

BOARD MEETING DATE: December 4, 2020

AGENDA NO. 32

**PROPOSAL:** Determine That Amendments to Regulation XIII - New Source Review, Regulation XX - Regional Clean Air Incentives Market and Regulation XXX - Title V Permits, Are Exempt from CEQA and Amend Regulations XIII, XX and XXX

**SYNOPSIS:** Coachella Valley was recently reclassified from Severe-15 to Extreme nonattainment for the federal 1997 8-hour ozone standard, with a new attainment date of June 15, 2024. Under the federal Clean Air Act, the reclassification for Coachella Valley requires revisions to Regulations XIII – New Source Review, XX - Regional Clean Air Incentives Market, and XXX - Title V Permits to reduce the Major Polluting Facility thresholds and the thresholds for federal Major Modifications for VOC and NO<sub>x</sub> which are ozone precursors. Additional amendments are proposed to remove outdated rule provisions, correct rule references, and improve rule clarity.

**COMMITTEE:** Stationary Source, October 16, 2020, Reviewed

**RECOMMENDED ACTIONS:**

Adopt the attached Resolution:

1. Determining that the proposed amendments to Regulations XIII, XX and XXX are exempt from the requirements of the California Environmental Quality Act; and
2. Amending Regulations XIII, XX and XXX.

Wayne Nastri  
Executive Officer

SN:JW:ML:TT

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**Background**

South Coast AQMD has jurisdiction over the South Coast Air Basin, the Riverside County portion of the Salton Sea Air Basin (referred to as Coachella Valley), and the non-Palo Verde portion of the Mojave Desert Air Basin. On July 10, 2019, U.S. EPA granted the South Coast AQMD's request to voluntarily reclassify the Coachella Valley

from Severe-15 to Extreme for the 1997 8-hour Ozone National Ambient Air Quality Standard (NAAQS), extending the attainment date from June 15, 2019 to June 15, 2024. Ozone levels in Coachella Valley are primarily impacted by pollutants transported from the South Coast Air Basin and while air quality has steadily improved, parts of California experienced a series of high ozone episodes in 2017 and 2018 due to unexpected changes in meteorology, including warm and stagnant weather conditions.

The Coachella Valley reclassification from Severe-15 to Extreme requires administrative changes to Regulation XIII – New Source Review, Regulation XX - RECLAIM, and Regulation XXX - Title V Permits to lower the Major Polluting Facility and Major Modification thresholds for the ozone precursors of VOC and NOx. The federal Clean Air Act establishes lower thresholds for a Major Polluting Facility and Major Modification based on the attainment status of the air basin. A facility that is above the Major Polluting Facility and Major Modification threshold for VOC or NOx will be subject to certain federal permitting requirements.

### **Proposed Amendments**

Within Regulation XIII – NSR, proposed amendments to Rule 1302 would lower the threshold for a Major Polluting Facility from 25 to 10 tons per year of VOC or NOx emissions and lower the Major Modification threshold from 25 tons per year to 1 pound per day of VOC or NOx emissions. Additionally, definitions of the Riverside County portion of the Salton Sea Air Basin and the non-Palo Verde, Riverside County portion of the Mojave Desert Air Basin have been updated to reference the California Code of Regulations for added clarity.

Within Regulation XX – RECLAIM, proposed amendments to Rule 2000 would change the definition of a Major Modification in the Coachella Valley from 25 tons per year to one pound per day for NOx emissions.

Within Regulation XXX – Title V Permits, Rule 3001 establishes an applicability threshold to Title V permitting based on a facility’s Potential to Emit. Proposed amendments will lower the applicability thresholds for Coachella Valley facilities from 25 to 10 tons per year of VOC or NOx emissions.

### **Public Process**

The development of proposed amendments to Regulations XIII, XX, and XXX was conducted through a public process. Staff presented the proposed rule amendments to the Regulation XIII Working Group on September 10, 2020. The Public Workshop was held virtually through a webinar on September 25, 2020. The Set Hearing was held virtually online over a webinar on November 6, 2020.

### **Key Issues**

The South Coast AQMD staff is not aware of any key issues with the proposed amendments and no public comments have been received.

### **California Environmental Quality Act**

Pursuant to the California Environmental Quality Act (CEQA) Guidelines Sections 15002(k) and 15061, the proposed amendments to Regulations XIII, XX, and XXX are exempt from CEQA pursuant to CEQA Guidelines Sections 15061(b)(3) and 15308. Further, there is no substantial evidence indicating that any of the exceptions in CEQA Guidelines Section 15300.2 apply to the proposed project. A Notice of Exemption has been prepared pursuant to CEQA Guidelines Section 15062. If the proposed project is approved, the Notice of Exemption will be electronically filed with the State Clearinghouse of the Governor's Office of Planning and Research for posting on their CEQAnet Web Portal, which may be accessed via the following weblink: <https://ceqanet.opr.ca.gov/search/recent>. In addition, the Notice of Exemption will be electronically posted on the South Coast AQMD's webpage which can be accessed via the following weblink: <http://www.aqmd.gov/nav/about/public-notices/ceqa-notices/notices-of-exemption/noe---year-2020>. The electronic filing and posting of the Notice of Exemption is being implemented in accordance with Governor Newsom's Executive Orders N-54-20 and N-80-20 issued on April 22, 2020 and September 23, 2020, respectively, for the State of Emergency in California as a result of the threat of COVID-19.

### **Socioeconomic Assessment**

No substantial socioeconomic impacts are anticipated for the lowering the Major Polluting Facility threshold as only two facilities have been identified as having a permit limit for VOC or NOx between 10 and 25 tons per year, and both facilities have approached staff to reduce their permitted levels to below the new threshold since their actual emissions are much lower than their current permit limits. Additionally, no substantial impacts are anticipated from lowering the Major Modification threshold since facilities in Coachella Valley are presently subject to a modification threshold of one pound per day as part of South Coast AQMD permitting requirements to comply with state NSR requirements. Since no socioeconomic impacts will result from the reclassification of Coachella Valley for the 1997 8-hour ozone NAAQS, a socioeconomic assessment is not required under Health and Safety Code Section 40440.8(a).

### **AQMP and Legal Mandates**

Pursuant to Health & Safety Code Section 40460(a), the South Coast AQMD is required to adopt an Air Quality Management Plan (AQMP) demonstrating compliance with all federal regulations and standards. The South Coast AQMD is required to adopt rules and regulations that carry out the objectives of the AQMP but the proposed amendments to Regulations XIII, XX, and XXX are not the result of an AQMP control measure. Proposed amendments to Regulations XIII, XX, and XXX are necessary as a result of the Coachella Valley reclassification as an Extreme nonattainment for ozone standards and implement federal Clean Air Act requirements for areas classified as Extreme ozone nonattainment. Proposed Amendments to Regulations XIII and XX will be submitted to CARB and to U.S. EPA for approval into the State Implementation Plan for Coachella

Valley. Proposed Amendments to Regulation XXX will be submitted to CARB and U.S. EPA as program revisions to the approved Title V program.

**Implementation and Resource Impact**

Existing South Coast AQMD resources are adequate to implement the proposed amended rules.

**Attachments**

- A. Summary of Proposal
- B. Key Issues and Responses
- C. Rule Development Process
- D. Key Contacts List
- E. Resolution
- F1-3. Proposed Amended Rules 1302, 2000, and 3001
- G. Final Staff Report
- H. Notice of Exemption from CEQA
- I. Board Meeting Presentation

**ATTACHMENT A**  
**SUMMARY OF PROPOSAL**

**Proposed Amended Regulation XIII – New Source Review**

**PAR 1302 – Definitions**

- Updates references to California Code of Regulations sections for air basins
- Lowers the Major Polluting Facility threshold definition from 25 to 10 tons per year of VOC or NOx emissions for the Coachella Valley
- Lowers the Major Modification threshold definition from 25 tons per year to one pound per day for VOC or NOx emissions for the Coachella Valley

**Proposed Amended Regulation XX – Regional Clean Air Incentives Market**

**PAR 2000 – Definitions**

- Lowers the Major Modification threshold definition from 25 tons per year to one pound per day for VOC or NOx emissions for the Coachella Valley

**Proposed Amended Regulation XXX – Title V Permits**

**PAR 3001 – Applicability**

- Lowers applicability thresholds based on a facility's Permit to Emit for Coachella Valley sources from 25 to 10 tons per year for VOC or NOx emissions

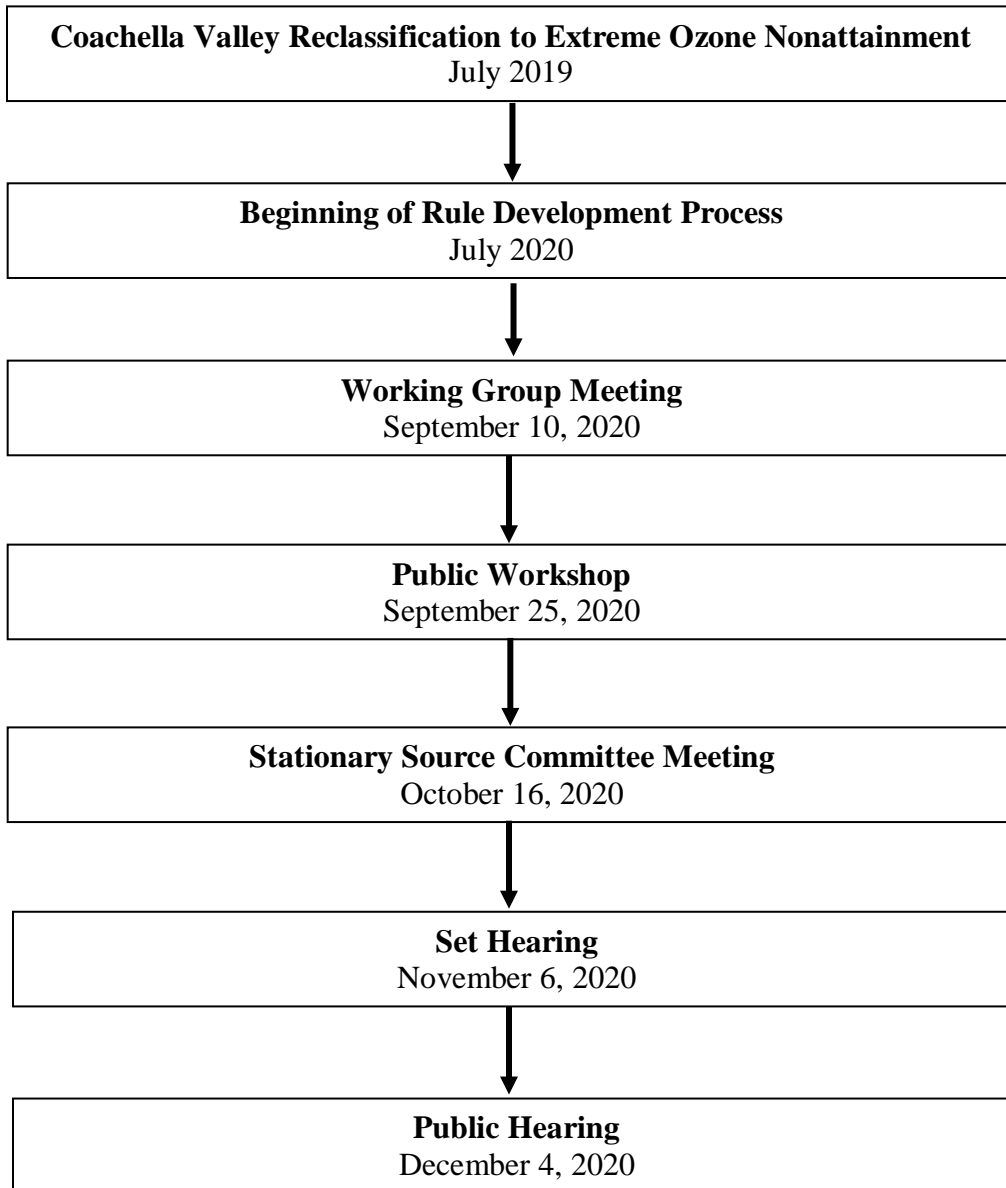
**ATTACHMENT B**  
**KEY ISSUES AND RESPONSES**

**Proposed Amended Regulation XIII – New Source Review**  
**Proposed Amended Regulation XX – Regional Clean Air Incentives Market**  
**Proposed Amended Regulation XXX – Title V Permits**

Staff is not aware of any key issues.

**ATTACHMENT C**  
**RULE DEVELOPMENT PROCESS**

**Proposed Amended Regulations XIII, XX, and XXX**



**Six (6) months spent in rule development**  
**One (1) Public Workshop**  
**One (1) Working Group Meeting**

**ATTACHMENT D**  
**KEY CONTACTS LIST**

Armtec Defense Technologies

California Air Resources Board

Eastern Coachella Valley Community Steering Committee (AB617)

Eisenhower Medical Center

U.S. Environmental Protection Agency



**ATTACHMENT E**

RESOLUTION NO. 20-\_\_\_\_\_

**A Resolution of the South Coast Air Quality Management District (South Coast AQMD) Governing Board determining that the proposed amendments to Regulation XIII – New Source Review, Regulation XX – Regional Clean Air Incentives Market, and Regulation XXX – Title V Permits, are exempt from the requirements of the California Environmental Quality Act (CEQA).**

**A Resolution of the South Coast AQMD Governing Board Amending Regulation XIII – New Source Review, Regulation XX – Regional Clean Air Incentives Market, and Regulation XXX – Title V Permits.**

**WHEREAS**, the South Coast AQMD Governing Board finds and determines that the proposed amendments to Regulation XIII, Regulation XX, and Regulation XXX are considered a “project” as defined by CEQA; and

**WHEREAS**, the South Coast AQMD has had its regulatory program certified pursuant to Public Resources Code Section 21080.5 and CEQA Guidelines Section 15251(l), and has conducted CEQA review and analysis of the proposed project pursuant to such program (South Coast AQMD Rule 110); and

**WHEREAS**, the South Coast AQMD Governing Board finds and determines after conducting a review of the proposed project in accordance with CEQA Guidelines Section 15002 (k) – General Concepts, the three-step process for deciding which document to prepare for a project subject to CEQA, and CEQA Guidelines Section 15061 - Review for Exemption, procedures for determining if a project is exempt from CEQA, that the proposed amendments to Regulation XIII, Regulation XX, and Regulation XXX are exempt from CEQA; and

**WHEREAS**, the South Coast AQMD Governing Board finds and determines that it can be seen with certainty that there is no possibility that the proposed project may have any significant adverse effects on the environment, and is therefore exempt from CEQA pursuant to CEQA Guidelines Section 15061(b)(3) – Common Sense Exemption; and

**WHEREAS**, the South Coast AQMD Governing Board finds and determines that the proposed project is also categorically exempt from CEQA pursuant to CEQA Guidelines Section 15308 – Actions by Regulatory Agencies for Protection of the Environment, because the proposed project is designed to further protect or enhance the environment; and

**WHEREAS**, the South Coast AQMD Governing Board has determined that there is no substantial evidence indicating that any of the exceptions to the categorical

exemption apply to the proposed project pursuant to CEQA Guidelines Section 15300.2 – Exceptions; and

**WHEREAS**, South Coast AQMD staff has prepared a Notice of Exemption for the proposed project, that is completed in compliance with CEQA Guidelines Section 15062 – Notice of Exemption; and

**WHEREAS**, proposed amendments to Regulation XIII, Regulation XX, and Regulation XXX and supporting documentation, including but not limited to, the Notice of Exemption, the Final Staff Report, and the Board Letter were presented to the South Coast AQMD Governing Board and the South Coast AQMD Governing Board has reviewed and considered the entirety of this information, and has taken and considered staff testimony and public comment prior to approving the project; and

**WHEREAS**, the South Coast AQMD Governing Board finds and determines, taking into consideration the factors in Section (d)(4)(D) of the Governing Board Procedures (codified as Section 30.5(4)(D)(i) of the Administrative Code), that there were no modifications to the proposed amendments to Regulations XIII, XX, or XXX since the Notice of Public Hearing was published that are so substantial as to significantly affect the meaning of the proposed amended rules within the meaning of Health and Safety Code Section 40726 because: (a) the changes do not impact emission reductions, (b) the changes do not affect the number or type of sources regulated by the rule, (c) the changes are consistent with the information contained in the notice of public hearing, and (d) the consideration of the range of CEQA alternatives is not applicable because the proposed project is exempt from CEQA; and

**WHEREAS**, proposed amendments to Regulation XIII and Regulation XX will be submitted for inclusion into the State Implementation Plan and proposed amendments to Regulation XXX will be submitted as program revisions to the approved Title V program; and

**WHEREAS**, the South Coast AQMD staff conducted a Public Workshop regarding proposed amendments to Regulation XIII, Regulation XX, and Regulation XXX on September 25, 2020; and

**WHEREAS**, Health and Safety Code Section 40727 requires that prior to adopting, amending or repealing a rule or regulation, the South Coast AQMD Governing Board shall make findings of necessity, authority, clarity, consistency, non-duplication, and reference based on relevant information presented at the public hearing and in the Final Staff Report; and

**WHEREAS**, the South Coast AQMD Governing Board has determined that a need exists to amend Regulation XIII, Regulation XX, and Regulation XXX based on the reclassification of Coachella Valley from a Severe-15 to an Extreme nonattainment area for the 1997 8 Hour Ozone standards and correct rule references and improve rule clarity; and

**WHEREAS**, the South Coast AQMD Governing Board obtains its authority to amend these regulations from Sections 39002, 40000, 40001, 40440, 40702, 41508, and 42300 et seq. of the Health and Safety Code; and

**WHEREAS**, the South Coast AQMD Governing Board has determined that Regulation XIII, Regulation XX, and Regulation XXX, as proposed to be amended, are written or displayed so that the meaning can be easily understood by the persons directly affected by the proposed amendments; and

**WHEREAS**, the South Coast AQMD Governing Board has determined that Regulation XIII, Regulation XX, and Regulation XXX, as proposed to be amended, are in harmony with, and not in conflict with or contradictory to, existing statutes, court decisions, or State or federal regulations; and

**WHEREAS**, the South Coast AQMD Governing Board has determined that Regulation XIII, Regulation XX, and Regulation XXX, as proposed to be amended, do not impose the same requirements as any existing state or federal regulation and the proposed rule amendments are necessary and proper to execute the powers and duties granted to, and imposed upon, the District; and

**WHEREAS**, the South Coast AQMD Governing Board has determined that there is a problem with existing regulatory requirements not meeting Clean Air Act requirements for Extreme nonattainment areas for the 1997 1-hour ozone standard that Regulation XIII, Regulation XX, and Regulation XXX, as proposed to be amended, will alleviate pursuant to Health and Safety Code Section 40001(c); and

**WHEREAS**, the South Coast AQMD Governing Board has determined that Regulation XIII, Regulation XX, and Regulation XXX, as proposed to be amended, references the following statutes which the South Coast AQMD hereby implements, interprets or makes specific; Health and Safety Code 40001, 40440, 40702, 41508, and 42300 et seq. (adoption of rules and regulations); Clean Air Act Sections 172, 173, and 182(e), (Extreme ozone areas) and 502 et. seq. (Title V requirements); and

**WHEREAS**, a written analysis pursuant to Health and Safety Code Section 40727.2 has been prepared and is included in the Final Staff Report that identifies all existing federal air pollution control requirements, all South Coast AQMD existing and proposed rules and regulations, and all pollution control requirements and guidelines that apply to the same equipment or source type as the proposed amendments to Regulation XIII, Regulation XX, and Regulation XXX; and

**WHEREAS**, a public hearing has been properly noticed in accordance with the provisions of Health and Safety Code Section 40725; and

**WHEREAS**, the South Coast AQMD Governing Board has held a public hearing in accordance with all provisions of law; and

**WHEREAS**, the South Coast AQMD Governing Board specifies the Manager of the proposed amendments to Regulation XIII, Regulation XX, and Regulation XXX, as the custodian of the documents or other materials which constitute the record of proceedings upon which the adoption of these proposed amendments are based, which are located at the South Coast Air Quality Management District, 21865 Copley Drive, Diamond Bar, California; and

**WHEREAS**, the South Coast AQMD Governing Board has determined that proposed amendments to Regulation XIII, Regulation XX, and Regulation XXX, should be amended for the reasons contained in the Final Staff Report; and

**NOW, THEREFORE, BE IT RESOLVED** that the South Coast AQMD Governing Board does hereby determine, pursuant to the authority granted by law, that the proposed amendments to Regulation XIII – New Source Review, Regulation XX – Regional Clean Air Incentives Market, and Regulation XXX – Title V Permits are exempt from CEQA pursuant to CEQA Guidelines Section 15061(b)(3) – Common Sense Exemption and CEQA Guidelines Section 15308 – Actions by Regulatory Agencies for Protection of the Environment. No exceptions to the application of the categorical exemption set forth in CEQA Guidelines Section 15300.2 – Exceptions, including the “unusual circumstances” exception, apply to the proposed project. This information was presented to the South Coast AQMD Governing Board, whose members exercised their independent judgement and reviewed, considered and approved the information therein prior to acting on the proposed amendments to Regulation XIII – New Source Review, Regulation XX – Regional Clean Air Incentives Market, and Regulation XXX – Title V Permits; and

**BE IT FURTHER RESOLVED**, that the Executive Officer is hereby directed to forward a copy of this Resolution and proposed amendments to Regulation XIII, Regulation XX, and Regulation XXX to the California Air Resources Board for approval and subsequent submittal to the U.S. Environmental Protection Agency for inclusion into the State Implementation Plan or as program revisions to the Title V program; and

**BE IT FURTHER RESOLVED**, that the South Coast AQMD Governing Board does hereby adopt, pursuant to the authority granted by law, proposed amendments to Regulation XIII, Regulation XX, and Regulation XXX, as set forth in the attached and incorporated herein by reference.

DATE: \_\_\_\_\_

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CLERK OF THE BOARDS

## ATTACHMENT F1

(Adopted October 5, 1979)(Amended March 7, 1980)(Amended July 11, 1980)  
(Amended September 10, 1982)(Amended July 12, 1985)(Amended August 1, 1986)  
(Amended December 2, 1988)(Amended June 28, 1990)(Amended May 3, 1991)  
(Amended December 7, 1995)(Amended June 13, 1997)(Amended October 20, 2000)  
(Amended December 6, 2002)(Amended November 4, 2016)  
(PAR 1302 December 4, 2020)

### **PROPOSED**

### **AMENDED**

### **RULE 1302. DEFINITIONS**

- (a) ACTUAL EMISSIONS means the emissions of a pollutant from an affected source determined by taking into account actual emission rates and actual or representative production rates (i.e., capacity utilization and hours of operation).
- (b) AIR CONTAMINANT means any air pollutant for which there is a national ambient air quality standard, or precursor to such air pollutant, including but not limited to: carbon monoxide, sulfur dioxide, nitrogen oxides, particulate matter, lead compounds and volatile organic compounds.
- (c) ALLOCATION means emissions offsets issued from the Priority Reserve.
- (d) ALLOWABLE EMISSIONS means the emissions rate of a stationary source calculated using the maximum rated capacity of the source, unless the source is subject to federally enforceable limits which restrict the operation rate, or hours of operation, or both, and the most stringent of the following: (1) the applicable standards set forth in 40 CFR Part 60 or 61; (2) any applicable SIP emissions limitation including those with a future compliance date; or (3) the emissions rate specified as federally enforceable permit conditions including those with a future compliance date.
- (e) AREA SOURCE EMISSIONS REDUCTION CREDIT (ASERC) means any credit for emissions reduction generated pursuant to a state and federally approved area source credit generation rule for stationary source use as an offset under Regulation XIII.
- (f) BANKING means the process of recognizing and certifying emission reductions and the registering transaction involving Emission Reduction Credits.

- (g) BASIN means the South Coast Air Basin (~~SO~~CAB) as defined by California Code of Regulations, Section 60104 of Title 17, or the Riverside County portion of the Salton Sea Air Basin (~~SSAB~~) as defined by California Code of Regulations, Section 60114 of Title 17 and the non-Palo Verde, Riverside County portion of the Mojave Desert Air Basin (~~MDAB~~) as defined by California Code of Regulations, Section 60109 of Title 17. ~~The boundaries of each air basin shall be as defined by California Code of Regulations, Section 60104 Title 17.~~
- (h) BEST AVAILABLE CONTROL TECHNOLOGY (BACT) means the most stringent emission limitation or control technique which:
- (1) has been achieved in practice for such category or class of source; or
  - (2) is contained in any state implementation plan (SIP) approved by the United States Environmental Protection Agency (EPA) for such category or class of source. A specific limitation or control technique shall not apply if the owner or operator of the proposed source demonstrates to the satisfaction of the Executive Officer or designee that such limitation or control technique is not presently achievable; or
  - (3) is any other emission limitation or control technique, found by the Executive Officer or designee to be technologically feasible for such class or category of sources or for a specific source, and cost-effective as compared to measures as listed in the Air Quality Management Plan (AQMP) or rules adopted by the District Governing Board.
- (i) BEST AVAILABLE RETROFIT CONTROL TECHNOLOGY means an emission limitation that is based on the maximum degree of reduction achievable, taking into account environmental, energy, and economic impacts by each class or category of source.
- (j) COGENERATION PROJECT means a project which:
- (1) makes sequential use of exhaust steam, waste steam, heat or resultant energy from an industrial, commercial, or manufacturing plant or process for the generation of electricity; or
  - (2) makes sequential use of exhaust steam, waste steam, or heat from a thermal power plant, in an industrial, commercial, or manufacturing plant or process.

For the purposes of this definition, the "industrial, commercial or manufacturing plant or process" shall not be a thermal power plant or portion thereof. A

cogeneration project shall not consist of steam or heat developed solely for electrical power generation. To qualify as a cogeneration project, the processes listed in paragraphs (j)(1) and (j)(2) above must meet the conditions specified in Public Resources Code Section 25134.

- (k) EMISSION LIMITATION is a federally enforceable permit condition limiting emissions from a discrete operation, unit or other pollutant emitting source.
- (l) EMISSION REDUCTION CREDIT (ERC) means the amount of emissions reduction which is verified and determined to be eligible for credit at a facility in accordance with all District rules and regulations. An ERC represents final eligible emission reductions and may be used as such, in accordance with the provisions of Regulation XIII.
- (m) ESSENTIAL PUBLIC SERVICE includes:
  - (1) sewage treatment facilities, which are publicly owned or operated, and consistent with an approved regional growth plan;
  - (2) prisons;
  - (3) police facilities;
  - (4) fire fighting facilities;
  - (5) schools;
  - (6) hospitals;
  - (7) construction and operation of a landfill gas control or processing facility;
  - (8) water delivery operations; and
  - (9) public transit.
- (n) EXEMPT COMPOUNDS are as defined in Rule 102.
- (o) EXPIRED PERMIT SOURCE SHUTDOWN CREDITS (EPSSC) means any source for which permits have expired and cannot be reactivated or re-instated, and for which the District claims the emission credits.
- (p) FACILITY means any source or group of sources or other air contaminant-emitting activities which are located on one or more contiguous properties within the District, in actual physical contact or separated solely by a public roadway or other public right-of-way, and are owned or operated by the same person (or by persons under common control), or an outer continental shelf (OCS) source as determined in 40 CFR Section 55.2. Such above-described groups, if noncontiguous, but

connected only by land carrying a pipeline, shall not be considered one facility. Sources or installations involved in crude oil and gas production in Southern California Coastal or OCS Waters and transport of such crude oil and gas in Southern California Coastal or OCS Waters shall be included in the same facility which is under the same ownership or use entitlement as the crude oil and gas production facility on-shore.

- (q) **FEDERALLY ENFORCEABLE** means all permit limitations and conditions which are enforceable by the EPA Administrator.
  
- (r) **MAJOR MODIFICATION** means any modification, as specified in subdivision ~~(s)~~ (x), at an existing major polluting facility, as specified in subdivision (s), that will cause:
  - (1) an increase of one pound per day or more, of the facility's potential to emit oxides of nitrogen (NO<sub>x</sub>) or volatile organic compounds (VOCs), provided the facility is located in the South Coast Air Basin ~~(SOCAB)~~ or the Riverside County portion of the Salton Sea Air Basin, or
  - (2) an increase of 40 tons per year or more, of the facility's potential to emit oxides of sulfur (SO<sub>x</sub>), or
  - (3) an increase of 15 tons per year or more, of the facility's potential to emit particulate matter with an aerodynamic diameter of less than or equal to a nominal ten microns (PM<sub>10</sub>); or,
  - (4) an increase of 50 tons per year or more, of the facility's potential to emit carbon monoxide (CO).

For an existing major polluting facility located in the ~~Riverside County portion of the Salton Sea Air Basin (SSAB)~~ and the ~~Riverside County non-Palo Verde, Riverside County portion~~ area of the Mojave Desert Air Basin ~~(MDAB)~~, major modification means any modification that will cause an increase of 25 tons per year or more, of the facility's potential to emit NO<sub>x</sub> or VOC; whereas the requirements for SO<sub>x</sub>, PM<sub>10</sub>, and CO are as specified above in paragraphs ~~(s)(2)~~(r)(2), ~~(s)(3)~~(r)(3), and ~~(s)(4)~~(r)(4).

- (s) **MAJOR POLLUTING FACILITY** means any facility located in the South Coast Air Basin ~~(SOCAB)~~ which emits or has the potential to emit the following amounts or more:

Volatile Organic Compounds (VOC)                    (10) tons per year



Nitrogen Oxides (NO <sub>x</sub> )	(10) tons per year
Sulfur Oxides (SO <sub>x</sub> )	(70) tons per year
Particulate Matter (PM <sub>10</sub> )	(70) tons per year
Carbon Monoxide (CO)	(50) tons per year

For any facility located in the Riverside County portion of the Salton Sea Air Basin (~~SSAB~~), major polluting facility means any facility which emits or has the potential to emit the following amounts or more:

Volatile Organic Compounds (VOC)	<del>(25)</del> (10) tons per year
Nitrogen Oxides (NO <sub>x</sub> )	<del>(25)</del> (10) tons per year
Sulfur Oxides (SO <sub>x</sub> )	(70) tons per year
Particulate Matter (PM <sub>10</sub> )	(70) tons per year
Carbon Monoxide (CO)	(100) tons per year

For any facility located in the non-Palo Verde, Riverside County portion of the Mojave Desert Air Basin (~~MDAB~~), major polluting facility means any facility which emits or has the potential to emit the following amounts or more:

Volatile Organic Compounds (VOC)	(100) tons per year
Nitrogen Oxides (NO <sub>x</sub> )	(100) tons per year
Sulfur Oxides (SO <sub>x</sub> )	(100) tons per year
Particulate Matter (PM <sub>10</sub> )	(100) tons per year
Carbon Monoxide (CO)	(100) tons per year

- (t) MINOR FACILITY means any facility that is not a major polluting facility.
- (u) MOBILE SOURCE means a device by which any person or property may be propelled, moved, or drawn upon a roadway, stationary rails or tracks, waterways, or through the atmosphere, and which emits air contaminants.
- (v) MOBILE SOURCE EMISSION REDUCTION CREDIT (MSERC) means any credit for emission reductions generated pursuant to a state and federally approved mobile source credit generation rule for stationary source use as an offset under Regulation XIII.

- (w) MODELING means using an air quality simulation model, based on specified assumptions and data, and which model is approved by the EPA and has been approved in writing by the Executive Officer or designee.
- (x) MODIFICATION means any physical change in equipment, change in method of operation, or an addition to an existing facility, which may cause the issuance of air contaminants. Routine maintenance and/or repair shall not be considered a physical change. A change in the method of operation of equipment, unless previously limited by an enforceable permit condition, shall not include:
  - (1) an increase in the production rate, unless such increase will cause the maximum design capacity of the equipment to be exceeded.
  - (2) an increase in the hours of operation.
  - (3) a change in operator of a facility.
- (y) NEW SOURCE REVIEW (NSR) BALANCE means the sum of the emission increases, decreases, and offsets as listed in District records, and approved by the Executive Officer or designee that has been determined at a facility pursuant to the District's New Source Review rules since October 8, 1976 to December 7, 1995. Under no circumstances shall the New Source Review Balance be greater than the facility's potential to emit or less than zero.
- (z) NONATTAINMENT AIR CONTAMINANT means any air contaminant for which there is a national or state ambient air quality standard, or precursor to such air contaminant, which:
  - (1) has been designated "nonattainment" pursuant to the California Air Resources Board in accordance with Section 39607 of California Health & Safety Code; or
  - (2) has been designated "nonattainment" pursuant to final rulemaking by the EPA as published in the Federal Register.
- (aa) OZONE DEPLETING COMPOUNDS (ODCs) are as defined in Rule 102.
- (ab) PERMANENT means that emission reductions used to offset emission increases are assured for the life of the corresponding increase, whether unlimited or limited in duration.

- (ac) PERMIT UNIT means any article, machine, equipment, or other contrivance, or combination thereof, which may cause or control the issuance of air contaminants that is not exempt from permit requirements.
  
- (ad) POTENTIAL TO EMIT means the amount of pollutants calculated (1) using a calendar monthly average, and, (2) on a pound-per-day basis from permit conditions which directly limit the emissions, or, when no such conditions are imposed, from:
  - (1) the maximum rated capacity; and
  - (2) the maximum daily hours of operation; and
  - (3) the physical characteristics of the materials processed.Fugitive emissions associated with the source shall be included in the potential to emit.
  
- (ae) PM<sub>10</sub> means particulate matter with aerodynamic diameter of less than or equal to a nominal 10 microns as measured by an applicable reference test method.
  
- (af) PRECURSOR means a substance that, when released to the atmosphere, forms or causes to be formed or contributes to the formation of another or secondary air contaminant for which a national ambient air quality standard has been adopted, or whose presence in the atmosphere will contribute to the violation of one or more national ambient air quality standards. Precursors and secondary pollutants include:

**PRECURSORS**

Volatile Organic Compounds (VOC)

Nitrogen Oxides (NO<sub>x</sub>)

Sulfur Oxides (SO<sub>x</sub>)

**SECONDARY POLLUTANTS**

- a) photochemical oxidant (ozone)
- b) the organic fraction of suspended particulate matter
- a) nitrogen dioxide (NO<sub>2</sub>)
- b) the nitrate fraction of suspended particulate matter
- c) photochemical oxidant (ozone)
- a) Sulfur dioxide (SO<sub>2</sub>)
- b) sulfates (SO<sub>4</sub>)
- c) the sulfate fraction of suspended particulate matter

- (ag) QUALIFYING FACILITY means a power generating facility which:

- (1) produces electric energy solely by the use, as a primary energy source, of biomass, waste, renewable resources, geothermal resources, or any combination thereof; and
  - (2) has a power production capacity which, together with any other facilities located at the same site, is not greater than 80 megawatts; and
  - (3) is determined by the Federal Energy Regulatory Commission (FERC), by rule, to meet such requirements (including fuel use, fuel efficiency, and reliability) as the Commission may, by rule, prescribe; and
  - (4) is owned by a person not primarily engaged in the generation or sale of electric power, other than electric power solely from cogeneration facilities or facilities meeting the provisions of subparagraphs (ag)(1) and (ag)(2).
- (ah) QUANTIFIABLE EMISSIONS means that the emission reductions eligible for ERCs were calculated both before and after the reduction using the same method and averaging time
- (ai) RELOCATED MINOR FACILITY means, for the purposes of BACT applicability pursuant to Rule 1306, paragraph (d)(3), any facility, that is undergoing or has undergone a relocation of all its permitted sources and associated operations and, that has been under the same ownership for two or more years at the same location, as demonstrated to the satisfaction of the Executive Officer. A relocated minor facility shall be a minor facility at the relocated site, in accordance with the provisions of subdivisions (p) and (t).
- (aj) RELOCATION means the removal of an existing source from one parcel of land in the District and installation on another parcel of land where the two parcels are not in actual physical contact and are not separated solely by a public roadway or other public right-of-way.
- (ak) RESOURCE RECOVERY PROJECT means a project which uses municipal waste, refuse-derived, biomass-derived or other nonfossil fuels for useful energy generation within the same basin that the fuel was generated.
- (al) SHORT TERM CREDIT (STC) means any credit for emission reductions that is valid only during specific years and for specific quantities. STCs consist of Short Term ERCs (STERCs), Mobile Source ERCs (MSERCs) and Area Source ERCs (ASERCs).

- (am) SHORT TERM EMISSION REDUCTION CREDIT (STERC) means any ERC which has been divided in whole or part, for a period of no more than seven years and is issued in one year increments for use as a STC.
- (an) SMALL BUSINESS means for BACT determination purposes only, any business which meets all of the following criteria:
- (1) the number of employees is 100 or less;
  - (2) the total gross annual receipts are \$2,000,000 or less;
  - (3) be privately held and not publicly traded;
  - (4) not be a major stationary source;
  - (5) be subject to Regulation XIII and not Rule 2005(RECLAIM); and
  - (6) if legally affiliated with another business, the combined activities shall meet the above requirements.
- A facility is a major stationary source if it is subject to Regulation XXX - Title V Permits based on subdivision (a) of Rule 3001 - Applicability or is a major polluting facility as determined in this regulation.
- (ao) SOURCE means any permitted individual unit, piece of equipment, article, machine, process, contrivance, or combination thereof, which may emit or control an air contaminant. This includes any permit unit at any non-RECLAIM facility and any device at a RECLAIM facility.
- (ap) VOLATILE ORGANIC COMPOUNDS (VOCs) are as defined in Rule 102.

## ATTACHMENT F2

(Adopted October 15, 1993)(Amended December 7, 1995)(Amended February 14, 1997)  
(Amended April 11, 1997)(Amended October 20, 2000)(Amended May 11, 2001)  
(Amended May 6, 2005)(PAR 2000 December 4, 2020)

### **PROPOSED**

### **AMENDED**

### **RULE 2000. GENERAL**

(a) Program Objective

RECLAIM is a market incentive program designed to allow facilities flexibility in achieving emission reduction requirements for Oxides of Nitrogen (NO<sub>x</sub>), and Oxides of Sulfur (SO<sub>x</sub>) under the Air Quality Management Plan using methods which include, but are not limited to: add-on controls, equipment modifications, reformulated products, operational changes, shutdowns, and the purchase of excess emission reductions.

(b) Purpose

This rule provides the definitions for terms found in Regulation XX - RECLAIM. Any identical term found elsewhere in District Rules and Regulations with a conflicting definition shall be superseded, for the purposes of this regulation, by the definition provided in this rule.

(c) Definitions

- (1) ACTUAL EMISSIONS means the emissions of a pollutant from an affected source determined by taking into account, actual emission rates and actual or representative production rates (i.e., capacity utilization and hours of operation).
- (2) AIR CONTAMINANT means any air pollutant for which there is a national ambient air standard, or precursor to such air pollutant, including but not limited to: carbon monoxide, sulfur dioxide, nitrogen oxides, particulate matter, lead compounds and volatile organic compounds.
- (3) ALLOCATION is the number of RECLAIM Trading Credits (RTCs) [as defined in paragraph (c)(63)] a RECLAIM facility holds for a specific compliance year, as referenced in the Facility Permit.

- (4) ALLOWABLE EMISSIONS means the emissions rate of a stationary source calculated using the maximum rated capacity of the sources (unless the source is subject to federally enforceable limits which restrict the operating rate or hours of operation, or both) and the most stringent of the following:
- (A) the applicable standards set forth in 40 CFR part 60 or 61;
  - (B) any applicable State Implementation Plan emissions limitation, including those with a future compliance date; or
  - (C) the emissions rate specified as a federally enforceable permit condition, including those with a future compliance date.
- (5) ALTERNATIVE EMISSION FACTOR is a SO<sub>x</sub> emission value in units of pounds per million standard cubic feet or pounds per thousand gallons derived using the methodology specified in Appendix A, Protocols for Monitoring, Reporting, and Recordkeeping for Oxides of Sulfur (SO<sub>x</sub>) Emissions, Chapters 3 and 4.
- (6) ANNUAL PERMIT EMISSIONS PROGRAM (APEP) is the annual Facility Permit compliance reporting, review, and fee reporting program.
- (7) BASIN means the South Coast Air Basin as defined by the California Air Resources Board.
- (8) BEST AVAILABLE RETROFIT CONTROL TECHNOLOGY (BARCT) means an emission limitation that is based on the minor source criteria and methodology specified in the most current version of the District's BACT Guidelines. Parameters used for cost-effectiveness, such as equipment life less than ten years or operating conditions, except for hours of operation for gas turbines used as peaking units at Power Producing Facilities, shall be included as Facility Permit conditions.
- (9) BEST AVAILABLE CONTROL TECHNOLOGY (BACT) means the most stringent emission limitation or control technique which:
- (A) has been achieved in practice for such category or class of source; or
  - (B) is contained in any state implementation plan (SIP) approved by the Environmental Protection Agency (EPA) for such category or class of source; or

(C) is any other emission limitation or control technique, including process and equipment changes of basic or control equipment which is technologically feasible for such class or category of source or for a specific source, and cost-effective as compared to AQMP measures or adopted District rules.

A specific limitation or control technique shall not apply if the Facility Permit holder demonstrates that such limitation or control technique is not presently achievable. BACT shall be at least as stringent as Standards of Performance for New Stationary Sources (40 CFR Part 60).

BACT for sources located at major polluting facilities shall be at least as stringent as Lowest Achievable Emissions Rate (LAER) as defined in the federal Clean Air Act Section 171(3) [42 U.S.C. Section 7501(3)].

BACT for sources not located at major polluting facilities shall be as specified in the BACT Guidelines for such source categories, unless the BACT specified in the Guidelines is less stringent than required by state law in which case BACT shall be as defined in state law considering economic and technical feasibility.

When updating the BACT Guidelines to become more stringent for sources not located at major polluting facilities, economic and technical feasibility shall be considered in establishing the class or category of sources and the applicable requirements.

- (10) BREAKDOWN means a condition caused by circumstances beyond the Facility Permit holder's control which result in fire, or mechanical or electrical failure. If the breakdown causes an emission increase at a RECLAIM facility in excess of emissions under normal operating conditions, determined pursuant to Rules 2011 - Requirements for Monitoring, Reporting and Recordkeeping for Oxides of Sulfur (SO<sub>x</sub>) Emissions, and 2012 - Requirements for Monitoring, Reporting and Recordkeeping for Oxides of Nitrogen (NO<sub>x</sub>) Emissions, and Appendices A of Rules 2011 and 2012, the excess emissions from such breakdown are not counted in determining compliance with the RECLAIM facility's annual allocation if all criteria specified in Rule 2004 (i)(2)(A) are met. Malfunctions in monitoring, reporting, and recordkeeping equipment as



required by Rule 2011 and Rule 2012 shall not be considered to be a breakdown under Rule 2004 (i).

- (11) BUYER is any person who acquires RTCs from another person through purchase, trade or other means of transfer.
- (12) CEMENT KILN is a device for the calcining and clinkering of limestone, clay and other raw materials, and recycle dust in the dry-process manufacture of cement.
- (13) CERTIFIED REPORT means there has been a reasonable and diligent inquiry into the accuracy of the report by the certifying official and that the contents of the report are true and accurate to the best of his or her knowledge.
- (14) CLINKER is a mass of fused material produced in a cement kiln from which the finished cement is manufactured by milling and grinding.
- (15) COMBUSTION EQUIPMENT is any equipment that burns fuel, including but not limited to natural gas or fuel oil in order to operate. Combustion equipment includes, but is not limited to, boilers, turbines, heaters, engines, kilns, furnaces, ovens, dryers, flares, and afterburners.
- (16) COMPLIANCE YEAR is the twelve-month period beginning on January 1 and ending on December 31 for Cycle 1 facilities, and beginning on July 1 and ending on June 30 for Cycle 2 facilities.
- (17) CONCENTRATION LIMIT is a value expressed in ppmv, is measured over any continuous 60 minutes, is elected by the Facility Permit holder for a large NO<sub>x</sub> source or a super compliant SO<sub>x</sub> major source which has been reclassified as a SO<sub>x</sub> process unit, and is specified in the Facility Permit.
- (18) CONTINUOUS EMISSIONS MONITORING SYSTEM (CEMS) means the equipment required by the Protocols for Monitoring, Reporting and Recordkeeping for Oxides of Sulfur (SO<sub>x</sub>) and Oxides of Nitrogen (NO<sub>x</sub>) Emissions used to continuously measure all parameters necessary to determine mass emissions expressed in pounds per hour (lb/hr) for SO<sub>x</sub> and NO<sub>x</sub>. A CEMS includes, but is not limited to, the following component parts and systems:
  - (A) sulfur dioxide pollutant concentration monitor;
  - (B) flow monitor;
  - (C) nitrogen oxides pollutant concentration monitor;
  - (D) diluent gas monitor (oxygen or carbon dioxide);

- (E) a data acquisition and handling system;
  - (F) moisture monitor, as applicable; and
  - (G) sample acquisition, conditioning, and transport system, as applicable.
- (19) CONTINUOUS PROCESS MONITORING SYSTEM (CPMS) is equipment that measures process parameters including, but not limited to, fuel usage rate, oxygen content of stack gas, or process weight, and meets all performance standards for CPMS set forth in the Protocol for Monitoring, Reporting and Recordkeeping for Oxides of Nitrogen (NO<sub>x</sub>) Emissions. Such CPMS data will be used in conjunction with the concentration limit or emission rate, as stated in the Facility Permit, to determine mass NO<sub>x</sub> emissions.
- (20) CONTINUOUSLY MEASURE means to measure at least once every 15 minutes except during periods of routine maintenance and calibration, or as otherwise specified in the Protocols for Monitoring, Reporting, and Recordkeeping Oxides of Nitrogen (NO<sub>x</sub>) and Oxides of Sulfur (SO<sub>x</sub>) Emissions.
- (21) CONTRACTOR means a person, other than the facility permit holder and its employees, who operates equipment at a RECLAIM facility.
- (22) DAILY means occurring once between 12 midnight and 24 hours later at midnight.
- (23) DIRECT MONITORING DEVICE is a device that measures the emissions of NO<sub>x</sub> or SO<sub>x</sub> or fuel sulfur content and all other variables as specified in Rules and Protocols for Monitoring, Reporting, and Recordkeeping for Oxides of Nitrogen (NO<sub>x</sub>) and Oxides of Sulfur (SO<sub>x</sub>) Emissions.
- (24) DISTRICT CENTRAL NO<sub>x</sub> STATION is the District's designated computer system for NO<sub>x</sub> emission monitoring.
- (25) DISTRICT CENTRAL SO<sub>x</sub> STATION is the District's designated computer system for SO<sub>x</sub> emission monitoring.
- (26) ELECTRIC UTILITY is all in-Basin facilities which generate power and are owned or operated by any one of the following: Southern California Edison, Los Angeles Department of Water and Power, City of Burbank, City of Glendale, City of Pasadena, or any of their successors.
- (27) ELECTRONICALLY REPORT means transmitting measured data between the point of measurement and the point of receipt of the transmission, as specified in Rules 2011 and 2012 and their Appendices.

- (28) EMERGENCY STANDBY EQUIPMENT is equipment solely used on a standby basis in cases of emergency and is listed as emergency equipment on the Facility Permit; or is equipment that does not operate more than 200 hours per compliance year and is listed as emergency equipment in the Facility Permit.
- (29) EMISSION FACTOR is the applicable value specified in Tables 1 or 2 of Rule 2002.
- (30) EMISSION RATE is a value expressed in terms of NO<sub>x</sub> mass emissions per unit of heat input, is derived using the methodology specified in the Protocol for Monitoring, Reporting and Recordkeeping for Oxides of Nitrogen (NO<sub>x</sub>) Emissions, and is used to calculate NO<sub>x</sub> mass emissions on an average basis.
- (31) EMISSION REDUCTION CREDIT (ERC) means the amount of credit for emission reductions verified and determined by the Executive Officer pursuant to Regulation XIII - New Source Review.
- (32) ENTRY is the process by which a facility not included in the RECLAIM program pursuant to Rule 2001 - Applicability, can enter the program pursuant to conditions established in Rule 2001.
- (33) EXTERNAL OFFSET means an emission reduction determined pursuant to Rule 1309(b)(1) and approved by the Executive Officer for use to mitigate an emission increase, where the emission reduction is made at a facility other than the facility creating the emission increase.
- (34) EXISTING EQUIPMENT is any equipment operating at a RECLAIM facility for which there was a District Permit to Construct, temporary Permit to Operate, or Permit to Operate, or equipment which existed but was exempt pursuant to Rule 219 - Equipment Not Requiring a Written Permit Pursuant to Regulation II, before October 15, 1993.
- (35) EXISTING FACILITY is any facility that submitted Emission Fee Reports pursuant to Rule 301- Permit Fees, for 1992 or earlier years, or with valid District Permits to Operate issued prior to October 15, 1993, and continued to be in operation or possess valid District permits on October 15, 1993.
- (36) EXPIRATION DATE is the last date a pollutant can be emitted under the authority conveyed by a Facility Permit specifying allowable emissions based upon the amount of RTCs held by a Facility Permit holder.

- (37) FACILITY means any source or grouping of sources or other air contaminant-emitting activities which are located on one or more contiguous properties within the Basin in actual physical contact, or separated solely by a public roadway or other public right-of-way, and are owned or operated by the same person (or by persons under common control) or an Outer Continental Shelf (OCS) source as defined in 40 CFR Section 55.2. Such above-described groupings, if on noncontiguous properties, connected only by land carrying a pipeline, shall not be considered one facility. Equipment or installations involved in crude oil and gas production in Southern California Coastal or OCS waters and transport of such crude oil and gas in Southern California Coastal or OCS waters shall be included in the same facility which is under the same ownership or use entitlement as the crude oil and gas facility on-shore.
- (38) FACILITY PERMIT is a permit which consolidates permits for existing equipment, a permit for previously non-permitted NO<sub>x</sub> and/or SO<sub>x</sub> emitting Rule 219 equipment, and permits for any new equipment, into a single permit. A Facility Permit shall serve as a Permit to Construct new or altered equipment, pursuant to Rule 201 and a Permit to Operate, pursuant to Rules 202(a), 202(b) and 203, for all equipment at a RECLAIM facility. Requirements for non-RECLAIM pollutants shall also be included in the Facility Permit.
- (39) FEDERALLY ENFORCEABLE means all permit limitations and conditions which are enforceable by the EPA Administrator.
- (40) FUNCTIONALLY IDENTICAL SOURCE REPLACEMENT is the replacement of an existing source with another source that performs the same function, and has a maximum rated capacity less than or equal to the source being replaced.
- (41) GASEOUS FUELS include, but are not limited to, any natural, process, synthetic, landfill, sewage digester or waste gases with a gross heating value of 300 Btu per cubic foot or higher, at standard conditions.
- (42) HIGH EMPLOYMENT/LOW EMISSIONS FACILITY (HILO) is a new facility which has a high employment to pollution ratio. A HILO Facility has an emission rate for NO<sub>x</sub>, SO<sub>x</sub>, ROC, and PM<sub>10</sub>, per full-time manufacturing employee, that is equal to or less than one-half (1/2) of any estimate stated in the AQMP for emissions per full-time manufacturing employee by industry class in the year 2010.

- (43) ISSUE DATE is the first date a pollutant can be emitted under the authority conveyed by a Facility Permit specifying allowable emissions based upon the amount of RTCs held by a Facility Permit holder.
- (44) MAJOR MODIFICATION means any modification, at an existing major polluting facility that will cause:
- (A) an increase of one or more pounds per day, of the facility's potential to emit oxides of nitrogen (NO<sub>x</sub>) or volatile organic compounds (VOCs) provided the facility is located in the South Coast Air Basin or the Riverside County portion of the Salton Sea Air Basin,  
or
  - (B) an increase of 40 tons per year or more, of the facility's potential to emit oxides of sulfur (SO<sub>x</sub>); or
  - (C) an increase of 15 tons per year or more, of the facility's potential to emit particulate matter with an aerodynamic diameter of less than or equal to a nominal ten microns (PM<sub>10</sub>); or
  - (D) an increase of 100 tons per year or more, of the facility's potential to emit carbon monoxide (CO).

For an existing major polluting facility located in the ~~Riverside County portion of the Salton Sea Air Basin (SSAB) and the Riverside County non-Palo Verde, Riverside County~~ portion area of the Mojave Desert Air Basin (~~MDAB~~), major modification means any modification that will cause an increase of 25 tons per year or more, of the facility's potential to emit NO<sub>x</sub> or VOC; whereas the requirements for SO<sub>x</sub>, PM<sub>10</sub> and CO are as specified above in paragraphs (44)(B), (44)(C), and (44)(D).

- (45) MAJOR STATIONARY SOURCE means any facility which emits, or has the potential to emit 10 tons per year or more of NO<sub>x</sub> or 100 tons per year or more of SO<sub>x</sub>.
- (46) MANUFACTURING EMPLOYEES are those full-time employees directly involved in the manufacture or sale of the product created by a RECLAIM facility.
- (47) MITIGATION FEE PROGRAM means a program where power producing facilities that exceed annual allocations and meet specified applicability requirements in Rule 2004 subdivision (o), pay a participation fee to the District for generation of NO<sub>x</sub> emission reductions by the District to mitigate emission exceedances.

- (48) MODIFICATION means any physical change or change in the method of operation of a source. The following shall not be considered a modification: (A) routine maintenance and repair; (B) any change in operator or ownership of the facility; (C) use of an alternative fuel as required by District rule or federal or state statute, regulation or law; and, (D) an increase in the hours of operation or in the production rate, unless a permit condition limiting hours of operation, throughput or mass emissions would be exceeded.
- (49) MONTHLY EMISSIONS REPORT is a report which takes inventory of all RECLAIM pollutant emissions at a facility during a calendar month, submitted by the Facility Permit holder to the Executive Officer, within 30 days of the close of each month.
- (50) NATURAL GAS is a mixture of gaseous hydrocarbons, with at least 80 percent methane (by volume), and of pipeline quality, such as the gas sold or distributed by any utility company regulated by the California Public Utilities Commission.
- (51) NEW FACILITY is any facility which has received all District Permits to Construct on or after October 15, 1993.
- (52) NON-RECLAIM POLLUTANTS are those pollutants other than RECLAIM NO<sub>x</sub> and SO<sub>x</sub>.
- (53) NORMAL OPERATING CONDITION means the condition that conforms with the established norm or standard prescribed in Rule 2011 - Requirements for Monitoring, Reporting and Recordkeeping for Oxides of Sulfur (SO<sub>x</sub>) Emissions and Rule 2012 - Requirements for Monitoring, Reporting, and Recordkeeping for Oxides of Nitrogen (NO<sub>x</sub>) Emissions, and the Appendices thereto.
- (54) NO<sub>x</sub> EMISSIONS means the sum of nitric oxides and nitrogen dioxides emitted, calculated as nitrogen dioxide.
- (55) ON-SITE, OFF-ROAD MOBILE SOURCES means non-stationary devices powered by an internal combustion engine or motor of 50 horsepower or greater, used off public roads and solely at the facility to propel, move, or draw persons or property. Such devices include, but are not limited to: forklifts, aerial lifts, motor graders, backhoes, excavators, dozers, trenchers, and tractors.

- (56) POWER PRODUCING FACILITY is an electric utility as defined in (c)(26), operated as of May 11, 2001, which has a generation capacity of 50 megawatts or more of electrical power.
- (57) QUARTER is a three-month period from January 1 to March 31, April 1 to June 30, July 1 to September 30, or October 1 to December 31, inclusive.
- (58) QUARTERLY CERTIFICATION OF EMISSIONS is a certified report inventorying all RECLAIM pollutant emissions at a facility during a quarter.
- (59) RATED BRAKE HORSEPOWER (bhp) is the maximum rating specified by the manufacturer and listed on the nameplate.
- (60) RECLAIM is the Regional Clean Air Incentives Market established by this Regulation.
- (61) RECLAIM AIR QUALITY INVESTMENT PROGRAM (RECLAIM AQIP) is a voluntary emission reduction compliance option for RECLAIM facilities pursuant to Rule 2004 subdivision (p), where a participation fee is paid by the RECLAIM facility to the District for generation of NO<sub>x</sub> emission reductions by the District.
- (62) RECLAIM POLLUTANTS are NO<sub>x</sub> emissions and SO<sub>x</sub> emissions at a facility subject to RECLAIM requirements excluding any NO<sub>x</sub> or SO<sub>x</sub> emissions from on-site, off-road mobile sources and any SO<sub>x</sub> emissions from equipment burning natural gas exclusively, unless the emissions are SO<sub>x</sub> emissions at a facility that elected to enter RECLAIM pursuant to Rule 2001 (i)(2)(A) and including NO<sub>x</sub> and SO<sub>x</sub> emissions:
  - (A) from rental equipment as required to be reported by the Facility Permit holder pursuant to Rule 2011, Appendix A, Chapter 1 or Rule 2012, Appendix A, Chapter 1;
  - (B) from equipment operated by a contractor as required to be reported by the Facility Permit holder pursuant to Rule 2011, Appendix A, Chapter 1 or Rule 2012, Appendix A, Chapter 1;
  - (C) from ships during the loading or unloading of cargo and while at berth at a RECLAIM facility which was required to provide offsets pursuant to Rule 2005 paragraph (b)(2) and subdivision (f) for these emissions; and

- (D) from non-propulsion equipment on ships within Coastal Waters under District jurisdiction and from ships destined for or traveling from a RECLAIM facility which was required to provide offsets pursuant to Rule 2005 paragraph (b)(2) and subdivision (f) for these emissions.
- (63) RECLAIM TRADING CREDIT (RTC) is a limited authorization to emit a RECLAIM pollutant in accordance with the restrictions and requirements of District rules and state and federal law. Each RTC has a denomination of one pound of RECLAIM pollutant and a term of one year, and can be held as part of a facility's Allocation or alternatively may be evidenced by an RTC Certificate.
- (64) RECLAIM TRADING CREDIT LISTING is maintained by the Executive Officer and is the official and controlling record of RTCs held by any person.
- (65) REMOTE TERMINAL UNIT (RTU) is a data collection and transmitting device used to transmit data and calculated results to the District Central Station Computer.
- (66) RENTAL EQUIPMENT is equipment which is rented or leased for operation by someone other than the owner of the equipment.
- (67) REPORTED VALUE, for the purpose of developing Allocations, means the emissions data provided to the District by the facility representative, pursuant to Rule 301.
- (68) RTC CERTIFICATES are issued by the District and constitute evidence of RTCs held by any person and are used for information only. The official and controlling record of RTCs held by any person is the RTC listing maintained by the Executive Officer.
- (69) RESEARCH OPERATIONS are those operations the sole purpose of which is to permit investigation of experimental research to advance the state of knowledge or state-of-the-art technology.
- (70) SELLER is any person who transfers RTCs to another person through sale, trade or other means of transfer.
- (71) SOURCE is any individual unit, piece of equipment or process which may emit an air contaminant and which is identified, or required to be identified, in the RECLAIM Facility Permit.
- (72) SO<sub>x</sub> EMISSIONS means sulfur dioxides emitted.



**Proposed Amended Rule 2000 (Cont.) (~~Amended May 6, 2005~~)(December 4, 2020)**

- (73) STANDARD INDUSTRIAL CODE (SIC) is the classification number assigned to a facility based on its primary economic activity as specified in the "Standard Industrial Classification Manual," published by the Office of Management and Budget, dated 1987.
- (74) STRUCTURAL BUYER is any RECLAIM facility which has not sold RTCs as of May 1, 2000 for any compliance year during which the RECLAIM AQIP is requested and meets one of the following criteria:
- (A) was or is initially totally permitted for construction of new equipment on or after October 15, 1993; or
  - (B) emitted 6 tons or less of NO<sub>x</sub> in the 1999 compliance year, provided:
    - (i) all equipment requiring a permit at the facility is equipped with a minimum of BARCT as defined in paragraph (c)(8); and
    - (ii) the emission reductions requested through RECLAIM AQIP do not exceed 50 percent of the facility's emissions in compliance year 1999.
- (75) THROUGHPUT means a measure of activity including, but not limited to: weight of glass pulled for a glass melting furnace, weight of clinker for cement kilns, amount of nitric acid used in metal stripping processes, amount of nitric or sulfuric acid manufactured for nitric or sulfuric acid manufacturing processes, weight of aluminum produced for aluminum production and/or fuel usage for all other sources as reported pursuant to Rule 301.
- (76) TRADING ZONE is one of two areas delineated in Rule 2005 - New Source Review for RECLAIM, Map 1.
- (77) ZONE OF ORIGINATION is the trading zone or Regulation XIII zone in which an RTC is originally assigned by the District.

**ATTACHMENT F3**

(Adopted October 8, 1993)(Amended August 11, 1995)  
 (Amended November 14, 1997)(Amended November 5, 2010)  
(PAR 3001 December 4, 2020)

**PROPOSED**

**AMENDED**

**RULE 3001. APPLICABILITY**

- (a) Phase One Title V Permits  
Prior to [Date of Adoption], Operators of facilities that have, in 1992 or later, reported annual emissions equal to or greater than any of the threshold amounts shown in Table 1 shall submit initial Title V applications to the Executive Officer and obtain Title V permits in accordance with the timelines specified in Rule 3003 - Applications.

TABLE 1

Emission Threshold Levels for Facilities During Phase One

Based on Actual Reported Emissions in tons per year (tpy) per Facility Location

Pollutant	Actual Reported Emission Threshold Levels Per Facility Location		
	South Coast Air Basin (SOCAB)  (tpy)	Riverside County Portion of Salton Sea Air Basin ( <del>SSAB</del> ) and Los Angeles County Portion of Mojave Desert Air Basin (MDAB)  (tpy)	<u>Non-Palo Verde,</u> Riverside County Portion of Mojave Desert Air Basin (MDAB)  (tpy)
VOC	8	20	80
NO <sub>x</sub>	8	20	80
SO <sub>x</sub>	80	80	80
CO	40	80	80
PM-10	56	56	80
Single HAP	8	8	8
Combination of HAPs	20	20	20

- (b) Phase Two Title V Permits

**Proposed Amended Rule 3001 (Cont.) (~~Amended November 5, 2010~~)(December 4, 2020)**

- (1) Operators of facilities, not subject to the provisions of subdivision (a) of this rule, with the potential to emit any regulated air pollutant at, or greater than, any of the threshold amounts shown in Table 2 shall submit to the Executive Officer applications for initial Title V permits in accordance with the timelines specified in Rule 3003 - Applications, and obtain Title V permits within five years after the effective date, as defined in paragraph (b)(8) of Rule 3000.
- (2) For the purpose of this subdivision, the potential to emit for a RECLAIM pollutant from a RECLAIM facility is the higher of:
  - (A) the starting allocation plus nontradeable credits; or
  - (B) RECLAIM Trading Credits (RTC) held in the allocation account after any trading.

RTCs held in the certificate account are not part of the allocation.

TABLE 2

Emission Threshold Levels for Facilities During Phase Two

Based on Potential to Emit in tons per year (tpy) per Facility Location

Pollutant	Potential to Emit Emission Threshold Levels Per Facility Location		
	South Coast Air Basin ( <del>SOCAB</del> ) (tpy)	Riverside County Portion of Salton Sea Air Basin ( <del>SSAB</del> ) and Los Angeles County Portion of Mojave Desert Air Basin ( <del>MDAB</del> ) (tpy)	<u>Non-Palo Verde,</u> Riverside County Portion of Mojave Desert Air Basin ( <del>MDAB</del> ) (tpy)
VOC	10	<del>25</del> <u>10</u>	100
NO <sub>x</sub>	10	<del>25</del> <u>10</u>	100
SO <sub>x</sub>	100	100	100
CO	50	100	100
PM-10	70	70	100
Single HAP	10	10	10
Combination of HAPs	25	25	25

- (c) Additional Facilities Requiring Title V Permits

**Proposed Amended Rule 3001 (Cont.)** (~~Amended November 5, 2010~~)(**December 4, 2020**)

In addition to subdivisions (a) and (b) of this rule, operators of the following facilities shall submit applications to the Executive Officer to obtain Title V permits in accordance with the timelines specified in Rule 3003 - Applications, or with federal regulations:

- (1) All new facilities that have a potential to emit any regulated air pollutant at, or greater than, any of the levels specified in Table 2 of subdivision (b) of this rule, and for which applications for permits to construct and permits to operate are deemed complete after March 31, 2000;
- (2) All facilities initially not subject to Title V requirements, that after installation or modification of equipment would have a potential to emit any regulated air pollutant at, or greater than, any of the levels specified in Table 2 of subdivision (b) of this rule, and for which applications for permits to construct or permits to operate are deemed complete after March 31, 2000;
- (3) All "affected sources" as defined under the acid rain provisions of Title IV of the federal Clean Air Act and 40 CFR Part 70, Section 70.2;
- (4) Solid waste incineration units required to obtain a permit pursuant to Section 129(e) of the federal Clean Air Act;
- (5) All facilities subject to a standard, limitation, or other requirement of the New Source Performance Standards in 40 CFR Part 60 or National Emission Standards for Hazardous Air Pollutants in 40 CFR Part 61 or Part 63 that are specifically required by federal regulation to obtain a Title V permit; and,
- (6) All other facilities so designated by the EPA by future amendments to 40 CFR Part 70, Section 70.3.
- (7) All facilities that have obtained a District facility permit with a condition limiting facility emissions for the purpose of being exempt from Title V permit requirements pursuant to paragraph (d)(2) of this rule, and that have reported annual emissions, calculated in accordance with permit terms and conditions under normal operating conditions, equal to or greater than any of the threshold amounts specified in Table 2 of subdivision (b) of this rule.
- (8) On and after January 2, 2011, applicable requirements for greenhouse gases shall be included in Title V permits for any facility that is otherwise required, after that date, to obtain a new, renewed, or revised Title V permit pursuant to subdivision (a) of this rule.
- (9) On and after July 1, 2011, any facility with a potential to emit  $\geq 100,000$  tpy CO<sub>2e</sub>, on a CO<sub>2e</sub> basis (Global Warming Potential applied) and a

**Proposed Amended Rule 3001 (Cont.)** (~~Amended November 5, 2010~~)(**December 4, 2020**)

Potential to Emit GHGs > 100 tpy GHGs on a mass basis (no Global Warming Potential applied) shall apply for a Title V permit within 180 days after July 1, 2011, unless a Title V permit has already been applied for.

(d) Exemptions

(1) Notwithstanding subdivision (b) of this rule, facilities that would be required to obtain a Title V permit solely because they are subject to one or more of the following regulations are exempt from Title V permit requirements:

(A) 40 CFR Part 60, subpart AAA - Standards of Performance for New Residential Wood Heaters;

(B) 40 CFR Part 61, subpart M - National Emission Standard for Hazardous Air Pollutants for Asbestos, Section 61.145 - Standard for Demolition and Renovation.

(2) Facilities subject to the requirements of subdivision (a) (b) or (c) of this rule, that demonstrate to the satisfaction of the Executive Officer that the facility's potential to emit has been reduced, either through a facility modification or by accepting an enforceable condition in the District facility permit, to less than the levels for all air contaminants specified in Table 2 of subdivision (a) of this rule, and the PTE is less than 100,000 tpy CO<sub>2e</sub> GHGs, are exempt from Title V permit requirements.

(e) Phase One Exclusions

(1) Except in the case of an affected source under the acid rain program, an applicant may request, and the Executive Officer may grant an exclusion from subdivision (a) of this rule, Phase One Title V Permits, provided that the facility can demonstrate to the satisfaction of the Executive Officer that:

(A) the most recent, validated, reported emissions are less than the thresholds in subdivision (a); and

(B) a permanent change has occurred at the facility to explain the reduction in reported emissions.

(2) All requests for exclusion shall be in a form specified by the Executive Officer, shall include copies of reported emissions data and are subject to approval by the Executive Officer.

## ATTACHMENT G

### SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

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#### **Final Staff Report**

**Proposed Amended Regulation XIII – New Source Review**

**Proposed Amended Regulation XX – Regional Clean Air Incentives Market**

**Proposed Amended Regulation XXX – Title V Permits**

#### **December 2020**

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Speaker of the Assembly Appointee

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EXECUTIVE OFFICER:  
WAYNE NASTRI

# Table of Contents

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## **CHAPTER 1: BACKGROUND**

<b>EXECUTIVE SUMMARY .....</b>	<b>1-1</b>
<b>INTRODUCTION .....</b>	<b>1-1</b>
<b>ATTAINMENT STATUS FOR OZONE FEDERAL AIR QUALITY STANDARDS.....</b>	<b>1-2</b>
<b>REGULATORY HISTORY .....</b>	<b>1-4</b>
<b>PUBLIC PROCESS.....</b>	<b>1-4</b>

## **CHAPTER 2: SUMMARY OF PROPOSED AMENDMED RULES**

<b>INTRODUCTION .....</b>	<b>2-1</b>
<b>REGULATION XIII – New Source Review (NSR).....</b>	<b>2-1</b>
Proposed Amended Rule 1302 – Definitions .....	2-1
Definition of BASIN - Subdivision (g) .....	2-1
Definition of MAJOR MODIFICATION - Subdivision (r).....	2-2
Definition of MAJOR POLLUTING FACILITY - Subdivision (s) .....	2-2
<b>REGULATION XX – Regional Clean Air Incentives Market (RECLAIM) .....</b>	<b>2-3</b>
Proposed Amended Rule 2000 – General .....	2-3
Definition of MAJOR MODIFICATION - Paragraph (c)(44).....	2-3
<b>REGULATION XXX – TITLE V PERMITS.....</b>	<b>2-3</b>
Proposed Amended Rule 3001- Applicability .....	2-3

## **CHAPTER 3: IMPACT ASSESSMENT**

<b>IMPACTS OF PROPOSED RULE AMENDMENTS.....</b>	<b>3-1</b>
Review of Facilities Potentially Affected by Proposed Amendments .....	3-1
Potential Regulation XIII (NSR) Impacts to Facilities .....	3-1
Potential Regulation XX (RECLAIM) Impacts to Facilities .....	3-3
Potential Regulation XXX (Title V) Impacts to Facilities.....	3-3
<b>CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA).....</b>	<b>3-4</b>
<b>SOCIOECONOMIC ASSESSMENT .....</b>	<b>3-4</b>
<b>DRAFT FINDINGS UNDER CALIFORNIA HEALTH AND SAFETY CODE SECTION 40727 .....</b>	<b>3-4</b>
Requirements to Make Findings .....	3-4
Necessity .....	3-4
Authority .....	3-5
Clarity .....	3-5
Consistency .....	3-5
Non-Duplication .....	3-5
Reference .....	3-5
<b>COMPARATIVE ANALYSIS .....</b>	<b>3-5</b>

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**REFERENCES ..... 3-6**

**LIST OF FIGURES**

Figure 1 - Air Basins Within South Coast AQMD’s Jurisdiction ..... 1-2  
Figure 2 - Coachella Valley Ozone 3-year Design Value Trends ..... 1-3

**LIST OF TABLES**

Table 1 - Summary of Proposed Amendments to Regulations XIII, XX, and XXX..... 2-2  
Table 2 - Summary and List of Potentially Impacted Facilities Proposed Amendments to Regulations XIII, XX, and XXX ..... 3-1

## **CHAPTER 1: BACKGROUND**

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EXECUTIVE SUMMARY

INTRODUCTION

ATTAINMENT STATUS FOR OZONE FEDERAL AIR QUALITY  
STANDARDS

REGULATORY HISTORY

PUBLIC PROCESS

## EXECUTIVE SUMMARY

On July 10, 2019, U.S. EPA granted the South Coast Air Quality Management District's (South Coast AQMD) request to voluntarily reclassify the Coachella Valley from Severe-15 to Extreme for the 1997 8-hour Ozone National Ambient Air Quality Standard (NAAQS), with a new attainment date of June 15, 2024. Under the Clean Air Act, the reclassification requires a reduction in the Major Polluting Facility<sup>1</sup> and Major Modification thresholds for volatile organic compounds (VOC) and oxides of nitrogen (NOx) emissions as these pollutants are precursors for ozone. For the Coachella Valley, amendments are proposed to individual rules within Regulation XIII – New Source Review (NSR), Regulation XX – Regional Clean Air Incentives Market (RECLAIM), and Regulation XXX – Title V Permits (Title V) to lower the Major Polluting Facility thresholds for VOC or NOx emissions from 25 tons per year for a Severe-15 nonattainment area, to 10 tons per year for an Extreme nonattainment area. The reclassification also requires rule amendments to lower the Coachella Valley Major Modification threshold from 25 tons per year to 1 pound per day for VOC or NOx emissions. Other administrative changes are proposed to Regulations XIII, XX, and XXX to remove outdated rule provisions and to improve rule clarity. The Preliminary Draft Staff Report included proposed amendments to remove Rule 3001 Phase One applicability thresholds which are based on actual reported emissions, as new or modified stationary sources are currently subject to Rule 3001 Phase Two applicability thresholds which are based on Potential to Emit (PTE) emissions. The current proposal, however, maintains Phase One applicability thresholds to the time of rule adoption since this was the primary approach to initially identify Title V facilities and should continue to apply to those facilities. Therefore, the only programmatically meaningful amendment to Regulation XXX is an update to Rule 3001 Phase Two VOC and NOx applicability thresholds for the Coachella Valley based on the Extreme ozone nonattainment area reclassification.

Under the new lower thresholds, existing and new stationary sources in Coachella Valley with a PTE of at least 10 tons per year of either VOC or NOx emissions would be subject to the applicable permitting requirements for Major Polluting Facilities and Major Modifications at a Major Polluting Facility. Based on staff's analyses, only two existing facilities in Coachella Valley may potentially be subject to new permitting requirements. Additionally, South Coast AQMD staff is unaware of any applications for new facilities that would exceed the new Major Polluting Facility thresholds. Existing and new facilities can also take a cap on total facility VOC or NOx emissions or make concurrent facility emission reductions to avoid triggering the additional permitting requirements.

## INTRODUCTION

The Coachella Valley consists of the Riverside County portion of the Salton Sea Air Basin. The region is under the jurisdiction of the South Coast AQMD, excluding tribal lands. Communities included within the area include Palm Springs, Desert Hot Springs, Cathedral City, Rancho Mirage, Palm Desert, Indian Wells, La Quinta, Indio, Coachella, Thermal,

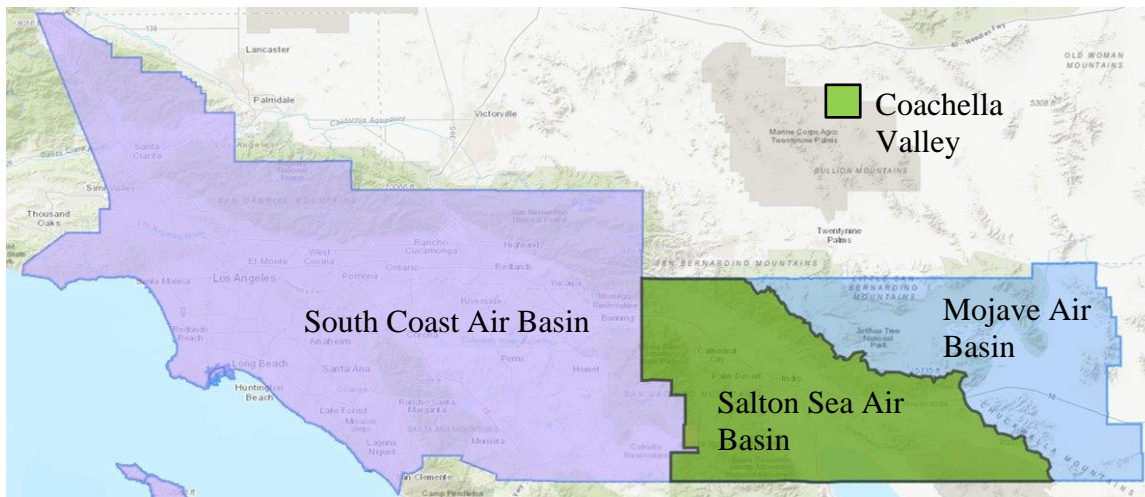
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<sup>1</sup> For the purposes of the proposed amendments to Regulations XIII, XX, and XXX related to the Coachella Valley Extreme area ozone reclassification, the terms "Major Source", "Major Stationary Source", and "Major Polluting Facility" have the same meaning and are interchangeable.

and Mecca. The Coachella Valley is located downwind of the South Coast Air Basin (Basin), which is also under the jurisdiction of the South Coast AQMD. Figure 1 shows the boundaries of the Coachella Valley and the Basin.

The topography and climate of Southern California, coupled with a dense population and significant emission sources, make the Basin an area with the worst ozone pollution in the nation. Ozone levels in the Coachella Valley are impacted by pollutants directly transported from the Basin as well as pollutants formed secondarily through photochemical reactions from precursors emitted upwind with limited impact from local emission sources. While local emission controls benefit Coachella Valley’s air quality, the area must rely on emission controls being implemented upwind to demonstrate attainment of the federal ozone standard.

**Figure 1 - Air Basins Within South Coast AQMD’s Jurisdiction**



### **ATTAINMENT STATUS FOR OZONE FEDERAL AIR QUALITY STANDARDS**

In 1979, the U.S. EPA established primary and secondary NAAQS (or standards) for ozone at 0.12 parts per million (ppm) averaged over a 1-hour period.<sup>2</sup> On July 18, 1997, the U.S. EPA revised the primary and secondary standards for ozone to 0.08 ppm, averaged over an 8-hour period (“1997 8-hour ozone standard”). The 1997 8-hour ozone standard was lowered to 0.075 ppm in 2008, and to 0.070 ppm in 2015. The U.S. EPA classifies areas of ozone nonattainment (i.e., Extreme, Severe, Serious, Moderate, or Marginal) based on the extent to which an area exceeds the standard. The higher the current exceedance level, the more time is provided to demonstrate attainment in recognition of the more significant challenge involved. However, nonattainment areas with higher classifications are also subject to more stringent requirements.

On November 28, 2007, the South Coast AQMD requested that the U.S. EPA reclassify the Coachella Valley nonattainment area from Serious to Severe-15. This reclassification

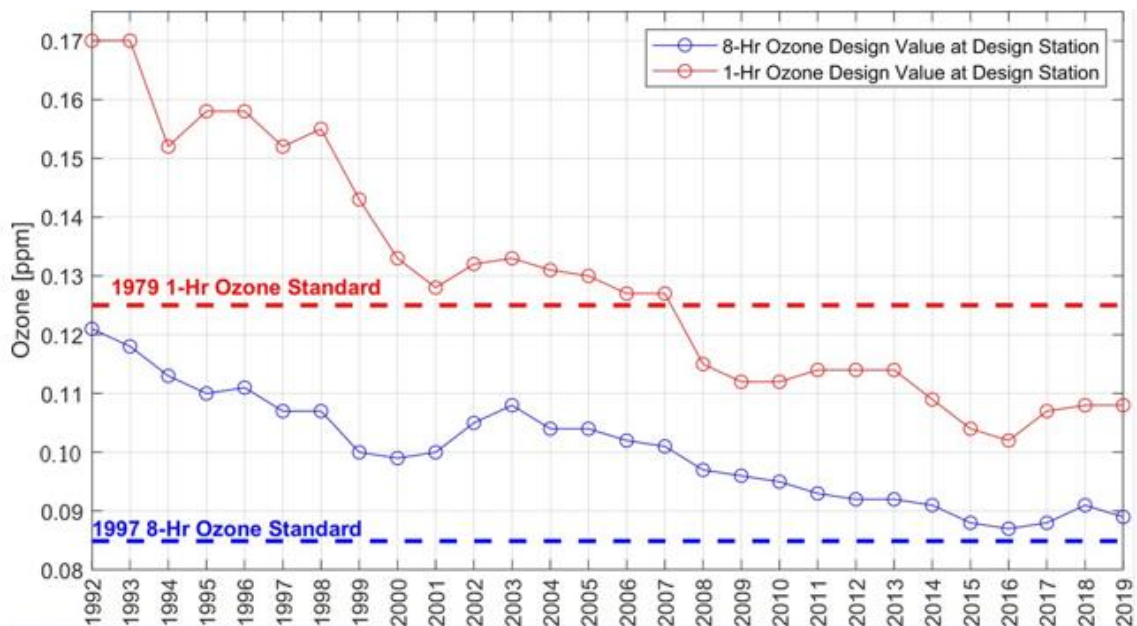
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<sup>2</sup> U.S. EPA revoked the 1-hour ozone standard entirely in 2005. However, U.S. EPA regulations require the continuation of certain control measures in areas that were formerly in nonattainment for the 1-hour Standard.

was granted effective June 4, 2010, and established an attainment date of June 15, 2019.<sup>3</sup> Implementation of the South Coast AQMD and the California Air Resources Board (CARB) emission control measures over the past several decades have resulted in demonstrable progress in reducing ozone levels and significant reductions in ozone precursor emissions such as NOx and VOCs. As a result, air quality in the Coachella Valley has steadily improved, as demonstrated by the ambient air quality data. However, in 2017 and 2018, the State of California experienced a series of high ozone episodes primarily driven by unexpected changes in meteorology, including warm and stagnant weather conditions.

Consequently, the ozone levels in 2017 and 2018 were higher than the previous years, and the Coachella Valley did not attain the 1997 standard by the June 2019 attainment date. NAAQS are typically described by the design value, which is used to determine the attainment status of an area. Figure 2 depicts the trend in the 8-hour ozone design value and the 1-hour ozone design value. As a result, the South Coast AQMD requested that the U.S. EPA reclassify the area from Severe-15 to Extreme ozone nonattainment.<sup>4</sup> The 8-hour ozone design value is the annual fourth-highest daily maximum 8-hour ozone concentration averaged over three years.

**Figure 2 - Coachella Valley Ozone 3-year Design Value Trends**



**Note:**

The year indicated on the x-axis represents the last year of the 3-year design value. Although the 1997 8-hour ozone standard is 0.08 ppm, the blue line is located at 0.084 ppm, which is the level needed to attain the standard due to rounding

<sup>3</sup> 75 FR 24409 (May 5, 2010).

<sup>4</sup> 42 U.S.C. 7511(b)(3).

On July 10, 2019, U.S. EPA granted the South Coast AQMD's request to voluntarily reclassify the Coachella Valley from Severe-15 to Extreme for the 1997 8-hour ozone NAAQS with a new attainment date of June 15, 2024.<sup>5</sup> In a subsequent action, U.S. EPA approved a deadline for submittal of revised NSR and Title V regulations of February 14, 2021.<sup>6</sup>

## **REGULATORY HISTORY**

Regulation XIII – New Source Review (NSR) establishes the federal and state mandated pre-construction review program for new, modified, or relocated sources in the South Coast AQMD's jurisdiction. The NSR program is a critical component of the South Coast AQMD's attainment strategy and ensures that all new and modified sources install Best Available Control Technology (BACT), and their emission increases are fully offset with creditable emission reductions. Regulation XIII currently consists of 13 rules. Rule 1302 specifies the definitions used in Regulation XIII and is the only rule that is proposed to be amended.

Regulation XX – Regional Clean Air Incentives Market (RECLAIM) is a market incentive program that establishes NO<sub>x</sub> and SO<sub>x</sub> thresholds and includes NSR requirements for RECLAIM facilities. Facilities in the RECLAIM program that have new, modified, or relocated equipment must follow requirements set forth in Rule 2005 – RECLAIM NSR as opposed to Regulation XIII which applies to all non-RECLAIM facilities. Regulation XX currently consists of 13 rules. Rule 2000 specifies the definitions used in Regulation XX and is the only rule within Regulation XX that is proposed to be amended.

Regulation XXX – Title V Permits (Title V) complies with federal requirements to standardize air quality permits and the permitting process for Major Polluting Facilities. Per Regulation XXX, facilities above specified pollutant thresholds are subject to additional permitting requirements including public noticing, U.S. EPA approvals, and enhanced monitoring recordkeeping, and reporting. Regulation XXX includes provisions to exempt facilities with either actual emissions below specific pollutant thresholds or the permitted limits below specific pollutant thresholds from Title V permit requirements. Regulation XXX currently consists of nine rules and amendments are proposed to Rule 3001.

More information on the proposed amendments is included in Chapter 2.

## **PUBLIC PROCESS**

Development of proposed amendments to Regulations XIII, XX, and XXX was conducted through a public process. Staff presented the proposed rule amendments to the Regulation XIII Working Group on September 10, 2020. The Public Workshop was held virtually online through a webinar on September 25, 2020 to present the proposed amendments and to receive public comments.

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<sup>5</sup> 84 FR 32841 (July 10, 2019)

<sup>6</sup> 85 FR 2311 (January 15, 2020)

## **CHAPTER 2: SUMMARY OF PROPOSED AMENDMED RULES**

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INTRODUCTION

REGULATION XIII – NSR

REGULATION XX – RECLAIM

REGULATION XXX – TITLE V PERMITS

## **INTRODUCTION**

Regulations XIII, XX, and XXX currently establish Major Polluting Facility and Major Modification thresholds based on the previous classification of Coachella Valley as Severe-15 nonattainment for the 1997 8-hour ozone standard. The reclassification of the Coachella Valley as an Extreme nonattainment area requires amendments to Regulations XIII, XX, and XXX Major Polluting Facility and Major Modification thresholds. Federal NSR and Title V requirements require lower thresholds for defining a Major Polluting Facility for Extreme nonattainment areas. South Coast AQMD Regulations XIII and XX require applicants to use Best Available Control Technology (BACT) [referred to as Lowest Achievable Emission Rate (LAER) for Major Polluting Sources] for new sources, relocated sources, or modifications to existing sources that may result in an emissions increase. The South Coast AQMD has developed BACT Guidelines which include threshold definitions for Major Polluting Facilities based on the attainment or nonattainment status of each air basin. The BACT Guidelines Major Polluting Facility emission thresholds for VOC and NO<sub>x</sub> emissions will need to be updated to reflect the Coachella Valley Extreme ozone reclassification. These BACT Guideline updates will occur after adoption of proposed amendments to Regulation XIII and XX.

Table 1 presents a summary of the proposed amendments to South Coast AQMD Regulations XIII, XX, and XXX rules that are associated with the reclassification of the Coachella Valley from Severe-15 to Extreme ozone nonattainment.

## **REGULATION XIII – NEW SOURCE REVIEW (NSR)**

### **Proposed Amended Rule 1302 – Definitions**

Rule 1302 establishes the definitions for Regulation XIII. Proposed Amended Rule 1302 (PAR 1302) includes revisions to the definition of BASIN under subdivision (g), MAJOR MODIFICATION under subdivision (r), and MAJOR POLLUTING FACILITY under subdivision (s). For specific proposed amendments, please refer to PAR 1302.

#### **Definition of BASIN - Subdivision (g)**

The current definition of Basin includes the South Coast Air Basin (SOCAB) or the Riverside County portion of the Salton Sea Air Basin (SSAB) and the non-Palo Verde, Riverside County portion of the Mojave Desert Air Basin (MDAB), and currently only references the California Code of Regulations for the South Coast Air Basin. PAR 1302 will add references to the California Code of Regulations sections of Section 60114 of Title 17 for the Riverside County portion of the Salton Sea Air Basin and Section 60109 of Title 17 for the non-Palo Verde, Riverside County portion of the Mojave Desert Air Basin. Additionally, the acronyms SOCAB, SSAB, and MDAB are proposed to be removed as they are not used.



**Table 1 - Summary of Proposed Amendments to Regulations XIII, XX, and XXX**

Rule #	Title	Proposed Amendment
<b>Regulation XIII – NSR</b>		
1302	Definitions	<ul style="list-style-type: none"> <li>• Update references to California Code of Regulation sections for air basins</li> <li>• Update thresholds for Major Polluting Facility and Major Modification for VOC and NOx for Coachella Valley</li> </ul>
<b>Regulation XX – RECLAIM</b>		
2000	Definitions	<ul style="list-style-type: none"> <li>• Update thresholds for Major Modification for VOC and NOx for Coachella Valley</li> </ul>
<b>Regulation XXX – Title V</b>		
3001	Applicability	<ul style="list-style-type: none"> <li>• Clarify Phase One applicability timeframe</li> <li>• Update Potential to Emit thresholds for VOC and NOx for Coachella Valley</li> </ul>

**Definition of MAJOR MODIFICATION - Subdivision (r)**

To provide clarity, PAR 1302 will specify that subdivision (x) references the definition of modification while subdivision (s) references the definition of a Major Polluting Facility.

The reclassification of Coachella Valley to Extreme nonattainment for ozone will require that the VOC and NOx thresholds for a Major Modification at an existing Major Polluting Facility in the Coachella Valley be lowered to reflect the Extreme nonattainment standards for ozone. PAR 1302 paragraph (r)(1) will lower the threshold for a Major Modification at a Major Polluting Facility from 25 tons per year to 1 pound per day for VOC or NOx emissions for Coachella Valley.

**Definition of MAJOR POLLUTING FACILITY - Subdivision (s)**

The reclassification of Coachella Valley to Extreme nonattainment for ozone will require that the VOC and NOx thresholds for a Major Polluting Facility in the Coachella Valley be lowered to reflect the Extreme nonattainment standards for ozone. PAR 1302 subdivision (s) will lower the threshold for a Major Polluting Facility from 25 tons per year to 10 tons per year of VOC or NOx emissions for Coachella Valley.

## **REGULATION XX – REGIONAL CLEAN AIR INCENTIVES MARKET (RECLAIM)**

### **Proposed Amended Rule 2000 – General**

Rule 2000 establishes the definitions for Regulation XX. Rule 2000 presently includes a threshold definition for a Major Modification in Coachella Valley based on the previous Severe-15 ozone nonattainment classification.

### **Definition of MAJOR MODIFICATION - Paragraph (c)(44)**

The reclassification of Coachella Valley to Extreme nonattainment for ozone will require that the VOC and NO<sub>x</sub> thresholds for a Major Modification at a Major Polluting Facility for RECLAIM facilities in the Coachella Valley be lowered to reflect the Extreme nonattainment standards for ozone. Proposed Amended Rule 2000 (PAR 2000) paragraph (c)(44) will lower the threshold for a Major Modification at a Major Polluting Facility from 25 tons per year to 1 pound per day for NO<sub>x</sub> emissions. As previously mentioned, the Major Polluting Facility threshold in the Coachella Valley will be reduced from 25 to 10 tons per year for NO<sub>x</sub> emissions based on the reclassification.

## **REGULATION XXX – TITLE V PERMITS**

### **Proposed Amended Rule 3001- Applicability**

Rule 3001 establishes pollutant-specific applicability thresholds based on the attainment status for geographic areas within the South Coast AQMD. Currently, the Rule includes Phase One and Phase Two applicability thresholds. Phase One [subdivision (a) – Table 1] applicability thresholds, based on the facility's reported annual emissions, were used to begin implementation of the Title V program. Phase Two [subdivision (b) – Table 2] applicability thresholds are based on Potential to Emit (PTE) emission levels and began in the fourth year after EPA's interim approval of the Title V program. Proposed amendments to remove Phase One provisions from Rule 3001 were included in the Preliminary Draft Staff Report, because, at the time, it was believed that facilities initially brought into the Title V program under Phase One applicability thresholds would also be subject to Title V requirements under Phase Two applicability thresholds. Staff decided to maintain Phase One applicability thresholds since this was the primary approach to initially identify Title V facilities. Staff is concerned that removal of the Phase One thresholds would mean a facility that is currently subject to Title V requirements because of the Phase One applicability thresholds will no longer be subject to Title V requirements.

Accordingly, Proposed Amended Rule 3001 (PAR 3001) maintains the separate Phase One and Phase Two provisions. The proposed amendments include a clarification that Phase One provisions are applicable prior to the date of adoption of the proposed amendments (scheduled for December 4, 2020) and the Coachella Valley Phase Two applicability thresholds for VOC and NO<sub>x</sub> are proposed to be reduced based on the Extreme ozone nonattainment area reclassification. Specifically, under PAR 3001, the Coachella Valley Phase Two applicability thresholds included in Table 2 would be lowered from 25 to 10 tons per year for VOC or NO<sub>x</sub> emissions. These are the same applicability thresholds as

the South Coast Air Basin, also classified as an Extreme ozone nonattainment area. New or modified stationary sources would continue to be evaluated under Rule 3001 Phase Two applicability thresholds.

## **CHAPTER 3: IMPACT ASSESSMENT**

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IMPACTS OF PROPOSED AMENDED RULES

CALIFORNIA ENVIRONMENTAL QUALITY ACT

SOCIOECONOMIC ASSESSMENT

DRAFT FINDINGS UNDER CALIFORNIA HEALTH AND SAFETY CODE  
SECTION 40727

COMPARATIVE ANALYSIS

REFERENCES

## IMPACTS OF PROPOSED RULE AMENDMENTS

### Review of Facilities Potentially Affected by Proposed Amendments

As part of the Coachella Valley reclassification request, a preliminary assessment<sup>1</sup> was conducted to identify Coachella Valley facilities with a PTE for VOC or NOx above 10 tons per year. Based on this preliminary assessment, eight Coachella Valley facilities (Facility A through H in Table 2) were identified with a PTE of at least 10 tons per year of VOC or NOx emissions and might be affected by the proposed amendments. However, three of the eight facilities (Facility A, B, and C) have a PTE of at least 25 tons per year and would not be affected by the proposed amendments to lower the threshold from 25 to 10 tons per year. A more detailed discussion of the five remaining facilities (Facilities D through H) and the impacts of the proposed amendments are described below.

**Table 2 - Summary and List of Potentially Impacted Facilities Proposed Amendments to Regulations XIII, XX, and XXX**

Facility	City	Potential Impacts from Proposed Reg. XIII Amendments	Potential Impacts from Proposed Reg. XX Amendments	Potential Impacts from Proposed Reg. XXX Amendments
A*	Coachella	No	No	No
B*#	North Palm Springs	No	No	No
C*#	North Palm Springs	No	No	No
D	Coachella	Possible	No	Possible
E	Rancho Mirage	Possible	No	Possible
F	Palm Springs	No	No	No
G	Indio	No	No	No
H	Palm Springs	No	No	No

\*Existing South Coast AQMD Title V Facility

#Existing South Coast AQMD RECLAIM Facility

### Potential Regulation XIII (NSR) Impacts to Facilities

Staff analyzed impacts from three areas where facilities could be impacted: 1) Permitting actions from changes to the Major Modification threshold; 2) Permitting actions from facilities with a PTE currently at or above 10 tons per year and below 25 tons per year; 3) Permitting actions from facilities with a PTE currently below 10 tons per year. Potential Regulation XIII impacts only occur if a facility is installing, modifying, or replacing equipment as discussed below.

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<sup>1</sup> South Coast AQMD, 2019. South Coast Air Quality Management District Preliminary Draft Staff Report Request for Reclassification of Coachella Valley for the 1997 8-Hour Ozone Standard; May 2019.

### ***Impacts from Changes to the Major Modification Threshold***

The modification threshold is used to determine if a permitting action for a new, modified, or relocated source is applicable to NSR requirements under Regulation XIII and Rule 2005 – RECLAIM NSR. If a permitting action is subject to NSR, the equipment must meet Best Available Control Technology (BACT) and the emission increase must be offset. Pursuant to the South Coast AQMD’s BACT Guidelines, an increase of 1 pound per day of VOC or NO<sub>x</sub> emissions is currently used as the applicability threshold for modifications under NSR for all sources. The 1 pound per day threshold is used to ensure that there is no net increase in emissions of pollutants that are not in attainment of state air quality standards.

### ***Impacts from Facilities with a PTE Currently Between 10 and 25 tons per year***

Lowering the Regulations XIII and XX thresholds for a Major Modification from 25 tons per year to 1 pound per day for VOC or NO<sub>x</sub> emissions will have no impact on permitting projects in Coachella Valley since the current threshold for modifications is 1 pound per day. The thresholds of 25 tons per year for Severe-15 nonattainment areas and 1 pound per day for Extreme nonattainment areas are consistent with the federal definitions for Major Modifications under federal NSR. Since the federal threshold will now be consistent with the current threshold for modifications at 1 pound per day for VOC or NO<sub>x</sub>, no additional impacts are anticipated for new, modified and relocated permitting actions in Coachella Valley.

Proposed amendments to Regulation XIII would also lower the threshold for defining a Major Polluting Facility from 25 to 10 tons per year for VOC or NO<sub>x</sub> emissions for facilities in Coachella Valley. Lowering this threshold means that for a facility now defined as a Major Polluting Facility, permitting projects that trigger NSR would be subject to major source BACT. According to the South Coast AQMD’s BACT Guidelines<sup>2</sup>, Major Source BACT is generally the same as the federal Lowest Achievable Emission Rate (LAER). The primary difference between Major Source BACT and BACT for facilities that are not Major Polluting Facilities is that BACT requirements consider economic and technical feasibility.

Staff has identified two facilities in Coachella Valley that fall under the proposed definition of Major Polluting Facility and have a PTE between 10 and 25 tons per year of VOC or NO<sub>x</sub> emissions (Facilities D and E in Table 2). If these facilities have a permit action for a new, modified, or relocated source that results in an emission increase of one pound per day, the permitting action could be subject to Major Source BACT. Additionally, facilities have the option to apply for permit changes to reduce their PTE emissions below the Major Polluting Facility threshold. If the facility reduces the PTE to less than 10 tons per year, there would be no change in NSR requirements for the facility and the permitting action would be subject to BACT not Major Source BACT. It is expected that both facilities would take a permit limit to reduce their PTE as their actual emissions are much lower.

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<sup>2</sup> South Coast AQMD, 2000. South Coast Air Quality Management District Best Available Control Technology Guidelines; February 2018.

***Impacts from Facilities with a PTE Currently Below 10 tons per year***

Any existing non-major facilities that would become a Major Polluting Facility under the updated and amended thresholds would also be subject to NSR permitting requirements for a Major Polluting Facility. Staff performed a detailed analysis of the emissions and PTE at each of the five remaining facilities in Table 2 using updated information and found that three of the five facilities would have a PTE of less than 10 tons per year of VOC or NO<sub>x</sub> (Facilities F, G, and H). Although initially considered potentially impacted, these three facilities have a PTE below the lower Major Polluting Facility threshold and would not be subject to any additional permitting requirements under the proposed amendments.

**Potential Regulation XX (RECLAIM) Impacts to Facilities**

New facilities are not being added to the RECLAIM program so the proposed amendments would only affect existing RECLAIM facilities. Existing facilities B and C in Table 2 are currently in the RECLAIM program. Staff does not foresee any impacts to facilities from this proposed rule amendment as a threshold of 1 pound per day is already being used to comply with state NSR requirements for RECLAIM facilities in Coachella Valley.

**Potential Regulation XXX (Title V) Impacts to Facilities**

Regulation XXX was adopted to comply with a federal program to standardize air quality permits and the permitting process for Major Polluting Facilities. Proposed amendments to Regulation XXX would lower the PTE applicability threshold from 25 to 10 tons per year for VOC or NO<sub>x</sub> emissions. New or existing facilities above the pollutant threshold would be subject to Title V permit requirements. A facility can lower their PTE through enforceable permit conditions below the Title V pollutant thresholds to avoid Title V permit requirements. Additionally, Rule 3001 includes provisions whereby a facility can be exempt from Title V permit requirements through either facility modifications or through enforceable permit conditions which demonstrate the facility is below Title V permit applicability thresholds.

Currently, Title V applicability thresholds are based on a facility's PTE. New or existing facilities above PAR 3001 applicability thresholds (PTE of at least 10 tons per year of VOC or NO<sub>x</sub> emissions) could be subject to Title V permitting requirements. These additional permitting requirements include a consolidation of all previously issued air permits for individual pieces of equipment into one Title V permit as well as requirements for public noticing, U.S. EPA approvals, and enhanced monitoring recordkeeping and reporting. Staff is not aware of any applications for new facilities which would exceed the proposed Title V applicability thresholds.

As previously mentioned, three of the facilities in Table 2 (Facility A, B and C) are existing Title V facilities and would not be impacted by the new lower Title V applicability thresholds. Staff performed a detailed analysis of the emissions and PTE at each of the remaining five facilities identified in Table 2 using updated information and found that three of the five facilities would have a PTE of less than 10 tons per year of VOC or NO<sub>x</sub> and would not be impacted by amended Title V requirements while two of the five facilities (Facility D and E) would have a PTE between 10 and 25 tons per year for VOC or NO<sub>x</sub>. The actual reported emissions at these two facilities are lower than their PTE. Facilities

with low actual emissions have the ability under Rule 3008 provisions to be exempted from Title V permitting requirements. Additionally, facilities can also be exempted from Title V permits through either facility modifications or enforceable permit conditions to reduce their PTE below the thresholds. One of these facilities previously had a PTE exceeding the previous threshold and modified their permit to keep their PTE below the threshold. Both of these facilities have initiated discussions with staff to work on reducing their facility PTE below the thresholds for a Major Polluting Facility.

### **CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)**

Pursuant to the California Environmental Quality Act (CEQA) Guidelines Sections 15002(k) and 15061, the proposed amendments to Regulations XIII, XX, and XXX are exempt from CEQA pursuant to CEQA Guidelines Sections 15061(b)(3) and 15308. Further, there is no substantial evidence indicating that any of the exceptions in CEQA Guidelines Section 15300.2 apply to the proposed project. A Notice of Exemption will be prepared pursuant to CEQA Guidelines Section 15062. If the proposed project is approved, the Notice of Exemption will be electronically filed with the State Clearinghouse of the Governor's Office of Planning and Research for posting on their CEQAnet Web Portal, which may be accessed via the following weblink: <https://ceqanet.opr.ca.gov/search/recent>. In addition, the Notice of Exemption will be electronically posted on the South Coast AQMD's webpage which can be accessed via the following weblink: <http://www.aqmd.gov/nav/about/public-notice/ceqa-notice/notices-of-exemption/noe---year-2020>. The electronic filing and posting of the Notice of Exemption is being implemented in accordance with Governor Newsom's Executive Orders N-54-20 and N-80-20 issued on April 22, 2020 and September 23, 2020, respectively, for the State of Emergency in California as a result of the threat of COVID-19.

### **SOCIOECONOMIC ASSESSMENT**

No socioeconomic impact will result from the reclassification of Coachella Valley for the 1997 8-hour ozone NAAQS, and no socioeconomic assessment is required under Health and Safety Code Section 40440.8(a).

### **DRAFT FINDINGS UNDER CALIFORNIA HEALTH AND SAFETY CODE SECTION 40727**

#### **Requirements to Make Findings**

California Health and Safety Code Section 40727 requires that prior to adopting, amending or repealing a rule or regulation, the South Coast AQMD Governing Board shall make findings of necessity, authority, clarity, consistency, non-duplication, and reference based on relevant information presented at the public hearing and in the staff report.

#### **Necessity**

Amendments to Regulations XIII, XX and XXX are needed to meet federal CAA requirements because of the Coachella Valley's reclassification from a Severe-15 to an Extreme ozone nonattainment area for the 1997 8 Hour Ozone standards and to remove outdated rule provisions, correct rule references, and improve rule clarity.



### **Authority**

The South Coast AQMD Governing Board has authority to amend Regulations XIII, XX, and XXX pursuant to the California Health and Safety Code Sections 39002, 40000, 40001, 40440, 40441, 40702 and 41508.

### **Clarity**

Proposed amended Regulations XIII, XX, and XXX are written and displayed so that the meaning can be easily understood by persons directly affected by them.

### **Consistency**

Proposed amended Regulations XIII, XX, and XXX are in harmony with, and not in conflict with or contradictory to, existing statutes, court decisions, federal or state regulations.

### **Non-Duplication**

Proposed amended Regulations XIII, XX, and XXX will not impose the same requirements as or in conflict with any existing state or federal regulations. The proposed amendments are necessary and proper to execute the powers and duties granted to, and imposed upon, the South Coast AQMD.

### **Reference**

In adopting these amended regulations, the South Coast AQMD Governing Board references the following statutes which the South Coast AQMD hereby implements, interprets or makes specific: California Health and Safety Code sections 40001, 40440, and 40702, 42300 et seq., and Clean Air Act sections 172, 173, 182(e), (Extreme ozone areas) and 502 et. seq. (Title V requirements).

## **COMPARATIVE ANALYSIS**

Under California Health and Safety Code Section 40727.2, the South Coast AQMD is required to perform a comparative written analysis when adopting, amending, or repealing a rule or regulation. The comparative analysis is intended to identify all existing federal air pollution control requirements that apply to the same equipment or source type as the proposed rules. The analysis is also to identify any of an air district's existing or proposed rules and regulations that apply to the same equipment or source type, and all air pollution control requirements and guidelines that apply to the same equipment or source type.

The federal CAA establishes emission-based thresholds to define a major polluting source and major modifications based on the attainment status for individual areas. The Coachella Valley was reclassified as an Extreme nonattainment area for the 1997 8 Hour Ozone standard in 2019. Amendments to Regulations XIII, XX, and XXX to lower the Major Polluting Facility (i.e., Major Source) and Major Modification thresholds are required based on the reclassification of the Coachella Valley as an Extreme ozone nonattainment area. Proposed Amended Regulations XIII, XX, and XXX are directly implementing federal CAA requirements for Extreme ozone nonattainment areas. The proposed amendments to Regulations XIII, XX, and XXX do not conflict or overlap with existing federal requirements. Reducing the Major Modification threshold to 1 pound per day is the

same as the current state threshold of 1 pound per day to ensure no net increase of any nonattainment pollutant or its precursor. There are no state or local air district programs that conflict or overlap with the proposed amendments.

**REFERENCES**

South Coast AQMD, 2019. South Coast Air Quality Management District Preliminary Draft Staff Report Request for Reclassification of Coachella Valley for the 1997 8-Hour Ozone Standard; May, 2019. (Available on South Coast AQMD's website at: <http://www.aqmd.gov/docs/default-source/Agendas/Governing-Board/2019/2019-may3-027.pdf?sfvrsn=8>)

## ATTACHMENT H



# South Coast Air Quality Management District

21865 Copley Drive, Diamond Bar, CA 91765-4178  
(909) 396-2000 • www.aqmd.gov

**SUBJECT: NOTICE OF EXEMPTION FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT**

**PROJECT TITLE: PROPOSED AMENDED REGULATION XIII – NEW SOURCE REVIEW, REGULATION XX – REGIONAL CLEAN AIR INCENTIVES MARKET, AND REGULATION XXX – TITLE V PERMITS**

Pursuant to the California Environmental Quality Act (CEQA) Guidelines, the South Coast Air Quality Management District (South Coast AQMD), as Lead Agency, has prepared a Notice of Exemption pursuant to CEQA Guidelines Section 15062 – Notice of Exemption for the project identified above.

If the proposed project is approved, the Notice of Exemption will be electronically filed with the State Clearinghouse of the Governor’s Office of Planning and Research to be posted on their CEQAnet Web Portal which, upon posting, may be accessed via the following weblink: <https://ceqanet.opr.ca.gov/search/recent>. In addition, the Notice of Exemption will be electronically posted on the South Coast AQMD’s webpage which can be accessed via the following weblink: <http://www.aqmd.gov/nav/about/public-notices/ceqa-notices/notices-of-exemption/noe---year-2020>. The electronic filing and posting of the Notice of Exemption is being implemented in accordance with Governor Newsom’s Executive Orders N-54-20 and N-80-20 issued on April 22, 2020 and September 23, 2020, respectively, for the State of Emergency in California as a result of the threat of COVID-19.

**NOTICE OF EXEMPTION FROM THE  
CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)**

**To:** Governor's Office of Planning and Research -  
State Clearinghouse  
1400 Tenth St, Suite 222  
Sacramento, CA 95814-5502

**From:** South Coast Air Quality Management District  
21865 Copley Drive  
Diamond Bar, CA 91765

**Project Title:** Proposed Amended Regulation XIII – New Source Review, Regulation XX – Regional Clean Air Incentives Market, and Regulation XXX – Title V Permits

**Project Location:** The proposed project is located in the Coachella Valley portion, excluding tribal lands, of the South Coast Air Quality Management District (South Coast AQMD) jurisdiction. The Coachella Valley consists of the Riverside County portion of the Salton Sea Air Basin.

**Description of Nature, Purpose, and Beneficiaries of Project:** Due to the reclassification of the Coachella Valley from Severe to Extreme nonattainment for the 1997 8-hour ozone standard, South Coast AQMD is required to amend rules within Regulation XIII, Regulation XX and Regulation XXX to reflect the Coachella Valley's new attainment status. The proposed amendments to Regulations XIII, XX, and XXX would lower the major source thresholds for volatile organic compound (VOC) and nitrogen oxides (NOx), which are ozone precursors, in the Coachella Valley from 25 tons per year to 10 tons per year and lower the major modification thresholds for VOC and NOx in the Coachella Valley from 25 tons per year to one pound per day. This would make the thresholds in the Coachella Valley and consistent with the South Coast Air Basin. Additional amendments are proposed to correct rule references and improve rule clarity such as adding California Code of Regulation references for the definitions of the Riverside County portion of the Salton Sea Air Basin and the non-Palo Verde, Riverside County portion of the Mojave Desert Air Basin.

**Public Agency Approving Project:**  
South Coast Air Quality Management District

**Agency Carrying Out Project:**  
South Coast Air Quality Management District

**Exempt Status:**

CEQA Guidelines Section 15061(b)(3) – Common Sense Exemption

CEQA Guidelines Section 15308 – Actions by Regulatory Agencies for Protection of the Environment

**Reasons why project is exempt:** South Coast AQMD, as Lead Agency, has reviewed the proposed project pursuant to: 1) CEQA Guidelines Section 15002(k) – General Concepts, the three-step process for deciding which document to prepare for a project subject to CEQA; and 2) CEQA Guidelines Section 15061 – Review for Exemption, procedures for determining if a project is exempt from CEQA. Lowering the major source threshold would only affect two facilities. Since these facilities' actual emissions are much lower than the thresholds, they are anticipated to reduce their permit limits to stay below the thresholds and no physical facility modifications are necessary. Currently, state regulations require the use of a one pound per day threshold for major modification, therefore, lowering the federal major modification threshold to that same level would not have any impacts on facilities. Since the proposed project would not cause any physical changes that would adversely affect any environmental topic area, it can be seen with certainty that there is no possibility that the proposed project may have a significant adverse effect on the environment. Therefore, the proposed project is exempt from CEQA pursuant to CEQA Guidelines Section 15061(b)(3) – Common Sense Exemption. The proposed project is also categorically exempt from CEQA pursuant to CEQA Guidelines Section 15308 – Actions by Regulatory Agencies for Protection of the Environment, because the proposed project establishes more stringent emission thresholds for facilities located in the Coachella Valley. Further, there is no substantial evidence indicating that any of the exceptions to the categorical exemption pursuant to CEQA Guidelines Section 15300.2 apply to the proposed project.

**Date When Project Will Be Considered for Approval (subject to change):**

South Coast AQMD Governing Board Hearing: December 4, 2020

**CEQA Contact Person:**  
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**Fax:**  
(909) 396-3324

**Date Received for Filing:** \_\_\_\_\_

**Signature:** \_\_\_\_\_

*(Signed Upon Board Approval)*

Barbara Radlein  
Program Supervisor, CEQA  
Planning, Rule Development, and Area Sources



Proposed Rule Amendments for Coachella Valley:  
Regulation XIII – New Source Review  
Regulation XX – RECLAIM  
Regulation XXX – Title V Permits

Board Meeting

December 4, 2020

# Background – Coachella Valley 8-hour Ozone (1997) Nonattainment Reclassification

- Coachella Valley was previously classified as a Severe-15 nonattainment area for the 1997 8-hour ozone NAAQS with an attainment date of June 15, 2019
- Despite improvements in ozone air quality, higher ozone levels were experienced 2017 and 2018, primarily due to warm and stagnant weather conditions
- In 2019, U.S. EPA granted the South Coast AQMD's request to voluntarily reclassify the Coachella Valley from Severe-15 to Extreme for the 1997 8-hour ozone NAAQS
- Coachella Valley is anticipated to attain the standard earlier than the attainment deadline of June 15, 2024

# Regulatory Changes Needed

- Reclassification of Coachella Valley requires amendments to:
  - Regulation XIII - NSR
  - Regulation XX - RECLAIM
  - Regulation XXX - Title V Permits
- Amendments will lower VOC and NO<sub>x</sub><sup>1</sup> thresholds for defining a Major Polluting Facility and a Major Modification<sup>2</sup> for Coachella Valley

Threshold	Pollutants	Current Threshold	Proposed Threshold
Major Polluting Facility	VOC or NO <sub>x</sub>	≥ 25 tons per year	≥10 tons per year
Major Modification	VOC or NO <sub>x</sub>	≥ 25 tons per year	≥1 pound per day

<sup>1</sup> VOC and NO<sub>x</sub> are ozone precursors

<sup>2</sup> Consistent with federal major source and modification definitions for “Extreme” ozone nonattainment areas

# Proposed Amendments to Regulations XIII, XX, and XXX

- Reducing the Major Polluting Facility thresholds will affect the applicability requirements for New Source Review, RECLAIM New Source Review, and Title V facilities
- Reducing the Major Modification thresholds will change the federal thresholds under New Source Review for non-RECLAIM and RECLAIM (NO<sub>x</sub> only) facilities
- A facility that is above the Major Polluting Facility and Major Modification thresholds for VOC or NO<sub>x</sub> will be subject to certain federal permitting requirements



# Potential Impacts to Facilities in Coachella Valley

- Two facilities in Coachella Valley were identified that have permitted levels above 10 tons per year of VOC or NOx emissions
  - Actual emissions at both facilities are well below their permitted levels
  - Both facilities have initiated discussions with staff to lower their permitted levels to below proposed Major Polluting Facility threshold of 10 tons per year
- Lowering the federal Major Modification thresholds will not impact facilities in Coachella Valley since a 1 pound per day threshold is currently used for all new and modified sources, consistent with state law

# Recommendations

- Adopt Resolution:
  - Determining that the proposed amendments to Regulation XIII - New Source Review, Regulation XX - Regional Clean Air Incentives Market, and Regulation XXX - Title V Permits Are Exempt from the Requirements of CEQA
  - Amending Regulations XIII, XX, and XXX