

# **PART A - POLICY AND PROCEDURES FOR MAJOR POLLUTING FACILITIES**

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## Chapter 1 - How is LAER Determined for Major Polluting Facilities?

This chapter explains the criteria used for determining LAER<sup>1</sup> and the process for updating Part B of the BACT Guidelines for major polluting facilities.

### CRITERIA FOR DETERMINING LAER FOR MAJOR POLLUTING FACILITIES

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SCAQMD staff determines LAER requirements on a permit-by-permit basis based on the definition of LAER. In essence, LAER is the most stringent emission limit or control technology that is:

- found in a state implementation plan (SIP), or
- achieved in practice (AIP), or
- is technologically feasible and cost effective.

For practical purposes, at this time, nearly all SCAQMD LAER determinations will be based on AIP LAER because it is generally more stringent than LAER based on SIP, and because state law constrains SCAQMD in using the third approach, as such a determination must go through the SB456 process, which may take more time than allowed for the permit decision.

Based on Governing Board policy, LAER also includes a requirement for the use of clean fuels. Terms such as “achieved in practice” and “technologically feasible” have not been defined in the rule, so the purpose of this section is to explain the criteria SCAQMD permitting staff uses to make a LAER determination.

### LAER Based on a SIP

The most stringent emission limit found in an approved state implementation plan (SIP) might be the basis for LAER. This means that the most stringent emission limit adopted by any state as a rule, regulation or permit<sup>2</sup>, and approved by USEPA, is eligible as a LAER requirement. No other parameters are required to be evaluated when this category is chosen. This does not include future emission limits that have not yet been implemented.

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<sup>1</sup> In order to distinguish between BACT for major polluting facilities and BACT for minor polluting facilities, this document uses the term LAER when referring to BACT for major polluting facilities.

<sup>2</sup> Some states incorporate individual permits into their SIP as case-by-case Reasonably Available Control Technology requirements.

## Achieved in Practice LAER

### ***Regulatory Documents***

An emission limit or control technology may be considered achieved in practice (AIP) for a category or class of source if it exists in any of the following regulatory documents or programs:

- SCAQMD BACT Guidelines
- CAPCOA BACT Clearinghouse
- USEPA RACT/BACT/LAER Clearinghouse
- Other districts' and states' BACT Guidelines
- BACT/LAER requirements in New Source Review permits issued by SCAQMD or other agencies

However, staff will check with the permitting authority (other than SCAQMD) on the status of the BACT or LAER requirement. If it is found that an emission limit is not being achieved or a control technology is not performing as expected in the equipment referenced in any of the above sources or in other equipment used as the basis for the BACT or LAER determination, then it will not be considered as AIP.

### ***New Technologies/Emission Levels***

New technologies and innovations of existing technologies occasionally evolve without a regulatory requirement, but still deserve consideration. They may have been voluntarily installed to reduce emissions, and may or may not be subject to an air quality permit or an emission limit. Therefore, in addition to the above means of being determined as AIP, a control technology or emission limit may also be considered as AIP if it meets all of the following criteria:

#### Commercial Availability

At least one vendor must offer this equipment for regular or full-scale operation in the United States. A performance warranty or guaranty must be available with the purchase of the control technology, as well as parts and service.

#### Reliability

All control technologies must have been installed and operated reliably for at least six months. If the operator did not require the basic equipment to operate daily, then the equipment must have at least 183 cumulative days of operation. During this period, the basic and/or control equipment must have operated: 1) at a minimum of 50% design capacity; or 2) in a manner that is typical of the equipment in order to provide an expectation of continued reliability of the control technology.

#### Effectiveness

The control technology must be verified to perform effectively over the range of operation expected for that type of equipment. If the control technology will be allowed to operate at lesser effectiveness during certain modes of operation, then those modes of operation must be identified. The verification shall be based on a performance test or tests deemed to be acceptable by SCAQMD, when possible, or other performance data.

## ***Technology Transfer***

LAER is based on what is AIP for a category or class of source. However, USEPA guidelines require that technology that is determined to be AIP for one category of source be considered for transfer to other source categories. There are two types of potentially transferable control technologies: 1) exhaust stream controls, and 2) process controls and modifications. For the first type, technology transfer must be considered between source categories that produce similar exhaust streams. For the second type, technology transfer must be considered between source categories with similar processes.

## **Federal PM<sub>2.5</sub> New Source Review and SCAQMD Rule 1325**

PM<sub>2.5</sub> NSR applies to a new major polluting facility, major modifications to a major polluting facility, and any modification to an existing facility that would constitute a major polluting facility. A major polluting facility would be a facility located in areas federally designated pursuant to 40 CFR 81.305 as non-attainment for PM<sub>2.5</sub> for the South Coast Air Basin (SOCAB) which has actual emissions of, or the potential to emit, 70 tons or more per year of PM<sub>2.5</sub>, or its precursors for serious areas. For major modifications, LAER applies on a pollutant-specific basis to emissions of PM<sub>2.5</sub> and its precursors, for which (1) the source is major, (2) the modification results in a significant increase, and (3) the modification results in a significant net emissions increase.

Significant means in reference to a net emissions increase or the potential of a source to emit any of the following pollutants, a rate of emissions that would equal or exceed any of the following rates<sup>3</sup>:

Nitrogen oxides: 40 tons per year

Sulfur dioxide: 40 tons per year

PM<sub>2.5</sub>: 10 tons per year

Ammonia: 40 tons per year<sup>4</sup>

A facility subject to the Federal PM<sub>2.5</sub> NSR will be required to comply with the following:

- Lowest Achievable Emission Rate (LAER)
- Emission increases offset
- Certification of compliance with Clean Air Act; and
- Analysis conducted of benefits of the proposed project outweigh the environmental and social costs associated with that project.

Please refer to SCAQMD Rule 1325 for specific requirements.

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<sup>3</sup> SCAQMD Rule 1325(b)(12), as amended on December 5, 2014

<sup>4</sup> Ammonia is being added to Rule 1325 as a precursor to PM<sub>2.5</sub> pursuant to EPA's 2016 PM<sub>2.5</sub> SIP implementation Rule. PAR 1325, scheduled for hearing in November 2016, would set a significance threshold of 40 tons per year for ammonia.

## **Cost in LAER Determinations**

USEPA guidelines do not allow for routine consideration of the cost of control in LAER determinations. However, USEPA guidelines say that LAER is not considered achievable if the cost of control is so great that a new source could not be built or operated with a particular control technology. If a facility in the same or comparable industry already uses the control technology, then such use constitutes evidence that the cost to the industry is not prohibitive.

State law (H&SC 40405) also defines BACT as the lowest achievable emission rate, which is the more stringent of either (i) the most stringent emission limitation contained in the SIP, or (ii) the most stringent emission limitation that is achieved in practice. There is no explicit reference or prohibition to cost considerations, and the applicability extends to all permitted sources. SCAQMD rules implement both state BACT and federal LAER requirements simultaneously, and furthermore specify that SCAQMD BACT must meet federal LAER requirements for major polluting facilities.

If a proposed LAER determination results in extraordinary costs to a facility, the applicant may bring the matter to SCAQMD management for consideration as described in Overview, Chapter 6.

## **Special Permitting Considerations**

Although the most stringent, AIP LAER for a source category will most likely be the required LAER, SCAQMD staff may consider special technical circumstances that apply to the proposed equipment which may allow deviation from that LAER. The permit applicant should bring any pertinent facts to the attention of the SCAQMD permitting engineer for consideration.

### ***Case-Specific Situations***

SCAQMD staff may consider unusual equipment-specific and site-specific characteristics of the proposed project that would warrant a reconsideration of the LAER requirement for new equipment. Here are some examples of what may be considered.

#### **Technical infeasibility of the control technology**

A particular control technology may not be required as LAER if the applicant demonstrates that it is not technically feasible to install and operate it to meet a specific LAER emission limitation in a specific permitting situation.

#### **Operating schedule and project length**

If the equipment will operate much fewer hours per year than what is typical, or for a much shorter project length, it can affect what is considered AIP.

#### **Availability of fuel or electricity**

Some LAER determinations may not be feasible if a project will be located in an area where natural gas or electricity is not available.

### **Process requirements**

Some LAER determinations specify a particular type of process equipment. SCAQMD staff may consider requirements of the proposed process equipment that would make the LAER determination not technically feasible.

### ***Equivalency***

The permit applicant may propose alternative means to achieve the same emission reduction as required by LAER. For example, if LAER requires a certain emission limit or control efficiency to be achieved, the applicant may choose any control technology, process modification, or combination thereof that can meet the same emission limit or control efficiency.

### ***Super Compliant Materials***

SCAQMD will accept the use of super compliant materials in lieu of an add-on control device controlling volatile organic compound (VOC) emissions from coating operations. For example, if a permit applicant uses only surface coatings that meet the super compliant material definition in SCAQMD Rule 109, an add-on control device would not be required for VOC LAER. This policy does not preclude any other LAER requirements for other contaminants.

### ***Equipment Modifications***

As a general rule, it is more difficult to retrofit existing equipment with LAER as a result of NSR modification when compared to a new source. The equipment being modified may not be compatible with some past LAER determinations that specify a particular process type. There may also be space restrictions that prevent installation of some add-on control technology.

## **Other Considerations**

Although multiple process and control options may be available during the LAER determination process, considerations should be made for options that reduce the formation of air contaminants from the process, as well as ensuring that emissions are properly handled. In addition to evaluating the efficiency of the control stage, these additional considerations are needed to ensure that the system is capable of reducing or eliminating emissions from the facility on a consistent basis during the operational life of the equipment.

### ***Pollution Prevention***

The Pollution Prevention Act of 1990 (42 U.S.C. §§13101-13109) established a national policy that pollution should be prevented or reduced at the source whenever feasible. In many cases, air pollution control is a process that evaluates contaminants at the exhaust of the system. Pollution prevention is the reduction or elimination of waste at the source by the modification of the production process. Pollution prevention measures may consist of the use of alternate or reformulated materials, a modification of technology or equipment, or improvement of energy efficiency changes that result in an emissions reduction. These measures should be considered as part of the LAER determination process if the measures will result in the elimination or reduction of

emissions, but are not required to include projects which are considered to fundamentally redefine the source. New and different emissions created by a process or material change will also need to be considered as part of the LAER determination process, in contrast to the overall emissions reductions from the implementation of pollution prevention measures. U.S. EPA policy defined pollution prevention as source reduction and other practices that reduce or eliminate the creation of pollutants through increased efficiency in the use of raw materials, energy, water, or other resources, and protection of natural resources by conservation<sup>5</sup>. U.S. EPA further specifies that pollution prevention does not include recycling (except in-process recycling), energy recovery, treatment or disposal. For purposes of these BACT Guidelines, and to be consistent with federal definitions, source reduction and pollution prevention may include, but not be limited to, a consideration of the feasibility of:

- equipment or technology modifications,
- process or procedure modifications,
- reformulation or redesign of products,
- substitution of raw materials, or
- improvements in housekeeping, maintenance or inventory control,

that reduce the amount of air contaminants entering any waste stream or otherwise released into the environment, including fugitive emissions.

### ***Monitoring and Testing***

In order to ensure that LAER determinations continue to meet their initial emission and efficiency standards, periodic or continuous parameter monitoring and testing requirements may be required during the permitting process. Equipment and processes may experience some change over time, due to aging or operational methods of the equipment, which may affect emission rates or control efficiencies. In addition to other rule requirements, additional monitoring and testing requirements may need to focus on aspects directly related to the BACT determination, and may be made enforceable by permit conditions. Monitoring and testing requirements should be specific to characterize operating conditions (e.g. temperatures, pressures, flows, production rates) and measurement techniques when LAER is established to ensure clarity and consistency with the standard.

### ***Capture Efficiency***

An integral part of controlling air pollutants emitted from a process with add-on air pollution control equipment is capturing those emissions and directing them to the air pollution control device. Emissions which are designed to be collected by an exhaust system but are vented uncontrolled into the atmosphere can have a much greater impact than controlled emissions. When applicable, the evaluation of a process and its associated control equipment should address the qualification and quantification of capture efficiency. By addressing capture efficiency during LAER determinations, a standard can be established to evaluate the capture efficiency of other systems, as well as ensure that the capture efficiency is maintained consistently over time.

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<sup>5</sup> U.S. EPA Pollution Prevention Law and Policies ([www.epa.gov/p2/pollution-prevention-law-and-policies#define](http://www.epa.gov/p2/pollution-prevention-law-and-policies#define))

If applicable, LAER determinations may include the percentage capture efficiency and the methods and measurements (e.g. EPA Method 204, capture velocity measurements, design using ACGIH’s Industrial Ventilation, static pressures) used to determine and verify it. For various circumstances, several SCAQMD rules (Table 4) already require an assessment of collection efficiency of an emission control system following EPA Method 204, EPA’s “Guidelines for Determining Capture Efficiency”, SCAQMD’s “Protocol for Determination of Volatile Organic Compounds (VOC) Capture Efficiency,” or other methods approved by the Executive Officer, and are appropriate to include as LAER requirements. The capture efficiency for any LAER Determination shall be no less stringent than any applicable rule requirement. Other considerations that may affect capture, such as cross-drafts, thermal drafts and the volume of combustion products, should also be addressed during this process.

**Table 4**

**SCAQMD Regulation XI and XIV Rules with Capture Efficiency Requirements or Considerations**

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|--------|----------|----------|--------|----------|
| • 1103 | • 1125   | • 1136   | • 1162 | • 1420.1 |
| • 1104 | • 1126   | • 1141   | • 1164 | • 1420.2 |
| • 1106 | • 1128   | • 1141.2 | • 1171 | • 1425   |
| • 1107 | • 1130   | • 1144   | • 1175 | • 1469   |
| • 1115 | • 1130.1 | • 1145   | • 1178 | • 1469.1 |
| • 1122 | • 1131   | • 1155   | • 1407 |          |
| • 1124 | • 1132   | • 1156   | • 1420 |          |

**LAER APPLICATION CUT-OFF DATES**

For applications submitted by major polluting facilities, LAER requirements will be determined based on information available up to the date the permit to construct is issued. This requirement allows interested parties to comment on possible technologies that could provide lower emissions.

Applications for a Registration Permit for equipment issued a valid Certified Equipment Permit (CEP), which is valid for one year, will only be required to comply with LAER as determined at the time the CEP was issued. However, SCAQMD staff will reevaluate the LAER requirements for the CEP upon renewal of the Title V permit.

**LAER UPDATE PROCESS**

SCAQMD will update Section I – SCAQMD LAER/BACT Determinations of Part B of the BACT Guidelines on an ongoing basis with actual LAER determinations for SCAQMD permits issued to major polluting facilities. The process will depend on whether or not the LAER requirement is more stringent than previous SCAQMD LAER determinations for the same equipment category.

When SCAQMD permitting staff makes a LAER determination that is no more stringent than previous SCAQMD LAER determinations, the permitting team will issue the permit and forward information regarding this LAER determination to the BACT Team.<sup>6</sup>

<sup>6</sup> To reduce the burden on SCAQMD of preparing hundreds of LAER Determination Forms each month, forms will not be prepared for routine LAER determinations after Part B, Section I of the guidelines has sufficient entries to demonstrate typical LAER requirements.



The BACT Team will review this LAER determination with the BACT SRC prior to listing in the BACT Guidelines.

Whenever permitting staff makes a LAER determination that is more stringent than what SCAQMD has previously required as LAER, the permit to construct may be subject to a public review. In any event depending on Rule 212, the permitting team will forward the preliminary LAER determination to the BACT Team, who will prepare and send a public notice of the preliminary determination to the BACT SRC, potentially interested persons, and anyone else requesting the information. Staff will consider all comments filed during the 30-day review period before making a permit decision. Staff will make every effort to conduct the public review consistent with the requirements of state law. However, if the 30-day review period conflicts with the deadline of the Permit Streamlining Act<sup>7</sup> for issuing the permit, the permit will be issued in accordance with state law. The 30-day public review may also be done in parallel with other public reviews mandated by *Rule 212 - Standards for Approving Permits and Issuing Public Notice or Regulation XXX - Title V Permits* in applicable cases.

On a periodic basis, the SCAQMD BACT Team will provide standing status reports to the SCAQMD Governing Board's Stationary Source Committee and to the Governing Board.

In summary, as technology advances, many categories in the SCAQMD's BACT Guidelines will be updated with new listings. This on-going process will reflect new lower emitting technologies not previously identified in the Guidelines.

## **CLEAN FUEL GUIDELINES**

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In January 1988, the SCAQMD Governing Board adopted a Clean Fuels Policy that included a requirement to use clean fuels as part of BACT/LAER. A clean fuel is one that produces air emissions equivalent to or lower than natural gas for NO<sub>x</sub>, SO<sub>x</sub>, ROG, and fine respirable particulate matter (PM<sub>10</sub>). Besides natural gas, other clean fuels are liquid petroleum gas (LPG), hydrogen and electricity. Utilization of zero and near-zero emission technologies are also integrated into the Clean Fuels Policy. The burning of landfill, digester, refinery and other by-product gases is not subject to the clean fuels requirement. However, the combustion of these fuels must comply with other SCAQMD rules, including the sulfur content of the fuel.

The requirement of a clean fuel is based on engineering feasibility. Engineering feasibility considers the availability of a clean fuel and safety concerns associated with that fuel. Some state and local safety requirements limit the types of fuel, which can be used for emergency standby purposes. Some fire departments or fire marshals do not allow the storage of LPG near occupied buildings. Fire officials have, in some cases, vetoed the use of methanol in hospitals. If special handling or safety considerations preclude the use of the clean fuel, the SCAQMD has allowed the use of fuel oil as a standby fuel in boilers and heaters, fire suppressant pump engines and for emergency standby generators. The use of these fuels must meet the requirements of SCAQMD rules limiting NO<sub>x</sub> and sulfur emissions.

## **AIR QUALITY-RELATED ENERGY POLICY**

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In September 2011, the SCAQMD Governing Board adopted the Air Quality-Related Energy Policy to help guide a unified approach to reducing air pollution while

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<sup>7</sup> The requirements of the Permit Streamlining Act are also found in SCAQMD's Rule 210.

addressing other key environmental concerns including environmental justice, climate change and energy independence. The air quality-related energy policy outlines 10 policies and 10 action steps to help meet federal health-based standards for air quality in the South Coast Air Basin while also promoting the development of zero- and near-zero emission technologies.

Policy 7 is to require any new/repowered in-Basin fossil-fueled generation power plant to incorporate BACT/LAER as required by District rules, considering energy efficiency for the application. These power plants will need to comply with any requirements adopted by the California Air Resources Board, California Energy Commission, Public Utilities Commission, California Independent System Operator, or the governing board of a publicly-owned electric utility, as well as state law under the California Environmental Quality Act. In recognizing that fossil fuel electric generation will still be needed in the Basin to complement projected increased use of renewable energy sources, this policy ensures that all fossil-fueled plants will meet existing BACT/LAER requirements and SCAQMD's BACT/LAER determinations will also take into consideration generating efficiency in setting the emission limits. Parts E and F of the BACT Guidelines complement and support this policy.

## Chapter 2 - How to Use Part B of the BACT Guidelines

This chapter explains the LAER information found in Part B - LAER/BACT Determinations for Major Polluting Facilities. Part B is a listing of LAER/BACT determinations for major polluting facilities contained in SCAQMD and other air pollution control agencies' permits, and data on new and emerging technologies. These LAER/BACT determinations and data are guides and will be used, along with other information, to determine LAER as outlined in Chapter 1. For a listing of equipment types, refer to the List of Equipment Categories. LAER determination for equipment not found in Part B of the BACT Guidelines is done according to the process outlined in Chapter 1.

### GENERAL

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Part B is divided into three sections. Section I – SCAQMD LAER/BACT Determinations, contains information on LAER/BACT determinations contained in permits issued by SCAQMD, with permit limits based on achieved in practice technology. Section II – Non-AQMD LAER/BACT Determinations, lists LAER/BACT determinations contained in other air pollution control agencies' permits or BACT Guidelines, with permit limits based on achieved in practice technology. Section III – Other Technologies, consists of information on technologies which have been achieved in practice but are not reflected in a permit limit, and information on emerging technologies or emission limits which have not yet been achieved in practice. All three sections are subdivided based on the attached List of Equipment Categories. Within each category, the LAER/BACT determinations will be listed in order of stringency.

Each listing includes the following information, in addition to other information detailing the description and operation of the equipment:

- Basic Equipment<sup>8</sup>

This provides information on the type, model, style, manufacturer, function, and cost of the basic equipment. It also lists applicable SCAQMD Regulation XI rules. Cost data are generally obtained from the SCAQMD application forms, manufacturer or owner/operator, and are not verified.

- Basic Equipment Rating/Size

This identifies the size, dimensions, capacity, or rating of the basic equipment. It also provides additional information such as fuel type for combustion equipment, weight of parts cleaned per load for degreasers, and the number and size of blowers for spray booths.

- Company Information

This identifies the contact person and owner/operator of the equipment, along with telephone numbers.

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<sup>8</sup> Basic equipment is the process or equipment, which emits the air contaminant for which BACT is being determined.

- Permit Information

This identifies the permitting agency and the name and telephone number of the agency's contact person. It also provides information on Permits to Construct/Operate. The SCAQMD is always the issuing agency for LAER determinations listed in Section I.

- Emission Information

This identifies the actual permit limits and LAER/BACT requirements set forth by the issuing agency for the equipment being evaluated. It provides technical, performance, and cost data on the control technology used to achieve the permit limit and the LAER/BACT requirements.

- Comment

This provides additional information relevant to basic equipment and control technology assessment, or further explains or clarifies the LAER/BACT determination.

The above information will enable permit applicants to assess the applicability of each LAER/BACT determination to their particular equipment.

The LAER requirements usually found in the LAER Determination listings are in the form of:

- an emission limit;
- a control technology;
- equipment requirements; or
- a combination of the last two

If the requirement is an emission limit, the applicant may choose any control technology to achieve the emission limit. The SCAQMD prefers to set an emission limit as LAER because it allows an applicant the most flexibility in reducing emissions. If control technology and/or equipment requirements are the only specified LAER, then either emissions from the equipment are difficult to measure or it was not possible to specify an emission limit that applies to all equipment within the category. Where possible, an emission limit or control efficiency condition will be specified on the permit along with the control technology or equipment requirements to ensure that the equipment is properly operated with the lowest emissions achievable.

## HOW TO DETERMINE LAER

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The Part B LAER determinations are only examples of LAER determinations for equipment that have been issued permits or that have been demonstrated in practice. As described in Chapter 1, LAER is determined on a case-by-case basis. To find out what LAER is likely to be for a particular equipment, the applicant should review the Part B LAER determinations found at the SCAQMD website [www.aqmd.gov/home/permits/bact](http://www.aqmd.gov/home/permits/bact). The CAPCOA Clearinghouse maintained by the California Air Resources Board and the USEPA RACT/BACT/LAER Clearinghouse should also be reviewed. These compendiums contain information from other districts, local agencies, and states that may not be included in the SCAQMD BACT Guidelines. Finally, the SCAQMD permitting staff may be contacted to discuss LAER prior to submitting a permit application.

As described in Chapter 1, the permit applicant should bring to the attention of the SCAQMD permitting engineer any special permitting considerations that may affect the LAER determination.