



South Coast Air Quality Management District

21865 Copley Drive, Diamond Bar, CA 91765-4182
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TO: SCAQMD Board Stationary Source Committee
Ben Benoit, Chairman; Dr. Joseph Lyou, Vice Chairman, Sheila Kuehl,
Judith Mitchell, Shawn Nelson and Janice Rutherford

FROM: Laki Tisopulos, Deputy Executive Officer, Engineering and Permitting
STATIONARY SOURCE COMMITTEE MEETING
January 20, 2017 ♦ 10:30 a.m. ♦ Conference Room CC8
21865 Copley Dr., Diamond Bar, CA 91765-4182

TELECONFERENCE

Hall of Administration
Planning Commission Room
333 West Santa Ana Blvd.
Santa Ana, CA 92701

(Public may attend at the above locations)

Call-in for listening purposes only is available by dialing:

Toll Free: 866-244-8528

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In addition, a webcast is available for viewing and listening at:

<http://www.aqmd.gov/home/library/webcasts>

ACTION ITEM

- 2017 – 2019 Home Rule Advisory Group Membership Roster (5 mins.)** Philip Fine
Based on the Blue Ribbon Panel Recommendations and approval by the Board, the Deputy Executive
2017 - 2019 Home Rule Advisory Group Membership Roster is being submitted for Officer
concurrence of this Committee.
(Written Material Attached)

INFORMATIONAL ITEMS

- Summary of Proposed Rule 1430 - Control of Emissions from Metal Grinding Operations at Metal Forging Facilities (20 mins.)** Susan Nakamura
Proposed Rule 1430 establishes requirements for metal forging facilities that are Acting Assistant
conducting metal grinding and cutting operations. Staff will provide a summary of Deputy Executive
Proposed Rule 1430 and key issues. Officer
(Written Material Attached)

3. **Status Report on Rule 1147 Technology Assessment** (15 mins.) Tracy Goss
Staff will provide an update on the Technology Assessment for Rule 1147 Small and Low Emission Sources and the results of an outside independent review of staff's findings and recommendations regarding future rule amendments.
(Written Material Attached) Manager
 4. **Update on Proposed Rules 1304.2 and 1304.3** (10 mins.) Tracy Goss
Staff will provide an update on rulemaking activities, provide recommendations, and seek Committee input moving forward.
(Written Material Attached)
 5. **Update on Implementation of Rule 1111 - Reduction of NOx Emissions from Natural-Gas-Fired, Fan-Type Central Furnaces** (15 mins.) Tracy Goss
Staff will provide an update on Rule 1111 implementation, status on the availability of compliant products, and recommendations for future activities.
(Written Material Attached)
 6. **Status Report on Reg. XIII** (10 mins.) Laki Tisopulos
This report presents the preliminary federal determination of equivalency for calendar year 2015.
(Written Material Attached) Deputy Executive Officer
- WRITTEN REPORTS**
7. **Twelve-month Rolling Price of 2015 and 2016 Compliance Years RTCs** Laki Tisopulos
The attached quarterly report summarizes the Twelve-month rolling average price of NOx RTCs. *(Written Material Attached)*
 8. **Home Rule Advisory Group – Monthly Report for November 2016** Philip Fine
This report summarizes the topics discussed at the November 16, 2016, Home Rule Advisory Group Meeting and also includes the attendance record for 2016.
(Written Material Attached)
 9. **Notice of Violation Penalty Summary** Kurt Wiese
This report provides the total penalties settled in December which includes Civil, Supplemental Environmental Projects, Mutual Settlement Assessment Penalty Program, Hearing Board and Miscellaneous.
(Written Material Attached) General Counsel
 10. **Other Business** – Any member of the Committee, or its staff, on his or her own initiative or in response to questions posed by the public, may ask a question for clarification, may make a brief announcement or report on his or her own activities, provide a reference to staff regarding factual information, request staff to report back at a subsequent meeting concerning any matter, or may take action to direct staff to place a matter of business on a future agenda. (Gov't. Code Section 54954.2)

11. Public Comment Period

Members of the public may address this body concerning any agenda item before or during consideration of that item (Gov't. Code Section 54954.3(a)). All agendas for regular meetings are posted at District Headquarters, 21865 Copley Drive, Diamond Bar, California, at least 72 hours in advance of a regular meeting. At the end of the regular meeting agenda, an opportunity is also provided for the public to speak on any subject within the Committee's authority. Speakers may be limited to three (3) minutes each.

Americans with Disabilities Act

The agenda and documents in the agenda packet will be made available, upon request, in appropriate alternative formats to assist persons with a disability (Gov't. Code Section 54954.2(a)). Disability-related accommodations will also be made available to allow participation in the Stationary Source Committee meeting. Any accommodations must be requested as soon as practicable. Requests will be accommodated to the extent feasible. Please contact Evangelina Barrera at 909.396.2583 from 7:30 a.m. to 6:00 p.m., Tuesday through Friday, or send the request to ebarrera@aqmd.gov.

Document Availability

All documents (i) constituting non-exempt public records, (ii) relating to an item on an agenda for a regular meeting, and (iii) having been distributed to at least a majority of the Committee after the agenda is posted, are available prior to the meeting for public review at the South Coast Air Quality Management District, Public Information Center, 21865 Copley Drive, Diamond Bar, CA 91765.

NOTE: The next meeting is February 17, 2017

cc: SCAQMD Board Members

South Coast Air Quality Management District
Home Rule Advisory Group
Membership Roster
(Term: 2017-2019)

[↑ Back to Agenda](#)

ITEM #1

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Dr. Joseph Lyou

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Background

- In 2012, the SCAQMD began receiving complaints about metallic odors in Paramount
- Investigations lead to Carlton Forge Works (CFW) a metal forging facility
- Air monitors near CFW found elevated levels of metals from their grinding operations (nickel and Cr+6)
 - Nickel levels declined after implementation of voluntary measures by CFW for their grinding operations
 - Additional monitoring needed to understand source of Cr+6
- Investigation and air monitoring identified other significant hexavalent chrome sources in the area
- Staff began rulemaking process to establish requirements for currently unregulated grinding operations at forging facilities



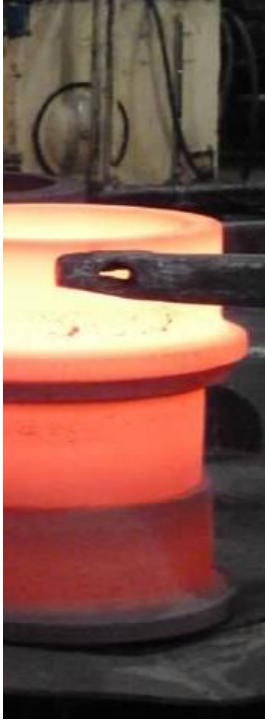
Need for Proposed Rule 1430

- Metal grinding and cutting operations currently exempt from SCAQMD permitting
- Ambient air monitoring, sampling, and site visits confirm need for:
 - Standards for pollution controls to control emissions from grinding operations
 - Building enclosures to contain fugitive grinding emissions
 - Issued an Advisory recommending that facilities not grind in the open air
 - Improved housekeeping to clean metal dust in and around grinding and cutting areas to minimize impacts to surrounding neighbors

Public Process for PR 1430

- Five Working Group Meeting held:
 - October 7, 2015
 - September 14, 2016 (City of Paramount)
 - October 26, 2016
 - December 1, 2016 (City of Paramount)
 - January 11, 2017
- Teachers Association of Paramount Schools
 - December 1, 2016
- California Metals Coalition
 - December 9, 2016
- Public Workshop and Consultation Meetings
 - January 19, 2017
 - January 25, 2017 (City of Paramount)





Proposed Rule 1430

- Applies to forging facilities that conduct dry metal grinding and cutting operations
- 22 facilities identified
 - Primarily aerospace and oil and gas industry
- Objective:
 - Reduce particulate matter emissions, toxic metal particulate emissions, and odors from metal grinding and cutting operations at forging facilities

Types of Grinding Operations



Billet Grinder

Traveling grind to grind billets and metal bars



Swing Grinding

Full lateral movement to prepare medium and large billets



Stand Grinding

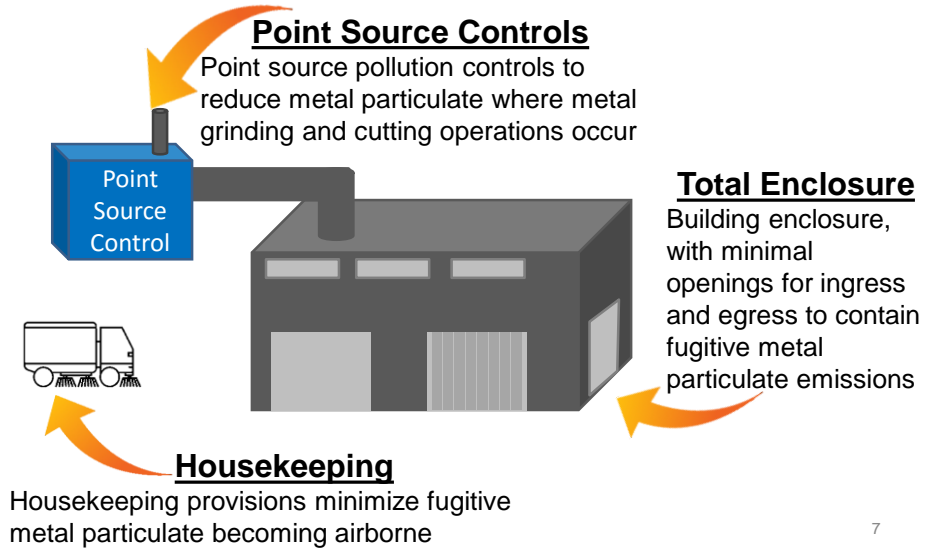
Stand grinder usually single speed for small castings and light metal removal



Hand Grinding

Hand tool that prepares, cuts, grinds, polishes or finishes forgings

Multi-Faceted Approach



Point Source Emission Control Requirements



Collection Efficiency
Pollution control device must have appropriate air flow to collect the emissions consistent with Industrial Ventilation Manual



Point Source Emission Standard

- Establishes a particulate matter standard of 0.002 grains/dry standard cubic feet (gr/dscf)
- Plus filtration requirements of 99.97% (HEPA)
- Emission standard verified using an annual source test



Proximity of Grinding to Collection Device

Ensures grinding operation is at the appropriate distance to achieve the required Collection Efficiency

Compliance Date: 6 months after a Permit to Construct is issued by SCAQMD

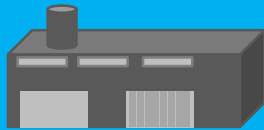
Total Enclosure Requirements



- Grinding and cutting in the open air is prohibited
- Metal grinding and cutting operations must be conducted in either:
 - Total Enclosure; or
 - Total Enclosure with Negative Air
- Total Enclosures must be completed 6 months from date of adoption
- Total Enclosure with Negative Air must be completed 6 months after Permit to Construct is issued
- During construction of a Total Enclosure facility must:
 - Conduct metal grinding and cutting in a partial enclosure
 - Conduct enhanced housekeeping measures
 - Every shift as compared to daily
 - Greater radius from source

Total Enclosure Requirements (Continued)

Total Enclosure



Facilities ≥ 300 feet of a sensitive receptor or $\geq 1,000$ feet of a pre-school or school

- Permanent building/structure with floor, walls, roof with ingress and egress openings
- Minimize openings using automatic roll-up doors, plastic strip curtains, etc. to:
 - Minimize cross-draft
 - Contain fugitive emissions

Total Enclosure with Negative Air



Facilities < 300 feet of a sensitive receptor or $< 1,000$ feet of a pre-school or school

- **Total Enclosure plus:**
- Negative airflow
- Air within enclosure vented to air pollution control device



Housekeeping Requirements

- Daily wet cleaning or HEPA vacuum of of:
 - Areas where metal containing wastes generated from grinding operations;
 - 20 feet of metal grinding work station(s);
 - 20 feet of any entrance/exit point of enclosure;
 - 10 feet of metal grinding emission control device
- Housekeeping provisions effective beginning 30 days from rule adoption
 - Semi-annual roof cleanings
 - Monthly wet cleaning or HEPA vacuum of total enclosure of metal grinding or cutting operations
 - No compressed air cleaning operations within 30 feet of any metal grinding or cutting operation unless conducted under a hood

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Other Proposed Requirements

- Source testing requirements:
 - Annual source testing of PM, every other year if 50% below standard
 - Multi-metals every four years
 - Cr+6 if baghouse catch has >1% total chromium
- Monitoring methods to ensure proper operation of pollution controls
- Housekeeping provisions for when conducting maintenance and repair activity of control devices
- Recordkeeping provisions for amount of metal processed, metal waste from pollution controls, housekeeping, and monitoring of pollution controls
- Requirement to post a sign with facility phone number and 1-800-CUT-SMOG to report odors or air quality issues

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Key Comments and Responses



- **Comment:** Clearer communication needed regarding Cr+6 in Paramount and metal grinding
 - Staff report will describe the distinction between the monitoring near Carlton Forge Works and the high levels of Cr+6 from the expanded monitoring effort in Paramount
- **Comment:** PR 1430 requires “one size fits all” for controls to address pollutants and odors
 - Requirements vary by size hand grinding operations
 - Stricter enclosure requirements if near sensitive receptor or school
- **Comment:** Provisions to encourage continuous compliance needed – propose triggers for additional requirements
 - Considering additional requirements if facility violates certain point source and housekeeping provisions such as increased housekeeping, additional sampling, and notification to the public

Key Issue 1: Expand Trigger for Total Enclosure with Negative Air

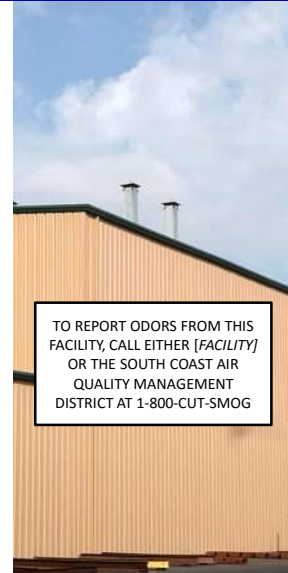


- **Key Issue:**
 - Currently total enclosure with negative air is required if facility is <1,000 feet of a school or 300 feet of a sensitive receptor
 - Total enclosure with negative air should be required if:
 - School is within 2,000 feet of a sensitive receptor
 - School definition should include Early Head Start, Head Start and Pre-schools
- **Staff Response:**
 - Based on CARB’s Land Use Document
 - Health risk diminishes significantly at 300 feet for toxic particulate emissions such as hexavalent chromium
 - 1,000 feet is a precautionary measure due to varying toxicity levels of particulates
 - Will incorporate Early Head Start, Head Start, and Pre-Schools additionally constitute as a “school”

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Key Issue 2: Signage

- Key Issue:
 - Signage requirement with SCAQMD phone number may generate more records of unconfirmed odor complaints
- Staff Response:
 - SCAQMD Rules 403, 410, and 461 include provisions for signs with SCAQMD's contact information
 - Community requested signage to report air quality complaints
 - Keep proposed signage requirements



Key Issue 3 – Cost of Controls



- Key Issue:
 - One facility commented that total enclosure and point source controls (baghouse and HEPA) will put them out of business
- Staff Response:
 - Total enclosures and emission control devices needed to reduce ambient concentrations of metal particulates
 - Grinding is currently conducted outdoors and without controls for this facility - higher costs are expected

Schedule

- February 3, 2017 – Set Hearing
- March 3, 2017 – Public Hearing



STATUS REPORT ON RULE 1147 TECHNOLOGY ASSESSMENT



January 20, 2017

SCAQMD Stationary Source Committee

Rule 1147 Background

- Adopted December 2008 – Miscellaneous Sources
- February 2016 SCAQMD released a Draft Technology Assessment on availability of low-NOx burner systems for small and low emissions sources (< 1 pound/day)
- EO committed to independent 3rd party review of SCAQMD's Draft Technology Assessment
- May 2016, ETS, an independent air emissions control consulting firm was selected by a Proposal Review Panel that included:
 - SCAQMD, Ventura County APCD, Furnace Dynamics and California Small Business Alliance

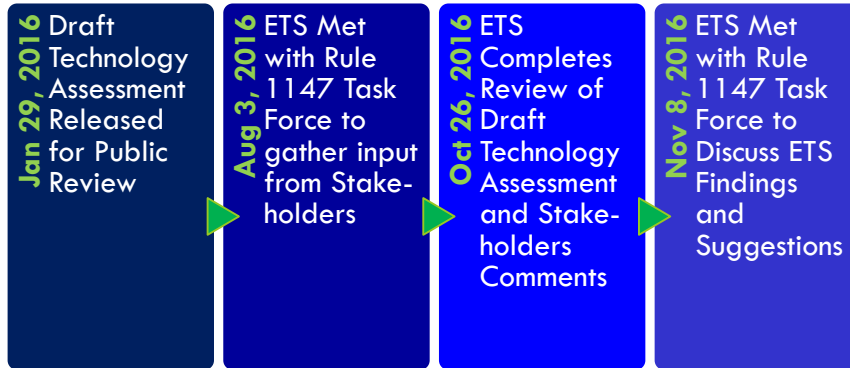
SCAQMD's Draft Technology Assessment for Rule 1147 (Feb 2016)

- Based on:
 - The collection and review of SCAQMD data;
 - Outreach to equipment manufacturers and installers;
 - Field visits; and
 - Stakeholder input
- Included:
 - Identification of the affected types and numbers of equipment and burners;
 - Emission characteristics of the equipment;
 - Estimated cost and cost-effectiveness of replacing burners; and
 - Recommendations regarding changes in emission limits

Recommendations from Draft Technology Assessment (February 2016)

1. Exempt some units with rated heat input less than 325,000 Btu per hour from Rule 1147 emission limits
2. Change the NOx emission limit from 30 ppm to 60 ppm NOx for the primary chamber for all burn-off ovens, burnout furnaces and incinerators
3. Delay compliance with NOx emission limit for existing in-use heated process tanks, evaporators and parts washers until the combustion system or tank is modified, replaced or relocated
4. Delay compliance with the NOx emission limit for existing in-use spray booths until the heating system is modified or replaced or the unit is relocated
5. Delay compliance with the NOx emission limit for existing in-use units with actual NOx emissions of one pound per day or less until the combustion system is modified or replaced or the unit is relocated

Stakeholder Input and Review Process



Elements Reviewed by ETS

- SCAQMD Draft Technology Assessment:
 - Availability of Technology for:
 - Low temperature operations including ovens and dryers
 - High temperature operations including furnaces, kilns and afterburners
 - Individual categories of equipment including heated spray booths
 - Cost effectiveness methodology
 - Cost effectiveness analysis for small and low emission sources
 - SCAQMD staff recommendations
- Comments received from Rule 1147 stakeholders

Summary of ETS Technology Review

- Agreed with all 5 staff recommendations
- Added a 6th recommendation to:
 - Change NOx emission limit for afterburner processes operating at temperatures less than 800° F from 30 to 60 ppm **(Staff Agrees)**

Summary of ETS Cost and Cost Effectiveness Review

- Agree with Cost Effectiveness Method Used by SCAQMD Staff
 - Consistent with EPA Method Used by Other Agencies
 - Consistent with Method Used for Rule Development and Other District Programs
- Costs Used for Analysis are Representative of Costs for Equipment and Installation of Burner Systems
- Agree with Staff Proposal to Amend Rule to Address the Following Concerns
 - Replacing Heating Systems on Existing in-use Spray Booths May Result in a Cost Effectiveness Higher Than SCAQMD Criteria Used in Other Programs
 - Retrofitting Units With Daily Emissions of Less Than 1 pound/day May Result in a Cost Effectiveness Higher Than SCAQMD Criteria Used in Other Programs

Impact of SCAQMD Technology Assessment Findings

- Delay compliance for up to 4,900 small & low emission units to require compliance with emission limit when unit is modified or replaced or relocated for:
 - ~3,400 spray booths and paint prep-stations used in manufacturing and auto body repair
 - ~1,500 small ovens and dryers, furnaces, kilns and VOC/PM emission control equipment such as afterburners
- Delay 0.6 to 0.9 tpd of NOx emission reductions
- No changes for:
 - ~750 units 20 - 50 years old (were required to comply with NOx limits by 2015)
 - ~750 units with compliant burners permitted since 2000 (required to comply over the next 15 years, ~50/year)
 - Many units have demonstrated compliance because permit required testing
 - Remaining units will require testing to demonstrate compliance with NOx limits

Summary of Comments at November 8th Task Force Meeting

- General agreement with recommendations made by ETS and staff
- Recommend further examination of maintenance costs of different types of burners
- In addition to the $\leq 325,000$ Btu/hour threshold, explore ways to ascertain the 1 pound per day criteria (*Staff will address during rulemaking; not a subject of ETS review*)
- Concern with rule impacts on permit backlog
- Enhance outreach programs/guidelines for affected facilities

Future Activities and Schedule

- Finalize Rule 1147 Technology Assessment with ETS recommendations
- Continue Task Force Meetings
 - Last meeting January 17th
- Release NOP mid-January
- Rule Amendment – 2nd Quarter 2017

Proposed Rule 1304.2

California Public Utilities Commission Regulated
Electrical Generating Facility Fee for Use of SO_x,
PM₁₀ and NO_x Offsets

Proposed Rule 1304.3

Local Publicly Owned Electrical Generating Facility
Fee for Use of SO_x, PM₁₀ and NO_x Offsets

Update to Stationary Source Committee

January 20, 2017



Background and Purpose

- ▶ Staff presented the status and a summary of the proposed rules at the September 2016 Stationary Source Committee (SSC):
 - ▶ Rule 1304.1 allows use of offsets from SCAQMD internal accounts for a fee for repowering of existing utility steam boilers (adopted 9/6/13)
 - ▶ Potential need for additional power projects and offsets
 - ▶ Potential insufficient offset availability (mostly PM₁₀ and NO_x) in the open market
 - ▶ PRs 1304.2 and 1304.3 would be an offset "bank of last resort"
- ▶ At its meeting in October, after public comment, the Governing Board directed staff to report to SSC specifically on:
 - ▶ Rule alternatives
 - ▶ Offset and project eligibility conditions
 - ▶ Projected need for rules

Overview

PR1304.2 - Investor Owned

- ▶ California Public Utilities Commission (CPUC) oversight
- ▶ Owned or contract with an Investor Owned Utility (IOU)
- ▶ Southern California Edison is the IOU in the SCAQMD
- ▶ Subject to LTPP

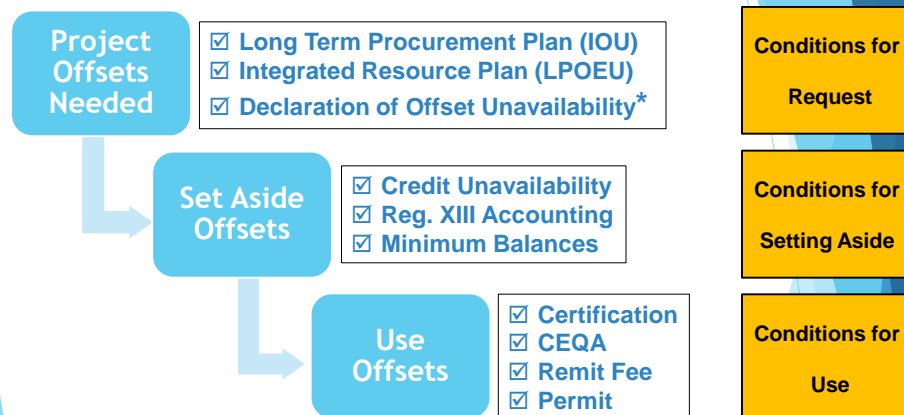
PR1304.3 - Publicly Owned

- ▶ Local Publicly Owned Electrical Utility (LPOEU); includes Joint Powers Authority (JPA)
- ▶ Owned/operated by a municipality, JPA or district
- ▶ Includes Glendale, Burbank, Pasadena, Anaheim, Azusa, Vernon, Imperial Irrigation District, and City of Riverside
- ▶ Approved Integrated Resource Plan (IRP)
- ▶ Adopted energy policy

Each proposed rule has specific unique requirements but shares the same regulatory structure



Process Overview and Checkpoints



* Declaration must demonstrate need for offsets and that, after due diligence, sufficient offsets are not available from all other reasonably available sources



Potential Rule Alternatives

1. Sunset Provision (e.g., Five Year Sunset)
2. Specifically Identify Known EGF Projects in Proposed Rule Language
3. Increase Offset Ratio (2:1 from 1.2:1) or Pricing
4. Suspend Rulemaking

Alternatives and impacts to be analyzed as part of the CEQA process

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Projected Need For Proposed Rules

- ▶ Region-wide fossil fueled power demand less than prior projections
 - ▶ Efficiency and conservation
 - ▶ Projected increased use of alternatives (renewables, storage)
- ▶ Contingency for future grid reliability needs
 - ▶ Load demand: peaker / fluctuating / fixed loads
 - ▶ Total demand and alternative supply availability (day/night)
- ▶ Supported by CEC and proponents for 2 potential projects:
 - ▶ Stanton Energy Reliability Center (PR 1304.2)
 - ▶ City of Glendale (PR 1304.3)
 - ▶ New information available since October 2016

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Power Project #1 Status Update - Stanton

- ▶ New Project
- ▶ Purpose: grid reliability during peak power demand
- ▶ Application submitted 11-2-2016
 - ▶ 2 Peaking units totaling 98MW each w/10 MW battery storage
 - ▶ Project proposed at < 4 TPY emission increase (no offset requirements)
- ▶ Application deemed incomplete & options letter sent 12-2-16
 - ▶ Reviewing additional information received on 12-29-16

Proposed Project Currently Structured to Avoid Offset Purchases



Power Project #2 Status Update - Grayson

- ▶ Repower Project
- ▶ City of Glendale
- ▶ 3 scenarios for repowering boilers totaling ~150, 200 and 250 MW (use of Rule 1304.1 offsets anticipated)
- ▶ Purpose: replace failing, aged power units to ensure grid power reliability
- ▶ No applications submitted to date
- ▶ Consultant contract approved by City Council 12-15-16
- ▶ Project <50 MW increase does not require CEC licensing
- ▶ City of Glendale will perform CEQA analysis

Project reportedly aims to minimize offset purchases



Recommendations

- ▶ Given the recent information, staff recommends:
 - ▶ Suspend rulemaking while projects undergo evaluation
 - ▶ Return to committee in July with status update

Implementation Status of Rule 1111 for Residential Heating

Stationary Source Committee
January 20, 2017



Rule 1111 Background

- Applies to residential and commercial natural gas-fired fan-type central furnaces
- Regulates manufacturers, distributors, sellers and installers of these units
- NO_x emission reductions needed to achieve compliance with the ambient air quality standards
- SIP approved (March 2016)

2010 Technology Assessment and September 2014 Amendment

- 2010 Technology Development Projects concluded:
 - Prototype furnaces can achieve rule limit of 14 ng/J
 - Burner systems would meet industry safety requirements
 - Additional time needed to commercialize 14 ng/J furnaces
- September 2014 Rule 1111 amendments
 - Delayed compliance date for each furnace type
 - Added a mitigation fee option that allowed up to 3 additional years to achieve 14 ng/J NO_x emission limit

Summary of Rule 1111 Compliance Dates with Mitigation Fee Option*

	High Efficiency	Standard	Weatherized	Mobile Home
Compliance Date	April 2015	October 2015	October 2016	October 2018
Date with Mitigation	April 2018	October 2018	October 2019	October 2021
Mitigation Fee (per unit)	\$150	\$200	\$150	\$150

*All manufacturers chose to use the mitigation fee option

April 2016 Stakeholder Request

- The Air Conditioning, Heating and Refrigeration Institute, and other stakeholders requested that the SCAQMD:
 - Amend Rule 1111 to revise the emission limit;
 - Delay compliance dates; and/or
 - Suspend payment of mitigation fee
- Staff began collecting information from manufacturers on the development and projected availability of Rule 1111 compliant products

Meeting with Industry Representatives

- Staff met with 8 furnace and burner manufacturers
 - Some manufacturers commented 14 ng/J emission limit is achievable, but preferred additional time with a mitigation fee option for one or more furnace types
 - Others urged to maintain compliance dates anticipate having compliant products
- Some manufacturers tested rule compliant products and are continuing testing this winter
 - One “standard” unit certified by Rheem
- Four ultra-low NO_x burner technologies available through license

Staff Recommendations

- Do not amend Rule 1111 at this time
- Continue meeting with Task Force
- Continue to monitor manufacturers' product development
- By the end of 2nd Quarter 2017 reevaluate manufacturers' progress and revisit Rule 1111 for any further amendments and next steps



Status Report on Regulation XIII – New Source Review

Stationary Source Committee Meeting
January 20, 2017

Laki Tisopoulos, Ph.D., P.E.
Deputy Executive Officer



NSR Status Report Overview

Purpose:

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



NSR Status Report History

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



Rule 1315 Federal NSR Tracking System

- Rule 1315 established procedures to demonstrate equivalency with federal NSR offset requirements
 - Tracks debits from and credits to SCAQMD's federal internal offset account for each pollutant
 - Annual Preliminary Determinations of Equivalency (PDE), Final Determinations of Equivalency (FDE) and Projections
 - Balance of credits in SCAQMD's federal offset account must remain positive



SCAQMD's Federal NSR Offset Accounts

Preliminary Determination of Equivalency (PDE)* (CY 2015)

DESCRIPTION	VOC	NOx	SOx	CO	PM10
2014 Final Ending Balance (ton/day)	98.89	26.13	3.39	12.33	14.59
2015 Total Credits (ton/day)*	0.00	0.00	0.00	0.00	0.00
2015 Total Debits (ton/day)	-0.36	-0.42	0.00	-0.86	-0.06
2015 Total Discount of Credits for Surplus Adjustment (ton/day)	-0.03	-3.04	0.00	0.00	0.00
2015 Preliminary Ending Balance (ton/day)	98.50	22.67	3.39	11.47	14.53

*PDE does not account for any credits for CY 2015, however, credits will be included in the Final Determination of Equivalency.



SCAQMD's Projected Federal NSR Offset Accounts CY 2016

DESCRIPTION	VOC	NOx	SOx	CO	PM10
2015 Preliminary Ending Balance (ton/day)	98.50	22.67	3.39	11.47	14.53
2016 Total Projected Credits (ton/day)	6.00	1.16	0.20	2.24	0.80
2016 Total Projected Debits (ton/day)	-0.37	-0.32	0.00	-1.91	-0.09
2016 Total Projected Discount of Credits for Surplus Adjustment (ton/day)	-0.23	-1.13	0.00	-0.09	0.00
2016 Projected Ending Balance (ton/day)	103.90	22.38	3.59	11.71	15.24

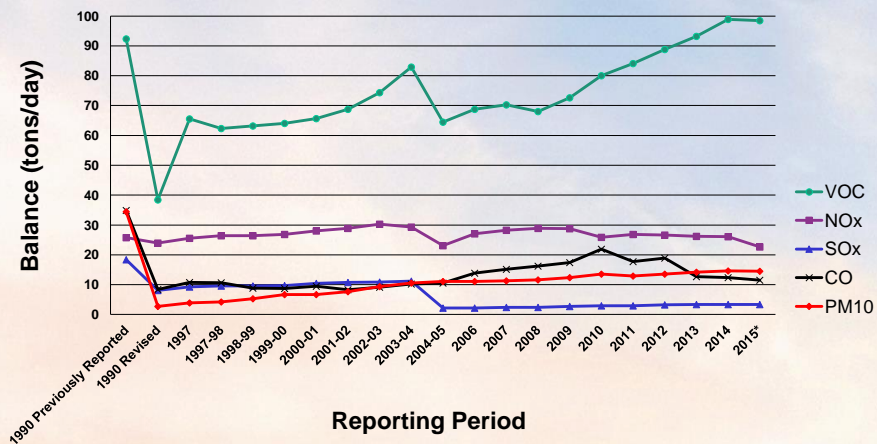


SCAQMD's Projected Federal NSR Offset Accounts CY 2017

DESCRIPTION	VOC	NOx	SOx	CO	PM10
2016 Projected Ending Balance (ton/day)	103.90	22.38	3.59	11.71	15.24
2017 Total Projected Credits (ton/day)	6.00	1.16	0.20	2.24	0.80
2017 Total Projected Debits (ton/day)	-0.37	-0.32	0.00	-1.91	-0.09
2017 Total Projected Discount of Credits for Surplus Adjustment (ton/day)	-0.24	-1.12	0.00	-0.09	0.00
2017 Projected Ending Balance (ton/day)	109.29	22.10	3.79	11.95	15.95



SCAQMD's Federal Offset Account Balances (1990 – 2015*)



*Preliminary determination



Conclusions

- The Preliminary analysis for CY 2015 shows SCAQMD's NSR program continued to be equivalent to the federal NSR offset requirements
- For CYs 2016 and 2017 it is also projected that SCAQMD's NSR program will continue to be equivalent to the federal NSR offset requirements
- Next Final Demonstration of Equivalency for CY 2015 will be presented to the Governing Board on September 1, 2017

Twelve-Month and Three-Month Rolling Average Price of Compliance Years 2016 and 2017 NOx and SOx RTCs

January 2017 Quarterly Report to Stationary Source Committee

Background

NOx RTCs

The Governing Board's January 7, 2005 amendments to Rule 2002 - Allocations For Oxides of Nitrogen (NOx) And Oxides of Sulfur (SOx) established a \$15,000 per ton threshold for the twelve-month rolling average price of current Compliance Year NOx RTCs. Staff has been calculating the twelve-month rolling average price of current Compliance Year NOx RTCs each month and reporting the results to the Stationary Source Committee quarterly. On December 4, 2015, the Governing Board amended Rule 2002 to replace the \$15,000 per ton threshold with a \$22,500 per ton threshold for the twelve-month rolling average price of current Compliance Year NOx RTCs and establish a new \$35,000 per ton threshold for the three-month rolling average price of current Compliance Year NOx RTCs. The December 2015 amendments also established a \$200,000 per ton "price-floor" threshold for the twelve-month rolling average price of infinite-year block (IYB) NOx RTCs that will become effective in 2019. The reporting of the three-month rolling average price for current Compliance Year NOx RTCs and the twelve-month rolling average price of IYB NOx RTCs started on May 1, 2016.

The December 2015 amendments directed the Executive Officer to report to the Governing Board if (a) the cost of current Compliance Year NOx RTCs exceeds \$22,500 per ton based on the twelve-month rolling average price, (b) \$35,000 per ton based on the three-month rolling average price, or (c) the twelve-month rolling average price of IYB NOx RTCs falls below \$200,000 per ton. If (a) or (b) above occurs, the Governing Board may convert the Non-tradable/Non-usable NOx RTCs valid for the period in which the RTC price(s) exceeded an applicable threshold to Tradable/Usable NOx RTCs pursuant to Rule 2002(f)(1)(H). Additionally, the Executive Officer's report to the Governing Board will include a "commitment and schedule to conduct a more rigorous control technology implementation, emission reduction, cost-effectiveness, market analysis, and socioeconomic impact assessment of the RECLAIM program."

SOx RTCs

On November 5, 2010, the Governing Board amended Rule 2002 - Allocations For Oxides of Nitrogen (NOx) And Oxides of Sulfur (SOx) and established a \$50,000 per ton threshold for the twelve-month rolling average price of current Compliance Year SOx RTCs. The amendments direct the Executive Officer to calculate, starting

January 2017, the twelve-month rolling average price of SOx RTCs for the current Compliance Year and to report to the Governing Board in the event that the SOx RTC prices exceed the threshold based on the twelve-month rolling average at a duly noticed public hearing within sixty days from the determination. The Executive Officer will announce that determination on the SCAQMD website. At the public hearing, the Governing Board will decide whether or not to convert any portion of the Non-tradable/Non-usable RTCs, as determined pursuant to Rule 2002 (f)(1)(O) and (f)(1)(P), and how much to convert if any, to Tradable/Usable RTCs. The reporting of the twelve-month rolling average price of the current Compliance Year SOx RTCs starts on January 1, 2017 and ends on February 1, 2020.

Therefore, commencing with this quarterly report, the Executive Officer is adding the twelve-month rolling average prices for current Compliance Year SOx RTCs (Table VI and VII). Previously, this report has only contained the twelve-month rolling average prices for current Compliance Year NOx RTCs (Tables I and II), the three-month rolling average prices of current Compliance Year NOx RTCs (Tables III and IV) and the twelve-month rolling average prices of IYB NOx (Table V).

Analysis

The average NOx RTC prices listed in Table I through IV and the average SOx RTC prices listed in Table VI and VII have all remained well below the applicable reporting thresholds. It is, therefore, not necessary for the Executive Officer to provide a report on the NOx or SOx RTCs rolling average prices to the Governing Board or for the Governing Board to consider conversion of the Non-tradable/Non-usable to Tradable/Usable NOx or SOx RTCs. The twelve-month rolling average price of IYB NOx RTCs, as shown in Table V, was in the \$268,106 to \$380,252 per ton range for the April through December 2016 period.

Table I

Twelve-Month Rolling Average Price Data for Compliance Year 2016 NOx RTCs
(Report to Governing Board if rolling average price greater than \$22,500/ton)

Twelve-Month Rolling Average Price Data for Compliance Year 2016 NOx RTC					
Reporting Month	12-Month Period	Total Volume Traded with Price During Past 12-month (tons)	Total Price of Volume Traded During Past 12-month (\$)	Number of Trades with Price	Rolling Average Price ¹ (\$/ton)
Jan-16	Jan-15 to Dec-15	224.2	\$635,305	13	\$2,833
Feb-16	Feb-15 to Jan-16	234.0	\$704,059	14	\$3,008
Mar-16	Mar-15 to Feb-16	272.7	\$865,831	17	\$3,175
Apr-16	Apr-15 to Mar-16	278.1	\$886,546	19	\$3,188
May-16	May-15 to Apr-16	284.8	\$915,100	24	\$3,213
Jun-16	Jun-15 to May-16	304.4	\$998,506	28	\$3,280
Jul-16	Jul-15 to Jun-16	308.0	\$1,015,244	31	\$3,296
Aug-16	Aug-15 to Jul-16	305.8	\$997,732	35	\$3,262
Sep-16	Sep-15 to Aug-16	328.5	\$1,085,907	43	\$3,305
Oct-16	Oct-15 to Sep-16	235.5	\$910,370	46	\$3,866
Nov-16	Nov-15 to Oct-16	300.5	\$1,099,373	63	\$3,658
Dec-16	Dec-15 to Nov-16	352.3	\$1,204,903	67	\$3,421
Jan-17	Jan-16 to Dec-16	758.4	\$2,264,069	77	\$2,985

¹District Rule 2015(b)(6) - Backstop Provisions provides additional "evaluation and review of the compliance and enforcement aspects of the RECLAIM program" if the average RTC price exceeds \$15,000 per ton.

Table II

Twelve-Month Rolling Average Price Data for Compliance Year 2017 NOx RTCs
(Report to Governing Board if rolling average price greater than \$22,500/ton)

Twelve-Month Rolling Average Price Data for Compliance Year 2017 NOx RTC					
Reporting Month	12-Month Period	Total Volume Traded with Price During Past 12-month (tons)	Total Price of Volume Traded During Past 12-month (\$)	Number of Trades with Price	Rolling Average Price ¹ (\$/ton)
Jan-17	Jan-16 to Dec-16	79.5	\$558,841	10	\$7,025

¹District Rule 2015(b)(6) - Backstop Provisions provides additional "evaluation and review of the compliance and enforcement aspects of the RECLAIM program" if the average RTC price exceeds \$15,000 per ton.

Table III

Three-Month Rolling Average Price Data for Compliance Year 2016 NOx RTCs
(Report to Governing Board if rolling average price greater than \$35,000/ton)

Three-Month Rolling Average Price Data for Compliance Year 2016 NOx RTC					
Reporting Month	3-Month Period	Total Volume Traded with Price During Past 3-month (tons)	Total Price of Volume Traded During Past 3-month (\$)	Number of Trades with Price	Rolling Average Price (\$/ton)
May-16	Feb-16 to Apr-16	50.8	\$211,041	10	\$4,158
Jun-16	Mar-16 to May-16	31.7	\$132,675	11	\$4,188
Jul-16	Apr-16 to Jun-16	29.9	\$128,699	12	\$4,304
Aug-16	May-16 to Jul-16	32.9	\$130,194	12	\$3,953
Sep-16	Jun-16 to Aug-16	36.0	\$134,963	16	\$3,747
Oct-16	Jul-16 to Sep-16	39.4	\$142,688	18	\$3,623
Nov-16	Aug-16 to Oct-16	157.2	\$436,641	32	\$2,778
Dec-16	Sep-16 to Nov-16	186.2	\$453,996	28	\$2,438
Jan-17	Oct-16 to Dec-16	635.3	\$1,741,442	41	\$2,741

Table IV

Three-Month Rolling Average Price Data for Compliance Year 2017 NOx RTCs
 (Report to Governing Board if rolling average price greater than \$35,000/ton)

Three-Month Rolling Average Price Data for Compliance Year 2017 NOx RTC					
Reporting Month	3-Month Period	Total Volume Traded with Price During Past 3-month (tons)	Total Price of Volume Traded During Past 3-month (\$)	Number of Trades with Price	Rolling Average Price (\$/ton)
Jan-17	Oct-16 to Dec-16	41.1	\$310,586	6	\$7,561

Table V

Twelve-Month Rolling Average Price Data for Infinite-Year Block NOx RTCs
 (Report to Governing Board if rolling average price after 2018 is less than \$200,000/ton)

Twelve-Month Rolling Average Price Data for Infinite-Year NOx RTC					
Reporting Month	12-Month Period	Total Volume Traded with Price During Past 12-month (tons)	Total Price of Volume Traded During Past 12-month (\$)	Number of Trades with Price	Rolling Average Price (\$/ton)
May-16	May-15 to Apr-16	806.0	\$216,080,023	45	\$268,106
Jun-16	Jun-15 to May-16	782.5	\$212,055,023	45	\$271,014
Jul-16	Jul-15 to Jun-16	352.4	\$128,924,099	32	\$365,856
Aug-16	Aug-15 to Jul-16	513.8	\$167,048,669	33	\$325,150
Sep-16	Sep-15 to Aug-16	518.5	\$168,336,169	33	\$324,655
Oct-16	Oct-15 to Sep-16	442.8	\$150,972,051	31	\$340,968
Nov-16	Nov-15 to Oct-16	322.8	\$121,624,924	26	\$376,820
Dec-16	Dec-15 to Nov-16	322.8	\$121,623,424	25	\$376,830
Jan-17	Jan-16 to Dec-16	302.7	\$115,116,675	21	\$380,252

Table VI

Twelve-Month Rolling Average Price Data for Compliance Year 2016 SOx RTCs
(Report to Governing Board if rolling average price greater than \$50,000/ton)

Twelve-Month Rolling Average Price Data for Compliance Year 2016 SOx RTC					
Reporting Month	12-Month Period	Total Volume Traded with Price During Past 12-month (tons)	Total Price of Volume Traded During Past 12-month (\$)	Number of Trades with Price	Rolling Average Price¹ (\$/ton)
Jan-17	Jan-16 to Dec-16	32.2	\$52,049	3	\$1,618

¹District Rule 2015(b)(6) - Backstop Provisions provides additional “evaluation and review of the compliance and enforcement aspects of the RECLAIM program” if the average RTC price exceeds \$15,000 per ton.

Table VII

Twelve-Month Rolling Average Price Data for Compliance Year 2017 SOx RTCs
(Report to Governing Board if rolling average price greater than \$50,000/ton)

Twelve-Month Rolling Average Price Data for Compliance Year 2017 SOx RTC					
Reporting Month	12-Month Period	Total Volume Traded with Price During Past 12-month (tons)	Total Price of Volume Traded During Past 12-month (\$)	Number of Trades with Price	Rolling Average Price¹ (\$/ton)
Jan-17	Jan-16 to Dec-16	6.5	\$19,361	1	\$3,000

¹District Rule 2015(b)(6) - Backstop Provisions provides additional “evaluation and review of the compliance and enforcement aspects of the RECLAIM program” if the average RTC price exceeds \$15,000 per ton.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
HOME RULE ADVISORY GROUP**

**MINUTES
November 9, 2016**

CHAIR

Dr. Joseph Lyou, Governing Board member

MEMBERS

Present: The following members participated from Conference Room CC-8 at SCAQMD: Jill Whynot; Curt Coleman; Jaclyn Ferlita; Jayne Joy; Bill LaMarr; Dan McGivney; Bill Quinn; and David Rothbart;. The following members participated by conference call: Chris Gallenstein (CARB); and Rongsheng Luo (SCAG).

Absent: Mike Carroll; Michael Downs; Adrian Martinez; Art Montez; Terry Roberts; Larry Rubio; Larry Smith; TyRon Turner; and Morgan Wyenn

AQMD STAFF

Philip Crabbe; Eugene Kang; Susan Nakamura; Bill Wong; and Ann Scagliola

OTHER ATTENDEES

Mark Abramowitz (Board Consultant to Dr. Lyou); Andy Steckel (EPA); Wienke Tax (EPA); Rita Loof (Radtech); Bill Pearce (Boeing); and Ron Wilkniss (WSPA)

WELCOME/INTRODUCTIONS

The meeting was called to order at 10:00 a.m. by Dr. Joseph Lyou (Chairman). Participants at the meeting were Jill Whynot (SCAQMD); Susan Nakamura (SCAQMD); Bill Wong (SCAQMD); Curt Coleman (Southern California Air Quality Alliance); Bill LaMarr (California Small Business Alliance); Jayne Joy (Eastern Municipal Water District); Jaclyn Ferlita (Air Quality Consultants); Dan McGivney (So Cal Gas); and David Rothbart (Los Angeles County Sanitation Districts). The following members participated by conference call: Chris Gallenstein (CARB); Rongsheng Luo (SCAG); Andy Steckel (EPA) and Wienke Tax (EPA).

OPENING COMMENTS

Dr. Lyou and other Advisory Group members discussed the Presidential election results.

MINUTES

Dr. Lyou asked for comments on the minutes from the September 21, 2016 Home Rule Advisory Group meeting. Hearing none, the minutes were approved.

EPA AND FEDERAL ACTIVITIES

Wienke Tax provided an update on recent U.S. EPA and federal activities.

- On November 2, 2016, the 2015 Ozone SIP Requirements Rule Proposal was signed
- On November 1, 2016, EPA published the proposal to approve the Coachella Valley 1997 Ozone SIP.

- On November 3, 2016, EPA published the proposal to partially approve and partially disapprove the South Coast Air Quality Management District's (SCAQMD) 2008 Ozone RACT SIP.
- EPA anticipates a final approval of the SCAQMD SOON Program, an incentive program for off-road fleets.
- EPA is considering how to respond to the On-Road Heavy Duty NO_x petition.
- EPA acknowledged they are officially in the transition period between Administrations.

Discussion

Dr. Lyou requested an explanation of the partial disapproval of the SCAQMD's 2008 Ozone RACT SIP. Ms. Tax indicated that the version of RECLAIM within the 2008 SIP is the 2010 version, and not all RECLAIM sources had a RACT level of control.

Bill Quinn inquired if the amendments adopted by the SCAQMD Board in December 2015 address this issue, or is there an outstanding issue that needs to be addressed? Ms. Tax replied that once it can be demonstrated that the modifications meet RACT, the disapprovals would be remedied.

CARB REGULATORY ACTIVITIES

Chris Gallenstein requested input from members on topics of interest for future 2017 meetings and provided some topics from an earlier discussion with Dr. Lyou.

- Why did ARB Board send back the PM_{2.5} Plan for the San Joaquin AQMD?
- Scoping Plan Measures

Bill Quinn inquired about the status of the December RECLAIM package and if any updates could be provided. Mr. Gallenstein commented that he could forward this recommendation onto appropriate ARB staff for a future discussion.

Jill Whynot indicated that this could possibly be a topic for a future RECLAIM Working Group meeting. Dr. Lyou commented that this would be a good topic for the January 2017 Home Rule Advisory Group meeting, if not being discussed at the next RECLAIM Working Group meeting.

Additional topics of interest for 2017 meetings, from the group discussion, included:

- SB 375 - The Sustainable Communities and Climate Protection Act of 2008
- Proposed Short-Lived Climate Pollutant Reduction Strategy
- Mobile Source Strategy
- Federal regulation for landfills

Chris Gallenstein reported on the following items discussed at the CARB Board meeting on October 20, 2016, as well as items to be discussed at the November 17, 2016 meeting.

October 20, 2016

- Considered the 2016 PM_{2.5} State Implementation Plan for the San Joaquin Valley
- Considered the proposed regulation to provide certification flexibility for heavy duty engines and California certification and installation procedures for medium- and heavy-duty vehicle hybrid conversion systems
- Considered modifications to the fiscal year 2016-17 Funding Plan for low carbon transportation and fuels investments and the Air Quality Improvement Program

November 17, 2016

- 2016 Legislative Update
- Proposed amendments to the evaporative emission requirements for small off-road engines
- Informational update on the AB 32 scoping plan development
- Annual update on the Cap-and-Trade Program
- Update on the Cap-and-Trade adaptive management process

LEGISLATIVE UPDATE

Philip Crabbe provided a recap on the following items from the October 2016 Legislative Committee meeting.

There was an update provided on the Governor’s Final Actions on 2015/16 Legislation. In Sacramento, the state’s legislative session officially ended on August 31st which marked the end of the two-year 2015/2016 legislative cycle. Climate change goals, the cap-and-trade program, and distribution of the Greenhouse Gas Reduction Fund (GGRF) monies took center stage to finish off the legislative year. In the end, through budget bill AB 1613, \$900 million was allocated, based on an agreement between the Governor and Legislative Leadership, with \$462 million left in reserve for future appropriation. The cap-and-trade program and its 2020 sunset, was not addressed, however SB 32 (Pavley) was approved and signed by the Governor to establish greenhouse gas reduction targets to 40% below 1990 levels by 2030. Governor Brown had until September 30th to take final action on bills sent to his desk by the Legislature. Overall, the Governor vetoed 15% of the 1,059 bills sent to him this year.

Following is a summary of SCAQMD position bills and bills of interest and their final dispositions based on the actions of the Legislature and the Governor:

SCAQMD Position Bills

AB 1550 (Gomez) - Greenhouse gases: investment plan: disadvantaged communities
Requires 25% of GGRF moneys to fund projects in disadvantaged communities. Requires an additional 5% to projects that benefit low-income households located within low-income communities anywhere in the state. Requires an additional 5% to fund projects that benefit low-income households within a 1/2 mile of DACs.
POSITION: Support STATUS: Chaptered

SB 380 (Pavley) - Natural gas storage: moratorium
Immediate moratorium on natural gas injections at Aliso Canyon storage facility.
POSITION: Support STATUS: Chaptered

SB 887 (Pavley) - Natural gas storage wells
DOGGR to inspect before 2018, and annually thereafter, and set standards for natural gas storage wells. Older wells to be phased out.
POSITION: Support and Continue to Work with Author STATUS: Chaptered

SB 888 (Allen) - Gas corporations: emergency management: leak mitigation
Establishes OES as the lead agency for emergency response to leak of natural gas from natural gas storage facility.
POSITION: Support and Continue to Work with Author STATUS: Chaptered

Other State Bills of Interest

A118 (Santiago) - Hazardous substances: cleanup: Exide Technologies facility
Appropriates \$176 million loaned to DTSC from the General Fund for Exide cleanup, job training and pursuit of responsible parties.

SB 93 (De León) - Budget Act of 2015
\$176 million loan from General Fund to DTSC for Exide cleanup.

STATUS: Both Chaptered

AB 2153 (Garcia, Cristina) - The Lead-Acid Battery Recycling Act of 2016
This bill requires a battery dealer to accept, at the point of transfer, used lead-acid batteries and prohibits the dealer from charging a fee. Requires a dealer to collect a refundable deposit for each new lead-acid battery from a person who purchases the battery but who does not simultaneously provide a used lead-acid battery.

STATUS: Chaptered

AB 1697 (Bonilla) - Alternative and Renewable Fuel and Vehicle Technology Program
Includes clean job promotion as a prioritization factor for project selection.

STATUS: Chaptered

SB 859 (Committee on Budget and Fiscal Review) - Public resources: greenhouse gas emissions and biomass
This budget trailer bill was the vehicle that, among other things, makes changes to the CVRP program to have stricter income limits (e.g. \$150,000 for single filers) and increases the incentive for low income applicants by \$500

STATUS: Chaptered

AB 2722 (Burke) - Transformative Climate Communities Program
Creates the Transformative Climate Communities Program, funded by \$140 million in GGRF monies, to reduce GHG and benefit disadvantaged communities.

STATUS: Chaptered

838 (budget bill)
One of the late budget trailer bills that included language removing the cap on the Green sticker program to allow for more alternative fuel single occupant vehicles access to HOV lanes. This program sunsets January 1, 2019.

STATUS: Chartered

AB 197 (Garcia, Eduardo) - State Air Resources Board: greenhouse gases: regulations
Adds two Members to the Legislature to the CARB board as ex officio, nonvoting members. Provides that voting members of the CARB board are appointed for staggered 6-year terms and upon expiration of the term of a voting member, they may be reappointed. Bill also directs CARB to "prioritize direct emission reductions" from stationary sources. Double joined to SB 32 (Pavley).

STATUS: Chaptered

SB 1383 (Lara) - Short-lived climate pollutants: methane emissions: dairy and livestock: organic waste: landfills
CARB to approve & begin implementing strategy to reduce short-lived climate pollutant emissions below 2013 levels by 2030.

STATUS: Chaptered

Note: There was no Legislative Committee in November 2016. Instead the Administrative Committee considered one legislative item at their November 2016 meeting: the draft 2017 SCAQMD State and Federal Legislative Goals and Objectives.

UPDATE REGARDING LITIGATION ITEMS AND RELATED EPA ACTIONS

William Wong provided an update to Cases 5 and 7 (World Logistics Center) on the litigation status report, and indicated that the SCAQMD has reached a settlement with the developer.

Discussion

Dan McGivney inquired if the settlement funds from these cases are designated for a specific area. Staff replied that the settlement does not specify this.

Jayne Joy inquired if the settlement funds are directed towards mobile sources. Staff replied that we will seek Board direction on how they want these funds spent. Dr. Lyou added that the Board usually directs staff to use the funds in the impacted areas.

EPA, CARB AND SCAQMD COORDINATION ON IMPLEMENTATION OF NON-PFOS FUME SUPPRESSANTS

Susan Nakamura provided an overview of agency coordination for implementation of non-PFOS fume suppressants, and an overview of the 2012 revision to EPA's NESHAP for Hard and Decorative Chromium Electroplating and Chromium Anodizing Tanks which prohibited the use of PFOS in fume suppressants effective September 21, 2015. Also provided was background information on how SCAQMD coordinated with CARB to certify non-PFOS fume suppressants and to work with facilities through the permitting process.

Discussion

Bill LaMarr inquired about the various types of controls. Staff replied that it would vary based on companies' operations and this will be considered during rule development.

Dr. Lyou inquired about providing options to chrome platers for emission controls and monitoring. Staff replied that some of this monitoring can be difficult, and requires special monitors and analysis.

Public Comment

Bill Pearce inquired about the possibility of streamlining the recordkeeping requirements when this rule comes up for adoption. Staff replied that this request will be considered.

CONSENSUS BUILDING

There was no report.

SUBCOMMITTEE STATUS REPORTS

A. Freight Sustainability (Dan McGivney)

There was no report.

Dr. Lyou reported that on November 17, 2016 the Port of Los Angeles is expected to release their Clean Air Plan 3.0 Proposal.

B. Small Business Considerations (Bill LaMarr)

There was no report.

C. Environmental Justice (Curt Coleman)

There was no report.

Jill Whynot reported that SCAQMD is having an Environmental Justice Conference on November 16, 2016 at The Center at Cathedral Plaza, in downtown Los Angeles.

D. New Source Review (Bill Quinn)

There was no report.

E. Climate Change (David Rothbart)

There was no report.

REPORT FROM AND TO THE STATIONARY SOURCE COMMITTEE

The following items were discussed at the October 2016 meeting, or are on the agenda for the November 2016 meeting.

October 2016

- Request by City of Newport Beach for Board to add Rule 444 – Open Burning to the Rule Forecast Calendar
- Report on Alkylation Technology Study by Norton Engineering Consultants
- Updates to the Facility Prioritization Procedures and Supplemental Guidelines for the AB 2588 Program

November 2016

- BACT Guidelines and Charter for BACT Scientific Review Committee
- Assessment of tertiary-Butyl Acetate (tBac)
- Report on Rule 1147 Technology Assessment

APPROVAL OF THE 2017 HRAG MEETING SCHEDULE

The Home Rule Advisory Group confirmed and Dr. Lyou approved the following meeting schedule for 2017.

January 11	May 10	September 13
March 8	July 12	November 8

Note: All meetings are scheduled to begin at 10:00 a.m. and will be held in Conference Room CC-8.

DRAFT 2016 ACCOMPLISHMENTS, 2017 GOALS & OBJECTIVES AND MISSION STATEMENT

Dr. Lyou asked for comments on the Home Rule Advisory Group 2016 Accomplishments and 2017 Goals and Objectives, and requested that members provide edits and updates by email.

It was determined that starting with the January 2017 meeting, the New Source Review Subcommittee report will only appear on meeting agendas when there are activities to report on.

After discussion and approval from Dr. Lyou, the Home Rule Advisory Group Mission Statement was revised as follows:

The mission of the Home Rule Advisory Group is to seek consolidation and consistency of federal, state, and local regulations to streamline regulatory compliance while achieving and fulfilling air quality goals and requirements. The group will focus on regulatory proposals and compliance issues that impose duplicative, conflicting or burdensome requirements. These goals will be accomplished by making recommendations including alternatives to the Stationary Source Committee on those issues that the group identifies, as well as pending legislation, litigation and regulatory proposals that have the potential to impose an unreasonable compliance burden on local businesses. The anticipated result is the development of recommendations that support reasonable and efficient approaches to attaining clean air goals.

Public Comment

Rita Loof (RadTech) is supportive of the revised Mission Statement.

OTHER BUSINESS

The membership roster for the term 2017-2019 has only a few changes. There will be a couple of changes to the environmental representative's membership, with the removal of Adrian Martinez and the addition of Penny Newman.

PUBLIC COMMENT

Rita Loof (RadTech) mentioned an audit conducted by EPA on the District's Title V program, which she has been unable to locate on the SCAQMD website.

ACTION ITEM – Jill Whynot commented that she could provide a copy of the Executive Summary and evaluation received from U.S. EPA, in regards to the Title V audit.

ADJOURNMENT

The meeting was adjourned at 12:15 p.m. The next meeting of the Home Rule Advisory Group is scheduled for 10:00 a.m. on January 11, 2017, and will be held at SCAQMD in Conference Room CC-8.

**South Coast Air Quality Management District
HOME RULE ADVISORY GROUP – Attendance Record – 2016**

	NAME (Term: 1/1/15 - 1/1/2017) Board/Member, Business & Community Reps, SCAQMD Staff	1/20	2/17	3/23	4/20	5/18	6/8	7/20	AUG	9/21	OCT	11/16	DEC
1	Dr. Joseph Lyou, Chairman	X	X	X	X	X	X	X	dark	X	dark	X	dark
2	Dr. Philip Fine (Agency Member) - SCAQMD	X	X	X	X	X	X	X*		X		X*	
3	Zimpfer, Amy (Agency Member) - EPA <i>Representing Elizabeth Adams</i>	T*	A	T*	T	T	A	T		X*		T*	
4	Gallenstein, Chris (Agency Member) - CARB <i>Representing Richard Corey</i>	T*	T*	T*	T	T	T	A*		T		T	
5	Chang, Ping (Agency Member) - SCAG <i>Alternate – Rongsheng Luo</i>	T*	T*	T*	T*	T*	T*	A*		T		T*	
6	Carroll, Mike (Business Representative) <i>Alternate – Robert Wyman</i>	A*	A*	A*	A*	A	A	A		A		A	
7	Coleman, Curtis (Business Representative) <i>Alternate – Susan Stark</i>	X	X	X	X	X	X	X		X		X	
8	Gornick, Sue (Business Representative) <i>Alternate Patty Senecal</i>	X	X	X	X	X	X	X		X		X*	
9	Joy, Jayne (Business Representative)	T	A	T	T	T	A	X		T		X	
10	La Marr, Bill (Business Representative)	X	X	X	X	X	X	X		X		X	
11	Martinez, Adrian (Environmental Representative)	A	A	A	A	A	A	A		A		A	
12	Muyco, Noel (Business Representative) <i>Alternate – Dan McGivney</i>	X	X	X	A	X	X	X*		X		X*	
13	Roberts, Terry (Environmental Representative)	X	X	X	X	X	X	X		A*		A*	
14	Quinn, Bill (Business Representative)	A*	X	X	T*	T*	X	A*		A*		X	
15	Wyenn, Morgan (Environmental Representative) <i>Replaced Dianne Moss eff. 3/4/16</i>			A*	X	X	A	A		A		A	
16	Downs, Michael (McCallon Representative) <i>Term: 7/15/16-7/14/18</i>							X		T		A	
17	Ferlita, Jaclyn (Lyou Representative) <i>Term: 9/5/16-9/4/18</i>	A*	X	A	A*	X	A	X		A		X	
18	Montez, Art (Lyou Representative)	X	X	X	X	X	A	A		X		A	
19	Rothbart, David (Antonovich Representative)	X	X	X	X	X	X	X		X		X	
20	Rubio, Larry (J. Benoit Representative)	T	T	A	A*	A	X	T		T		A*	
21	Smith, Larry (B. Benoit Representative)	X	X	X	X	X	X	X		X		A	
22	Turner, TyRon (Burke Representative)	X	X	X	X	X	X	X		X		A	

X	Present
X*	Alternate in Attendance
T	Teleconference Participation
T*	Teleconference Participation (Alternate)
A	Absence
A*	Absence Excused

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
General Counsel's Office**

December 2016 Settlement Penalty Report

<u>Total Penalties</u>	
Civil Settlements:	\$797,606.00
MSPAP Settlements:	\$27,435.00
Total Cash Settlements:	\$845,041.00
Total SEP Value:	\$0.00
Fiscal Year through 12 / 2016 Cash Settlement Total:	\$1,702,031.20
Fiscal Year through 12 / 2016 SEP Settlement Value Only Total:	\$10,500.00

Fac ID	Company Name	Rule Number	Settled Date	Initial	Notice Nbr	Total Settlement
Civil						
131003	BP WEST COAST PROD. LLC, CARSON REFINERY	3002(c)(1) 40 CFR	12/8/2016	BTG	P57734	\$652,000.00
47771	DELEO CLAY TILE CO INC	2012 2004 2012(e)(2)(B)	12/8/2016	VKT	P57813 P57820	\$400.00
25501	FABRI-COTE, DIV A & S GLASS FABRICS CO IN	3002(c)(1)	12/13/2016	BTG	P62380	\$1,000.00
13510	HOSPITAL OF THE GOOD SAMARITAN	1146	12/19/2016	NSF	P62480	\$24,000.00
69699	LA CO, PROBATION CASES	203(a), 1470	12/1/2016	NSF	P58697	\$20,000.00
127764	CENTRAL JUVENILE HALL (GIRLS)	1470 1470	12/1/2016	NSF	P58695 P58696	
69781	LA CO. INTERNAL SERVICES DEPT	203(a), 203(b), 1470	12/1/2016	NSF	P60509	\$20,000.00
127770	LA CO - CAMP KILPATRICK TREATMENT PLANT	203(a), 203(b), 1470 203(a), 1470	12/1/2016	NSF	P61229 P61248	\$20,000.00
6508	LA CO., MECH DEPT/CAMP GONZALES	203(a), 1470 203(a), 1470	12/1/2016	NSF	P61230 P61249	\$20,000.00
22756	LA CO., MECH DEPT, CAMPS SCUDDER & SCOTT	203(a), 1470 203(a), 1470	12/1/2016	NSF	P61228 P61245	\$20,000.00
89050	LOS ANGELES MISSION COLLEGE	2202	12/8/2016	VKT	P60349	\$5,506.00

Fac ID	Company Name	Rule Number	Settled Date	Initial	Notice Nbr	Total Settlement
1379	MADISON-GRAHAM COLORGRAPHICS INC	3002 3003	12/21/2016	KCM	P64115	\$1,200.00
97869	PENA GRADING & DEMOLITION/AMH RECYCLING	PERP 2460 PERP 2459	12/19/2016	NSF	P44881 P61722	\$2,500.00
182019	PROPORTION FOODS LLC	201 203 (a)	12/27/2016	SH	P60525	\$3,500.00
177299	TAYLOR TRUST	1403	12/8/2016	SH	P61068	\$7,500.00

Total Civil Settlements: \$797,606.00

MSPAP Settlements

178557	AMERICA OIL COMPANY INC. NO. 11	203 (a)	12/14/2016	JS	P64954	\$360.00
179235	ANZA PETROLEUM	203 (a), 461	12/8/2016	JS	P63213	\$2,710.00
178002	APRO LLC DBA UNITED OIL #163	203 (b)	12/8/2016	JS	P61989	\$770.00
127850	ARROWPETROL .INC	203 (a), 461 (c), 461 (c)(1)(A) 41960.2	12/14/2016	JS	P64298	\$720.00
107704	B W HOTEL LLC-THE BEVERLY WILSHIRE HOTEL	203 (a), 1415, 1472	12/14/2016	JS	P60143	\$4,400.00

Fac ID	Company Name	Rule Number	Settled Date	Initial	Notice Nbr	Total Settlement
174662	BEACH 76 CORPORATION	203 (b), 461 (c), 461 (c)(2)(B) 41960.2	12/26/2016	GV	P63045	\$1,500.00
172250	CORONA FUELING & ELECTRIC, INC	461(c)	12/14/2016	JS	P63042	\$825.00
139335	COUNTRY HILLS INC	461 (c), 41960.2	12/14/2016	GV	P64330	\$1,000.00
126873	EMBASSY SUITES HOTEL, SUNSTONE LAX AIRPO	1415	12/8/2016	GC	P63658	\$1,400.00
139466	G & K MANAGEMENT CO., INC.	203(b), 1470	12/28/2016	GC	P62495	\$425.00
179743	GREEN RIVER 76	461 (c), 41960.2 461 (e) (1)	12/8/2016	GV	P36746	\$1,600.00
173673	INGLEWOOD CHEVRON/SABRA GASOLINE	461 (E)(2)(A), 461 (c)(2)(B) 41960.2	12/8/2016	JS	P60089	\$700.00
178234	M1 FUEL, INC, DBA PASADENA 76	461 (c)(1)(A), 461(e)(5) 41960.2	12/26/2016	GV	P64291	\$500.00
171242	MAX CENTRAL CARSON, INC	41960.2, 461 (c), 461 (c)(2)(B)	12/8/2016	TF	P64657	\$250.00
120899	MICHAEL'S CLEANERS, NABIL SAAD, DBA	1146.2, 1421	12/14/2016	TF	P63656	\$750.00
137487	P & S MOBIL	203 (b), 461 (c), 461 (c)(2)(B) 41960.2	12/26/2016	TF	P63024	\$300.00
137487	P & S MOBIL	461, 461(c), 461(e)(2)	12/26/2016	TF	P63029	\$1,200.00
181196	PARDEE HOMES	403, 403(d)(1), 403(c)(2)	12/8/2016	TF	P56047	\$3,200.00

Fac ID	Company Name	Rule Number	Settled Date	Initial	Notice Nbr	Total Settlement
140425	POMONA FUEL, SAMUEL AGHAZARIAN DBA	41960.2, 461 (c), 461 (c)(2)(B)	12/26/2016	TF	P64956	\$500.00
144633	ROYCE CHEVRON, ROYCE OIL INC, DBA	41954 41960.2, 461 (c), 461 (c)(2)(B)	12/8/2016	JS	P64320	\$675.00
173876	SHERMAN OAKS 76, INC.	461(E)(2)(A)	12/28/2016	GV	P60090	\$500.00
11567	SODERBERG MFG CO	1469.1	12/8/2016	GV	P63709	\$800.00
106951	ULTIMATE CLEANERS	1421	12/28/2016	GV	P50736	\$250.00
123862	VERIZON WIRELESS, MAGIC MOUNTAIN PEAK	203(a), 203(b)	12/26/2016	GV	P62169	\$1,600.00
154943	XERXES PETROLEUM	41960.2, 461 (c), 461 (c)(2)(B)	12/14/2016	GV	P64655	\$500.00

Total MSPAP Settlements: \$27,435.00

DISTRICT RULES AND REGULATIONS INDEX FOR DECEMBER 2016 PENALTY REPORTS

REGULATION II – PERMITS

- Rule 201 Permit to Construct (*Amended 1/5/90*)
- Rule 202 Temporary Permit to Operate (*Amended 5/7/76*)
- Rule 203 Permit to Operate (*Amended 1/5/90*)

REGULATION IV - PROHIBITIONS

- Rule 403 Fugitive Dust (*Amended 12/11/98*) *Pertains to solid particulate matter emitted from man-made activities.*
- Rule 461 Gasoline Transfer and Dispensing (*Amended 6/15/01*)

REGULATION XI - SOURCE SPECIFIC STANDARDS

- Rule 1146 Emissions of Oxides of Nitrogen from Industrial, Institutional and Commercial Boilers, Steam Generators, and Process Heaters (*Amended 11/17/00*)
- Rule 1146.2 Emissions of Oxides of Nitrogen from Large Water Heaters and Small Boilers (*Adopted 1/9/98*)

REGULATION XIV – TOXICS

- Rule 1403 Asbestos Emissions from Demolition/Renovation Activities
- Rule 1415 Reduction of Refrigerant Emissions from Stationary Refrigeration and Air Conditioning Systems
- Rule 1421 Control of Perchloroethylene Emissions from Dry Cleaning Operations (*Amended 6/13/97*)
- Rule 1469.1. Spraying Operations Using Coatings Containing Chromium
- Rule 1470 Requirements for Stationary Diesel-Fueled Internal Combustion and Other Ignition Engines
- Rule 1472. Requirements For Facilities With Multiple Stationary Emergency Standby Diesel-Fueled Internal Combustion Engines

REGULATION XX - REGIONAL CLEAN AIR INCENTIVES MARKET (RECLAIM)

- Rule 2004 Requirements (*Amended 5/11/01*)
- Rule 2012 Requirements for Monitoring, Reporting, and Recordkeeping for Oxides of Nitrogen (NO_x) Emissions (*Amended 5/11/01*)

REGULATION XXII - ON-ROAD MOTOR VEHICLE MITIGATION

Rule 2202 On-Road Motor Vehicle Mitigation Options

REGULATION XXX - TITLE V PERMITS

Rule 3002 Requirements (*Amended 11/14/97*)

Rule 3003 Applications

CALIFORNIA HEALTH AND SAFETY CODE § 41700

41954 Compliance for Control of Gasoline Vapor Emissions

41960.2 Gasoline Vapor Recovery

41700 Violation of General Limitations

CODE OF FEDERAL REGULATIONS

40 CFR Protection of the Environment

Regulation to Establish Statewide Portable Equipment Registration Program

PERP 2459 Portable Equipment Notification

PERP 2460 Portable Equipment Testing Requirements