



**South Coast
Air Quality Management District**

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

STATIONARY SOURCE COMMITTEE MEETING

Committee Members

Mayor Ben Benoit, Chair
Dr. Joseph Lyou, Vice Chair
Mayor Pro Tem Judith Mitchell
Supervisor V. Manuel Perez
Supervisor Janice Rutherford

**December 19, 2018 ♦ 10:30 a.m. ♦ CC8
21865 Copley Dr., Diamond Bar, CA 91765**

TELECONFERENCE LOCATIONS

Wildomar City Hall
City Council Chambers
23873 Clinton Keith Road
Wildomar, CA 92595

Rolling Hills Estates
City Hall
4045 Palos Verdes Drive North
Rolling Hills Estates, CA 90274

73710 Fred Waring Drive
Suite 222
Palm Desert, CA 92260

(The public may attend at any location listed above.)

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

Toll Free: 866-244-8528

Listen Only Passcode: 5821432

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

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

AGENDA

Members of the public may address this body concerning any agenda item before or during consideration of that item (Gov't. Code Section 54854.3(a)). Please provide a Request to Address the Committee card to the Committee Secretary if you wish to address the Committee on an agenda item. If no cards are available, please notify SCAQMD staff or a Board Member of your desire to speak. All agendas for regular meetings are posted at District Headquarters, 21865 Copley Drive, Diamond Bar, California, at least 72 hours in advance of the regular meeting. Speakers may be limited to three (3) minutes each.

CALL TO ORDER

INFORMATIONAL ITEMS – Items 1 - 2

- 1. Update on Proposed Rule 1118.1 – Control of Emissions from Non-Refinery Flares (No Motion Required)** (20 mins.) Michael Krause, Planning & Rules Manager
Staff will provide an update on revisions to Proposed Rule 1118.1 to address key remaining issues and comments from stakeholders at the October Stationary Source Committee and at the November Governing Board meetings.
(Written Material Attached)
- 2. Proposed Amended Rule 1403 – Asbestos Emissions from Demolition/Renovation Activities (No Motion Required)** (20 mins.) Sarah Rees, Assistant Deputy Executive Officer
Staff will provide an update on revisions to Proposed Amended Rule 1403 to address key remaining issues and comments from stakeholders at the October Stationary Source Committee and at the December Governing Board meetings.
(Written Material Attached)

WRITTEN REPORTS – Items 3 - 4

- 3. Notice of Violation Penalty Summary (No Motion Required)** Bayron Gilchrist, General Counsel
This report provides the total penalties settled in November 2018 which includes Civil, Supplemental Environmental Projects, Mutual Settlement Assessment Penalty Program, Hearing Board and Miscellaneous.
(Written Material Attached)
- 4. Monthly Update on Staff's Work with U.S. EPA on New Source Review Issues for the Transition of RECLAIM Facilities to a Command and Control Regulatory Program (No Motion Required)** Susan Nakamura, Assistant Deputy Executive Officer
This is a summary of staff's work with U.S. EPA over the past month to resolve New Source Review issues for the transition of RECLAIM facilities to a command and control regulatory program.
(Written Material Attached)

OTHER MATTERS

5. 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)

6. Public Comment Period

At the end of the regular meeting agenda, an opportunity is provided for the public to speak on any subject within the Committee's authority that is not on the agenda. Speakers may be limited to three (3) minutes each.

7. Next Meeting Date: January 18, 2019

ADJOURNMENT

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 Ryan Stromar at (909)396-2637 from 7:30 a.m. to 6:00 p.m., Tuesday through Friday, or send the request to rstromar@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.

PROPOSED RULE 1118.1 Control of Emissions From Non- Refinery Flares

Stationary Source Committee
December 19, 2018



Rule Development

Stationary Source Committee – October 19th

- One stakeholder expressed concerns regarding flare usage at oil production sites
- Eight expressed concerns regarding limits at minor sources & impacts from digesting food waste

Public Consultation Meeting October 30th & Revised Preliminary Draft Rule Language– October 31st

- New proposed hourly restrictions on flaring at oil production sites
- Higher NOx limits for minor source digester gas and Resolution to perform technology assessment

Set Hearing – November 2nd (Delayed Public Hearing to January 4, 2019)

- Two stakeholders commented on proposed hourly restriction at oil production sites
- Continued to worked with stakeholder on proposed limits for oil production sites

Released Set Hearing Package December 4, 2018

Key Issue #1: Food Waste and Thermophilic Digestion

Stakeholder Comment

Digesting food waste and thermophilic digestion may require higher NOx limits and/or an exemption

Staff Response

- Comments focused primarily on new flares
- New flares at major sources (facilities that emit > 10 tons/year) required to meet BACT NOx emission limit of 0.025 lb/mmBtu
- New flares at minor sources required BACT NOx emission limit of 0.06 lb/mmBtu
- Adding resolution language to conduct a technology assessment and report back to the Stationary Source Committee

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Summary of Staff Proposal for Food Waste and Thermophilic Digestion

Stakeholder Comment

Digesting food waste and thermophilic digestion may require higher NOx limits and/or an exemption

Original Proposal (September 21st)

New Flares Combusting Digester Gas (Major Source)
0.025 lb/MMBtu limit

New Flares Combusting Digester Gas (Minor Source)
0.025 lb/MMBtu limit

Revised Proposal (October 31st)

New Flares Combusting Digester Gas (Major Source)
0.025 lb/MMBtu limit

New Flares Combusting Digester Gas (Minor Source)
0.06 lb/MMBtu limit

Include Resolution language to address potential increase in NOx

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Key Issue #2: Usage Limits for New and Existing Flares at Oil and Gas Sites

Stakeholder Comment

Routine flaring should not be allowed at oil and gas sites, proposed rule should include usage limits for new and existing flares

Staff Response

- In October, staff proposed a usage limit of 800 hours per year for new flares

Industry commented

- Limiting usage to 800 hours per year will discourage replacing older higher emitting flares with a new, lower emitting flare
- Using gas beneficially instead of flaring can be cost savings
- Fuel usage already monitored but challenges with monitoring and operations with an hourly limit
- Lower gas production and sites in remote areas have difficulty achieving high beneficial use percentages
- New flares are 70% cleaner than older enclosed flares, further limitations will not have a large emission benefit

Key Issue #2: Usage Limits for New and Existing Flares at Oil and Gas Sites

Stakeholder Comment

Routine flaring should not be allowed at oil and gas sites, proposed rule should include usage limits for new and existing flares

Staff Response

- Eliminated the 800 hour per year limit
- Established new limitation based on fuel usage
 - ✓ Four ton per year threshold for proposed limitation
 - Carves out small, potentially remote facilities
 - Includes facilities where data is currently available (through Annual Emission Reports)
- New proposal responsive to industry concerns but maintains limitation

Proposed Flare Requirements for Oil and Gas Sites

Existing Flares

New Flares

Conventional Flares	Ultra-Low NOx Flare	Replaced Flare	New Installation
Usage Limit: 5% Annual Capacity Threshold	No Usage Limits	<ul style="list-style-type: none"> • Lowest NOx Limit • Flare Usage Limit for <i>Facilities</i> that emit more than 4 tpy (AER threshold) 	
<i>Lowest Proposed Threshold</i>	<ul style="list-style-type: none"> • <i>Only Affects 8 Flares</i> • <i>Current NOx Emissions: 0.01 tpd</i> • <i>Potential to Emit: 0.04 tpd</i> 	Usage Limit: 110% of Prior 2-Year Average Throughput	Usage Limit: 45 mmscf/year
		<i>Holds flaring to current level + growth</i>	<i>Average Throughput (2015 – 2016) + growth</i>

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Summary of Staff Proposal for Usage Limits for New and Existing Flares at Oil and Gas Sites

Stakeholder Comment (Public Representative)	Original Proposal Released September 21 st	Revised Proposal Released October 31 st	Current Proposal Released December 4 th
Routine flaring should not be allowed at oil and gas sites, proposed rule should include usage limits for new and existing flares	<p>Existing Flares: No usage limit if flare meets low emission limit</p> <p>New and Replaced Flares: Lowest emission limits (0.018 lb/MMBtu) and no usage limit</p>	<p>Existing Flares: No proposed change</p> <p>New and Replaced Flares: Limit usage to 800 hour/year</p>	<p>Existing Flares: No proposed change</p> <p>Replaced Flares: Limit usage average of past 2 years + 10% for growth</p> <p>New Flares: Limited usage to 45 MMscf/year</p>

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Proposed Rule 1118.1 Schedule

Set Hearing: November 2, 2018

Public Hearing: January 4, 2019

12/14/2018



AQMD Stationary Source Committee
AQMD Staff
Via Email

Re: Rule 1118.1 change to remove 800-hour annual limit for non-refinery flares

Honorable Stationary Source Committee members and AQMD Staff members:

We recently received notice of the District proposal December 4th package to remove a key part of Rule 1118.1 (non-refinery flares, including oil drilling operations), which limited use of flares to 800 hours/year.¹

We oppose the District changing Rule 1118.1 to remove the 800-hour limit on flaring for non-refinery sources. Because these are in close proximity to neighbors, routine flaring has the potential to create health problems. Furthermore, the District's solution to replace this hourly limit with an emission limit that allows routine flaring at oil drilling sites has other environmental impacts, because this inherently permits a larger volume of production at drilling sites, with larger volumes of gases and crude oil processing. This can also be associated with fugitive emissions from other emissions points onsite, and many other unevaluated environmental impacts.

The District should not remove this already generous 800-hour limit. Furthermore, the District should discourage flaring on site, and should encourage moving gas and crude oil processing away from neighbors, rather than relying solely on higher combustion efficiency flares, which cannot eliminate hazards. Finally, hourly limits should be *combined* with BACT/LAER (Best Available Control Technology and Lowest Achievable Emissions Rates), not traded off one against the other. These requirements should be applied to both new and existing flares.

Thanks very much for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Katherine Hoff", written over a horizontal line.

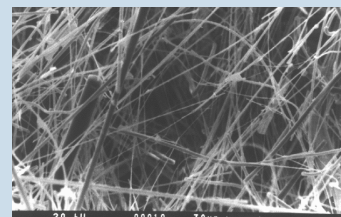
Katherine Hoff
Associate Attorney
Communities for a Better Environment

¹ <http://www.aqmd.gov/docs/default-source/Agendas/ssc/ssc-agenda-12-19-18.pdf>, Stationary Source Committee agenda for 12/19/18, including attached slides regarding Rule 1118.1. For example, pages 1,3, and 4 of the attached staff presentation describe public comments asking to limit flare usage, and staff including the 800-hour limit, now rescinded due to industry request.

Proposed Amended Rule 1403 - Asbestos Emissions from Demolition/Renovation Activities



Stationary Source Committee
December 19, 2018



CURRENT STATUS

- **Heard concerns from utilities regarding emergency notification procedures**
 - ✓ Scheduled additional meetings with utilities to discuss concerns and clarify existing rule requirements
 - ✓ Scheduled an additional working group meeting to cover latest changes and solicit further input
 - ✓ Revised draft FAQs and posted on website for review
- **Public hearing scheduled for February 1, 2019**

REMAINING CONCERNS



- **Emergency notification for asbestos work**
 - ✓ No delay from restoration of utility services
 - Addressing immediate hazard can include the actual repair and restoration work
 - Required notification components (e.g., survey by CAC, letter stating emergency) can be met concurrently with emergency repair and restoration work
- **Areas where the rule is more stringent than federal requirements**
- **Asbestos-containing pipe work less than 100 sq. ft.**
 - ✓ Notification not required for renovation of undisturbed, undamaged pipe material < 100 sq. ft.

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FAQs TO ENHANCE UNDERSTANDING OF RULE REQUIREMENTS

- **FAQs for Proposed Amended Rule 1403 on the SCAQMD Webpage*:**
 - ✓ FAQs were developed during the rulemaking process:
 - Includes questions and answers from all five (5) Working Group Meetings, Public Workshop and Stationary Source Committee Meeting
- **Expanded FAQs for current Rule 1403 on the SCAQMD Webpage*:**
 - ✓ The FAQs provide guidance to stakeholders and others for additional insights and scenarios for Rule 1403 compliance



* FAQs will be posted upon final review

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NEXT STEPS

- Set Hearing December 7, 2018
- Meeting with Utility Subgroup December 21, 2018
- Working Group Meeting #6 January 8, 2019
- Public Hearing February 1, 2019



SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
General Counsel's Office
DRAFT
November 2018 Settlement Penalty Report

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<u>Total Penalties</u>	
Civil Settlements:	\$3,122,730.00
MSPAP Settlements:	\$24,125.00
Total Cash Settlements:	\$3,146,855.00
Total SEP Value:	\$0.00
Fiscal Year through 11 / 2018 Cash Total:	\$4,429,505.00
Fiscal Year through 11 / 2018 SEP Value Only Total:	\$260,000.00

Fac ID	Company Name	Rule Number	Settled Date	Init	Notice Nbr	Total Settlement
Civil Settlements						
19515	AJAX FORGE CO	1430.1 203(a)	11/15/2018	DH	P60692 P65216	\$10,000.00
132266	AMERICA WOOD FINISHES CORP	1113(c)(1)	11/2/2018	WBW	P64670	\$1,730.00
132068	BIMBO BAKERIES USA INC	2004(f)(1)	11/16/2018	TRB	P60697	\$1,000.00
800209	BKK CORP (EIS USE)	3002	11/2/2018	MJR	P61074 P66452	\$10,500.00
182064	CARIBBEAN SEA PETROLEUM INC	203(b)	11/8/2018	GV	P65704	\$2,400.00
155698	FIELD ENERGY CORPORATION	461 (e) (2)	11/8/2018	GV	P64272	\$625.00

Fac ID	Company Name	Rule Number	Settled Date	Init	Notice Nbr	Total Settlement
185880	GEMINI FOOD CORPORATION	1415.1	11/28/2018	SMP	P66953	\$7,500.00
139799	LITHOGRAPHIX INC	3002	11/29/2018	WBW	P63665	\$1,250.00
155877	MILLERCOORS USA LLC	2004 2012	11/2/2018	WBW	P63695	\$2,250.00
104806	MM LOPEZ ENERGY LLC	1110.2 218 3002	11/15/2018	BST	P66261	\$26,000.00
18294	NORTHROP GRUMMAN SYSTEMS CORP	1146 2004(f)(1) 3002(c)(1)	11/21/2018	BST	P66108	\$2,000.00
7427	OWENS-BROCKWAY GLASS CONTAINER INC	2004 2011(c)(3)(A) 2012(c)(3)(A)	11/15/2018	BST	P66908	\$2,200.00
800212	POMONA VALLEY COMM HOSP (EIS USE)	1146 222 1415 1470 1472 203(a) 203(b)	11/1/2018	NSF	P56728 P62030 P62040 P62042 P62045	\$55,000.00
150363	REBILT METALIZING CO	1469	11/8/2018	GV	P64855	\$250.00
8582	SO CAL GAS CO/PLAYA DEL REY STORAGE FAC	2004	11/28/2018	NSF	P66910	\$3,000.00
800436	TESORO REFINING AND MARKETING CO, LLC	3002(c)(1)	11/28/2018	NSF	P63369	\$30,000.00

Fac ID	Company Name	Rule Number	Settled Date	Init	Notice Nbr	Total Settlement
53729	TREND OFFSET PRINTING SERVICES, INC	2004	11/29/2018	WBW	P63694	\$750.00
9053	VEOLIA ENERGY LOS ANGELES, INC	2004	11/30/2018	TRB	P62069	\$1,500.00
168070	WM BARR & COMPANY INC	1143	11/6/2018	WBW	P55894 P55899 P60300 P60329 P60334 P60335 P64827	\$2,964,775.00

Total Civil Settlements: \$3,122,730.00

Fac ID	Company Name	Rule Number	Settled Date	Init	Notice Nbr	Total Settlement
MSPAP						
182118	AESOS OIL INC	461(c)(3)(Q)	11/1/2018	GC	P70583	\$400.00
182732	B & J TREE SERVICE	403	11/15/2018	TF	P65762	\$3,000.00
157660	BRENTWOOD 76 SERVICE	461	11/15/2018	TF	P64931	\$450.00
146556	CITY OF WESTMINSTER	1415	11/15/2018	TF	P65164	\$400.00
22962	DRIFTWOOD DAIRY	1146.1 203(b)	11/1/2018	GC	P60541	\$1,200.00
173672	EZ FUEL AND EZ FOOD MART NAEEM ULLAH KHA	461(c)(3)(Q)	11/1/2018	GC	P70571	\$200.00
55002	FAROOQ IFTIKHAR, LA PAZ SHELL DBA	461 41960.2	11/15/2018	TF	P68106	\$800.00
186078	LA MIRADA SHELL	203(a) 461 41960.2	11/15/2018	TF	P65747	\$1,360.00
186078	LA MIRADA SHELL	461 41960.2	11/15/2018	TF	P68103	\$765.00
45317	MED CTR GARDEN GROVE	1415	11/1/2018	TF	P65158	\$1,600.00
186430	MOHSEN MART 3	203(a)	11/15/2018	TF	P65741	\$400.00
186430	MOHSEN MART 3	203(a)	11/15/2018	TF	P65743	\$500.00
186430	MOHSEN MART 3	461	11/15/2018	TF	P68104	\$2,600.00
180100	MY GOODS MARKET #5681	461	11/1/2018	TF	P64997	\$800.00

Fac ID	Company Name	Rule Number	Settled Date	Init	Notice Nbr	Total Settlement
177227	NEWPORT BEACH CARWASH	461(c)(3)(Q)	11/8/2018	TF	P70655	\$400.00
142821	NONO'S ENTERPRISES INC	461 41960	11/15/2018	TF	P64932	\$800.00
169575	PAVEMENT RECYCLING SYSTEMS	PERP 2460	11/15/2018	TF	P66051	\$2,500.00
15159	PUENTE READY MIX INC	203(b)	11/15/2018	TF	P67403	\$500.00
160714	RON'S MINI MART, INC, PARAMJIT SINGH	461 41960.2	11/27/2018	TF	P64999	\$850.00
186579	SMART & FINAL STORES LLC	203(a)	11/15/2018	TF	P67351	\$800.00
185983	TESORO ARCO 42634	461	11/15/2018	TF	P66360	\$800.00
164608	THRESHOLD TECHNOLOGIES, INC.	203	11/27/2018	GV	P59409	\$1,000.00
125780	TOLL BROTHERS INC	203(a)	11/1/2018	TF	P67204	\$800.00
43805	WESTMINSTER CITY	1415	11/15/2018	TF	P65163	\$400.00
27127	WINALL OIL CO #15	201	11/1/2018	TF	P64929	\$800.00

Total MSPAP Settlements: \$24,125.00

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DISTRICT'S RULES AND REGULATIONS INDEX
FOR NOVEMBER 2018 PENALTY REPORT

REGULATION II - PERMITS

- Rule 201 Permit to Construct
- Rule 203 Permit to Operate
- Rule 218 Continuous Emission Monitoring
- Rule 222 Filing Requirements for Specific Emission Sources Not Requiring a Written permit Pursuant to Regulation II

REGULATION IV - PROHIBITIONS

- Rule 403 Fugitive Dust - Pertains to solid particulate matter emitted from man-made activities
- Rule 461 Gasoline Transfer and Dispensing

REGULATION XI - SOURCE SPECIFIC STANDARDS

- Rule 1110.2 Emissions from Gaseous- and Liquid-Fueled Internal Combustion Engines
- Rule 1113 Architectural Coatings
- Rule 1143 Consumer Paint Thinners & Multi-Purpose Solvents
- Rule 1146 Emissions of Oxides of Nitrogen from Industrial, Institutional and Commercial Boilers, Steam Generators, and Process Heaters
- Rule 1146.1 Emissions of Oxides of Nitrogen from Small Industrial, Institutional, and Commercial Boilers, Steam Generators, and Process Heaters

REGULATION XIV - TOXICS

- Rule 1415 Reduction of Refrigerant Emissions from Stationary Refrigeration and Air Conditioning Systems
- Rule 1415.1 Reduction of Refrigerant Emissions from Stationary Refrigeration Systems
- Rule 1430 Control of Emissions from Metal Grinding Operations at Metal Forging Facilities
- Rule 1469 Hexavalent Chromium Emissions From Chrome Plating and Chromic Acid Anodizing Operations
- Rule 1470 Requirements for Stationary Diesel-Fueled Internal Combustion and Other Compression 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 RECLAIM Program Requirements
- Rule 2011 Requirements for Monitoring, Reporting, and Recordkeeping for Oxides of Sulfur (SO_x) Emissions
- Rule 2012 Requirements for Monitoring, Reporting, and Recordkeeping for Oxides of Nitrogen (NO_x) Emissions

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REGULATION XXII ON-ROAD MOTOR VEHICLE MITIGATION

Rule 2202 On-Road Motor Vehicle Mitigation Options

REGULATION XXX - TITLE V PERMITS

Rule 3002 Requirements for Title V Permits

CALIFORNIA HEALTH AND SAFETY CODE

41960 Certification of Gasoline Vapor Recovery System

41960.2 Gasoline Vapor Recovery

CALIFORNIA CODE OF REGULATIONS

13 CCR 2460 Portable Equipment Testing Requirements

December 2018 Update on Work with U.S. EPA on New Source Review Issues for the RECLAIM Transition

Staff has been working with U.S. EPA to resolve New Source Review issues as RECLAIM facilities exit to a command and control regulatory structure. At the October 5, 2018 Board Meeting, the Board directed staff to provide the Stationary Source Committee with a monthly update of staff's work with U.S. EPA regarding resolving New Source Review issues for the transition of facilities from RECLAIM to a command-and-control regulatory structure. The table below summarizes key activities over the past month.

Item	Discussion
RECLAIM Working Group Meeting - November 8, 2018	<ul style="list-style-type: none"> • Discussed offsetting requirements under Regulation XIII and Rule 2005 • Discussed future offsetting obligations post-RECLAIM • Discussed future programmatic offsetting demonstrations • Provided initial staff recommendations
Teleconference with U.S. EPA - November 20, 2018	<ul style="list-style-type: none"> • Staff discussed items discussed at November 8, 2018 RECLAIM Working Group Meeting with U.S. EPA staff • U.S. EPA is internally discussing staff's initial recommendations and findings • U.S. EPA requested specific data for facilities that have future offsetting obligations
RECLAIM Working Group Meeting – December 13, 2018	<ul style="list-style-type: none"> • Discussed permitting requirements under Regulation XIII • Discussed how permits issued during RECLAIM without a baseline Potential to Emit (PTE) will be calculated post-RECLAIM • Discussed implementation of Regulation XIII for RECLAIM facilities post-RECLAIM
Next scheduled teleconference with U.S. EPA - December 14, 2018	Staff will be discussing items discussed at December 13, RECLAIM Working Group with U.S. EPA
Face to face meeting with U.S. EPA staff	Scheduled for January 25, 2019