817	2,979	367	1,052
Sum of Actual Debits(-)/Credits(+)^a (lbs/day)	4,213	2,182	-100	-257
Sum of Actual Debits(-)/Credits(+)^a (tons/day)	2.11	1.09	-0.05	-0.13

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



Attachment 2

Status Report on Regulation XIII – New Source Review

Governing Board Meeting
September 6, 2019



NSR Status Report Overview

Purpose:

Demonstrate South Coast AQMD's NSR program meets federal NSR offset requirements for Major Sources, as required by EPA, for sources that are exempt from offsets under South Coast AQMD's NSR rule



NSR Status Report History

- South Coast AQMD has produced Annual NSR Status Reports since 1990
- Around 2002-2004 EPA requested South Coast AQMD to adopt a rule to memorialize equivalency demonstrations
- Rule 1315 - Federal NSR Tracking System adopted in 2006/2007 and revised 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 South Coast AQMD's federal internal offset account for each pollutant
 - Annual Preliminary Determination of Equivalency (PDE), Final Determination of Equivalency (FDE) and Projections
 - Balances in South Coast AQMD's federal offset account must remain positive
 - Cumulative Net Emission Increases must remain below Rule 1315(g) thresholds



South Coast AQMD's Federal NSR Offset Accounts Final Determination of Equivalency (FDE) (CY 2017)

DESCRIPTION	VOC	NOx	SOx	PM10
2016 Final Ending Balance (tons/day)	105.76	22.70	4.32	16.15
2017 Total Credits (tons/day)	3.41	1.49	0.18	0.53
2017 Total Debits (tons/day)	-1.30	-0.40	-0.23	-0.66
2017 Total Discount of Credits for Surplus Adjustment (tons/day)	0.00	-0.05	0.00	0.00
2017 Final Ending Balance (tons/day)	107.87	23.74	4.27	16.02



Cumulative Net Emission Increase February 4, 2011 – December 31, 2017

DESCRIPTION	VOC	NOx	SOx	PM10
2016 Net Emission Increase (tons/day)	-18.02	-2.58	-0.87	-1.30
2017 Increases in Potential to Emit (tons/day)	1.61	0.86	0.32	1.25
2017 Decreases in Potential to Emit (tons/day)	-4.26	-1.86	-0.23	-0.66
Cumulative Net Emission Increase (tons/day)	-20.67	-3.58	-0.78	-0.71
Rule 1315(g) Table B Threshold (tons/day)	8.85	0.68	0.21	1.29



South Coast AQMD's Projected Federal NSR Offset Accounts CY 2018

DESCRIPTION	VOC	NOx	SOx	PM10
2017 Final Ending Balance (tons/day)	107.87	23.74	4.27	16.02
CY 2018 Total Projected Credits (tons/day)	4.54	1.12	0.15	0.66
CY 2018 Total Projected Debits (tons/day)	-0.59	-0.19	-0.05	-0.15
CY 2018 Total Projected Discount of Credits for Surplus Adjustment (tons/day)	-0.01	-1.51	0.00	0.00
CY 2018 Projected Ending Balance (tons/day)	111.82	23.16	4.37	16.53

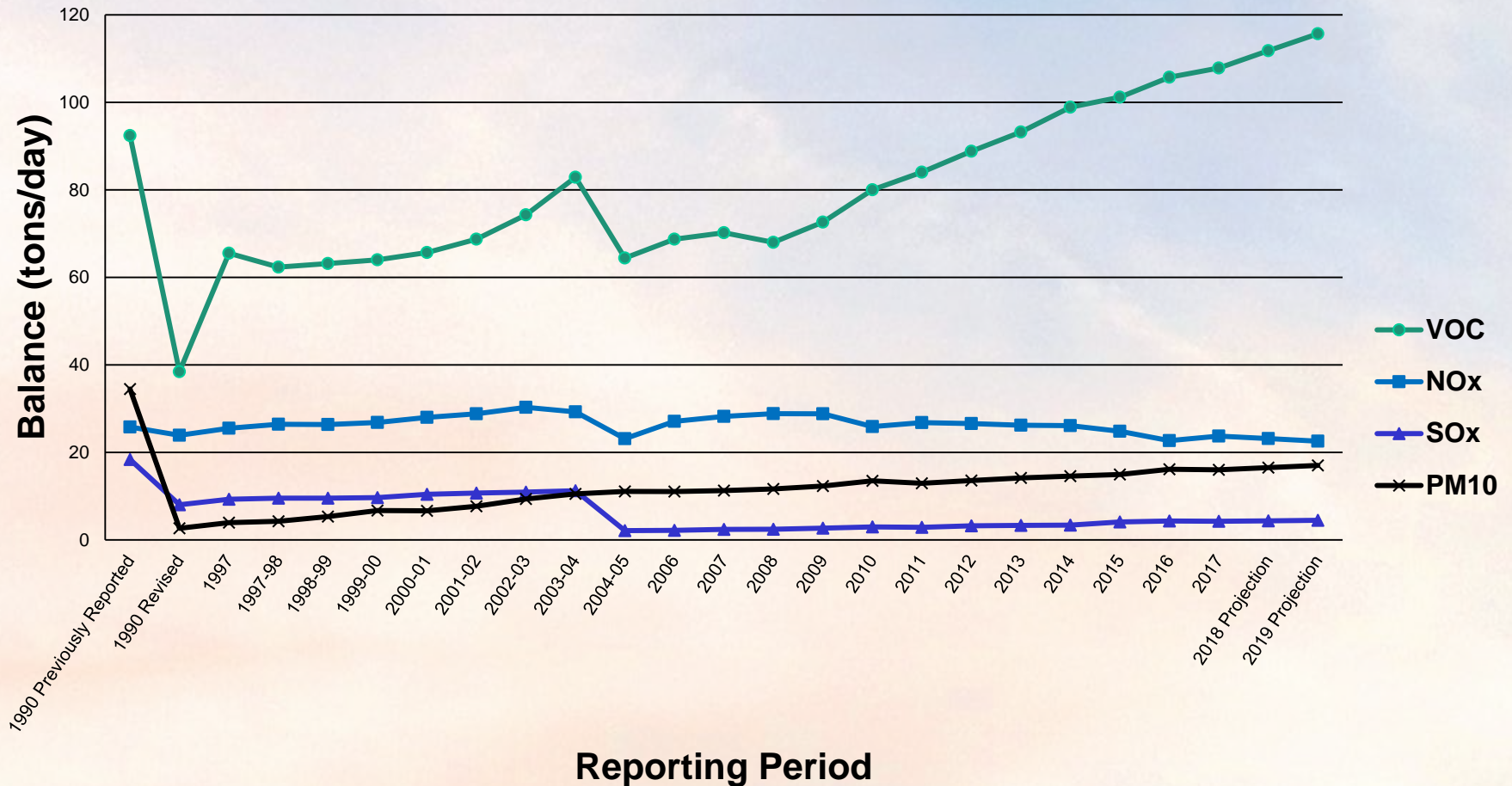


South Coast AQMD's Projected Federal NSR Offset Accounts CY 2019

DESCRIPTION	VOC	NOx	SOx	PM10
CY 2018 Projected Ending Balance (tons/day)	111.82	23.16	4.37	16.53
CY 2019 Total Projected Credits (tons/day)	4.37	1.17	0.16	0.67
CY 2019 Total Projected Debits (tons/day)	-0.51	-0.22	-0.06	-0.18
CY 2019 Total Projected Discount of Credits for Surplus Adjustment (tons/day)	-0.01	-1.54	0.00	0.00
CY 2019 Projected Ending Balance (tons/day)	115.68	22.57	4.48	17.02



South Coast AQMD's Federal Offset Account Balances (1990 – 2017, and 2018-2019 Projections)





Conclusions

- The Final Determination of Equivalency for CY 2017 shows South Coast AQMD's NSR program continued to be at least equivalent to the federal NSR offset requirements
- For CYs 2018 and 2019 it is also projected that South Coast AQMD's NSR program will continue to be at least equivalent to the federal NSR offset requirements
- The Cumulative Net Emission Increases for CY 2017 remained below the thresholds identified in Table B of Rule 1315(g)(4)
- Next Preliminary Determination of Equivalency for CY 2018 will be presented to the Board in February 2020