

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT**

**Addendum to the December 2015 Final Program Environmental Assessment  
for Proposed Amended Regulation XX – Regional Clean Air Incentives  
Market (RECLAIM)**

**September 6, 2016**

**SCAQMD No. 12052014BAR  
State Clearinghouse No: 2014121018**

**Acting Executive Officer**  
Wayne Nastri

**Deputy Executive Officer**  
**Planning, Rule Development and Area Sources**  
Philip Fine, Ph.D.

**Acting Assistant Deputy Executive Officer**  
**Planning, Rule Development and Area Sources**  
Susan Nakamura

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<b>Author:</b>	Barbara Radlein	Program Supervisor, CEQA
<b>Technical Assistance:</b>	Kevin Orellana	Air Quality Specialist, Rule Development
<b>Reviewed By:</b>	Michael Krause Tracy Goss, P.E. Gary Quinn, P.E. Barbara Baird William Wong	Planning and Rules Manager, CEQA Planning and Rules Manager Program Supervisor Chief Deputy Counsel Principal Deputy District Counsel

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**ACTING EXECUTIVE OFFICER:**  
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## INTRODUCTION

The California Legislature created the South Coast Air Quality Management District (SCAQMD) in 1977<sup>1</sup> as the agency responsible for developing and enforcing air pollution control rules and regulations in the South Coast Air Basin (Basin) and portions of the Salton Sea Air Basin and Mojave Desert Air Basin referred to herein as the District. By statute, the SCAQMD is required to adopt an air quality management plan (AQMP) demonstrating compliance with all federal and state ambient air quality standards for the District<sup>2</sup>. Furthermore, the SCAQMD must adopt rules and regulations that carry out the AQMP<sup>3</sup>. The Final 2012 AQMP concluded that reductions in emissions of particulate matter (PM), oxides of sulfur (SOx), oxides of nitrogen (NOx), and volatile organic compounds (VOC) are necessary to attain the state and national ambient air quality standards for ozone, and particulate matter with an aerodynamic diameter of 2.5 microns or less (PM2.5). Ozone, a criteria pollutant which has been shown to adversely affect human health, is formed when VOCs react with NOx in the atmosphere. VOCs, NOx, SOx (especially sulfur dioxide) and ammonia also contribute to the formation of PM10 and PM2.5.

The Basin is designated by the United States Environmental Protection Agency (EPA) as a non-attainment area for PM2.5 emissions because the federal PM2.5 standards have been exceeded. For this reason, the SCAQMD is required to evaluate all feasible control measures in order to reduce direct PM2.5 emissions, as well as PM2.5 precursors, such as NOx and SOx. The Final 2012 AQMP sets forth a comprehensive program for the Basin to comply with the federal 24-hour PM2.5 air quality standard, satisfy the planning requirements of the federal Clean Air Act, and provide an update to the Basin's commitments towards meeting the federal 8-hour ozone standard. In particular, the Final 2012 AQMP contains a multi-pollutant control strategy to achieve attainment with the federal 24-hour PM2.5 air quality standard with direct PM2.5 and NOx reductions identified as the two most effective tools in reaching attainment with the PM2.5 and ozone standards. The 2012 AQMP also serves to satisfy the recent requirements promulgated by the EPA for a new attainment demonstration of the revoked 1-hour ozone standard, as well as to provide additional measures to partially fulfill long-term reduction obligations under the 2007 8-hour Ozone State Implementation Plan (SIP).

As part of this ongoing PM2.5 and NOx reduction effort, on December 4, 2015, the SCAQMD Governing Board considered amendments to Regulation XX – Regional Clean Air Incentives Market (RECLAIM) to achieve additional NOx emission reductions to address best available retrofit control technology (BARCT) requirements and to modify the RECLAIM trading credit (RTC) “shaving” methodology. Additional amendments were proposed to establish procedures and criteria for reducing NOx RTCs and NOx RTC adjustment factors for year 2016 and later.

The primary focus of the December 2015 amendments was to bring the NOx RECLAIM program up-to-date with the latest BARCT requirements while achieving the proposed NOx emission reductions in the 2012 AQMP Control Measure #CMB-01: Further NOx Reductions from RECLAIM (i.e., at least three to five tons per day by 2023). In addition, the amendments were designed to implement, at a minimum, both the Phase I and Phase II reduction commitments

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<sup>1</sup> The Lewis-Presley Air Quality Management Act, 1976 Cal. Stats., ch 324 (codified at Health and Safety Code, §§ 40400-40540).

<sup>2</sup> Health and Safety Code § 40460(a).

<sup>3</sup> Health and Safety Code § 40440(a).

described in #CMB-01. The available BARCT NO<sub>x</sub> emission control opportunities demonstrated that 14 tons per day of NO<sub>x</sub> emission reductions by 2023 could be achieved from the following types of equipment/source categories in the NO<sub>x</sub> RECLAIM program: 1) fluid catalytic cracking units (FCCUs); 2) refinery boilers and heaters; 3) refinery gas turbines; 4) sulfur recovery units – tail gas treatment units (SRU/TGUs); 5) non-refinery/non-power plant gas turbines; 6) non-refinery sodium silicate furnaces; 7) non-refinery/non-power plant internal combustion engines (ICEs); 8) container glass melting furnaces; 9) coke calcining; and, 10) metal heat treating furnaces. These NO<sub>x</sub> emission reductions would further assist in attaining the national ambient air quality standards evaluated in the 2012 AQMP.

The December 2015 proposed amendments were designed to incrementally achieve an overall NO<sub>x</sub> emission reductions of 14 tons per day from 2016 to 2022. However, during the Public Hearing held on December 4, 2015, the SCAQMD Governing Board did not adopt the project in its entirety as proposed. Instead, the SCAQMD Governing Board adopted a revised version of the project with a reduced shave amount and a delayed implementation schedule, as follows:

1. The shave amount was reduced from 14 tons per day as originally proposed by SCAQMD staff, to 12 tons per day of NO<sub>x</sub> RTCs, weighted for BARCT, with the following modified implementation schedule:
  - 2016: 2 tons per day (instead of 4 tons per day)
  - 2017: 0 tons per day
  - 2018: 1 ton per day (instead of 2 tons per day)
  - 2019: 1 ton per day (instead of 2 tons per day)
  - 2020: 2 tons per day
  - 2021: 2 tons per day
  - 2022: 4 tons per day (instead of 2 tons per day)
2. The adjustment factors in the December 4, 2015 version of Rule 2002, subparagraphs (f)(1)(B) and (f)(1)(C), were modified to reflect the 12 tons per day NO<sub>x</sub> RTC reduction per the modified implementation schedule.

In addition, the SCAQMD Governing Board elected to not adopt proposed subdivision (i) of the December 4, 2015 version of Rule 2002 which would have, if adopted, required RTCs to be retired for any facility that undergoes a complete shutdown or if equipment that represents more than 25 percent of facility emissions is shutdown. Instead, staff was instructed by the SCAQMD Governing Board to return to the NO<sub>x</sub> RECLAIM Working Group to further discuss and analyze what the potential implications of retiring and removing shutdown RTCs from the market would have on the entire NO<sub>x</sub> RECLAIM program and to develop a proposed project that would ensure a closer alignment of the treatment of shutdown RTCs in RECLAIM to command-and-control regulations. Following this process, staff was instructed to bring either the December 2015 proposal for Rule 2002 (i) or some other alternate proposal back to the SCAQMD Governing Board for consideration for adoption.

In accordance with this directive and after several meetings with affected stakeholders and interested parties, SCAQMD staff is proposing to amend Rule 2002 to address the treatment of shutdown RTCs. While the current proposal contains criteria that are slightly different from the December 2015 proposal, in general, the proposed project, if implemented, would reduce available

RTCs in the market by varying amounts, which would result in exerting varying degrees of market pressure to further encourage facilities to install the BARCT equipment.

### **CALIFORNIA ENVIRONMENTAL QUALITY ACT**

The currently proposed amendments to Regulation XX, Rule 2002 are considered to be modifications to the previously approved project (the December 4, 2015 amendments to Regulation XX) and are a "project" as defined by the California Environmental Quality Act (CEQA). CEQA requires that the potential adverse environmental impacts of proposed projects be evaluated and that feasible methods to reduce or avoid identified significant adverse environmental impacts of these projects be identified.

CEQA Guidelines Section 15164(a) allows a lead agency to prepare an Addendum to a previously certified CEQA document if some changes or additions are necessary but none of the following conditions as described in CEQA Guidelines Section 15162 have occurred:

- Substantial changes which will require major revisions of the previous CEQA document due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects;
- Substantial changes, with respect to the circumstances under which the project is undertaken, which will require major revisions of the previous CEQA document due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects; or,
- New information of substantial importance which was not known and could not have been known with the exercise of reasonable diligence at the time the previous CEQA document was certified as complete, such as:
  - The project will have one or more significant effects not discussed in the previous CEQA document;
  - Significant effects previously examined will be substantially more severe than shown in the previous CEQA document;
  - Identification of mitigation measures or alternatives previously found not to be feasible, but would in fact be feasible, and would substantially reduce one or more significant effects, but the project proponent declines to adopt the mitigation measures or alternatives; or,
  - Identification of mitigation measures or alternatives which are considerably different from those analyzed in the previous CEQA document would substantially reduce one or more significant effects on the environment, but the project proponents decline to adopt the mitigation measure or alternative.

The environmental impacts from installing BARCT equipment in response to implementation of the December 2015 amendments were analyzed in the Final Program Environmental Assessment (PEA) for Proposed Amended Regulation XX - Regional Clean Air Incentives Market (RECLAIM) that was certified by the SCAQMD Governing Board on December 4, 2015 (referred

to herein as the December 2015 Final PEA)<sup>4</sup>. In addition, even though the SCAQMD Governing Board elected to not adopt the December 4, 2015 version of subdivision (i) of Proposed Amended Rule 2002, the December 2015 Final PEA included an analysis of the potential environmental effects of implementing the portion of the December 2015 proposal relative to the handling of shutdown RTCs.

SCAQMD staff's review of the currently proposed project (also amending Rule 2002 (i)) shows that while the criteria have been revised from the original proposal in December 2015 relative to the handling of shutdown RTCs, the potential impacts from implementing the currently proposed project are concluded to be the same as what was previously analyzed in the December 2015 Final PEA. Thus, the current proposal for handling shutdown RTCs would not be expected to trigger any conditions identified in CEQA Guidelines Section 15162. Therefore, an Addendum is the appropriate CEQA document for the currently proposed project.

In conclusion, the SCAQMD, as lead agency, has prepared this Addendum to the December 2015 Final PEA. While an Addendum need not be circulated for public review [CEQA Guidelines § 15164(c)], this Addendum to the December 2015 Final PEA, as well as the proposed amendments to Regulation XX, Rule 2002, will be made available to the public 30 days prior to Public Hearing to be held on October 7, 2016 (subject to change). The previously certified December 2015 Final PEA, supporting documentation, and record of approval of the December 2015 amendments are available upon request by calling the SCAQMD Public Information Center at (909) 396-2309 2039 or by visiting SCAQMD's website at [www.aqmd.gov](http://www.aqmd.gov). The direct link to the December 2015 Final PEA can be found at <http://www.aqmd.gov/home/library/documents-support-material/lead-agency-scaqmd-projects/scaqmd-projects---year-2015>.

## **PROJECT LOCATION**

As with the December 2015 amendments to Regulation XX, the currently proposed amendments to Regulation XX, Rule 2002, would also apply to equipment and processes operated at NOx RECLAIM facilities located throughout the entire SCAQMD jurisdiction. The SCAQMD has jurisdiction over an area of approximately 10,743 square miles, consisting of the four-county South Coast Air Basin (Basin) (Orange County and the non-desert portions of Los Angeles, Riverside and San Bernardino counties), and the Riverside County portions of the Salton Sea Air Basin (SSAB) and Mojave Desert Air Basin (MDAB). The Basin, which is a subarea of the SCAQMD's jurisdiction, is bounded by the Pacific Ocean to the west and the San Gabriel, San Bernardino, and San Jacinto mountains to the north and east. It includes all of Orange County and the non-desert portions of Los Angeles, Riverside, and San Bernardino counties. The Riverside County portion of the SSAB is bounded by the San Jacinto Mountains in the west and spans eastward up to the Palo Verde Valley. The federal nonattainment area (known as the Coachella Valley Planning Area) is a subregion of Riverside County and the SSAB that is bounded by the San Jacinto Mountains to the west and the eastern boundary of the Coachella Valley to the east (see Figure 1).

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<sup>4</sup> References: State Clearinghouse No. 2014121018 / SCAQMD No. 12052014BAR

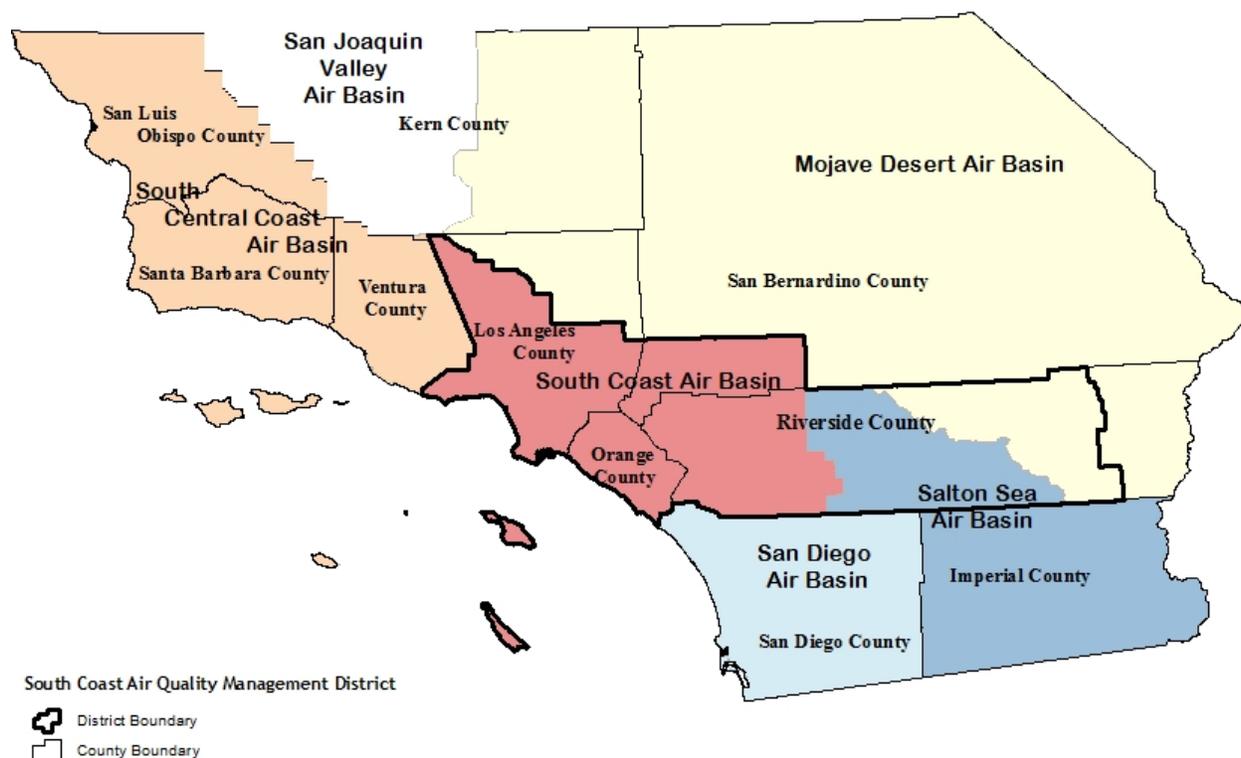


Figure 1: Southern California Air Basins

## BACKGROUND

Since the 1993 adoption of the RECLAIM program, facilities which planned to shut down were not restricted from selling off their RTCs prior to facility closures. RTCs resulting from shutdowns were also not subject to the best available control technology (BACT) discount that applies to non-RECLAIM sources shutting down and did not have to be based on the actual emissions from the last two years of operation as is the case for Emission Reduction Credits (ERCs) issued to non-RECLAIM facilities that shut down.

As a consequence, SCAQMD staff estimated that large amounts of RTCs that are currently in the market can be traced to the sale of RTCs from facilities that have, or are planning to, shut down. As shown in Table 2 of the Socioeconomic Report that was part of the December 2015 amendments, facility shutdowns amounted to 2.62 tons per day (tpd) of actual NO<sub>x</sub> emission reductions between 2006 and 2012, which was just less than two-thirds of the 4.0 tpd actual total NO<sub>x</sub> emission reductions over the same period. However, NO<sub>x</sub> RTCs that were previously held by these shutdown facilities were never removed from the market, thus exerting a downward pressure on the RTC market prices. This, in turn, had the effect of dis-incentivizing some of the remaining NO<sub>x</sub> RECLAIM facilities from installing cost-effective control equipment or making other changes at their facilities.

Under the December 2015 version of Proposed Amended Rule 2002 (i), any facility that permanently shuts down some or all equipment with emissions greater than or equal to 25 percent of the facility emissions for any quarter within the previous two compliance years would need to surrender the corresponding NO<sub>x</sub> RTCs to be retired from the market. The December 4, 2015 proposal would have been applicable to any facility listed in Tables 7 or 8 of Rule 2002 (i.e., the larger NO<sub>x</sub> emitting facilities). Further, permits associated with the equipment being shutdown would have been required to be surrendered, and the RTCs for future years would have been retired from the RECLAIM program. By reducing the amount of available RTCs on the market, facilities that remain in the RECLAIM program would be further induced to reduce NO<sub>x</sub> emissions by installing new or modifying existing air pollution control equipment instead of purchasing RTCs. The analysis of the impacts of installing new or modifying existing air pollution control equipment to fully implement BARCT was addressed in the December 2015 Final PEA. No additional impacts were associated with the proposed shutdown provisions as they would only further ensure that BARCT was fully implemented. However, the SCAQMD Governing Board elected to not adopt the December 4, 2015 version of the proposed amendments to Rule 2002 (i).

Instead, SCAQMD staff was instructed by the SCAQMD Governing Board to return to the NO<sub>x</sub> RECLAIM Working Group to further discuss and analyze what the potential implications of retiring and removing shutdown RTCs from the market would have on the entire NO<sub>x</sub> RECLAIM Program and to develop a proposed project that would ensure a closer alignment of the treatment of shutdown RTCs in RECLAIM to command-and-control regulations. Following this process, staff was instructed to bring either the December 2015 proposal for Rule 2002 (i) or some other alternate proposal back to the SCAQMD Governing Board for consideration for adoption. SCAQMD staff has chosen to bring an alternate proposal to amend Rule 2002 (i).

## **PROJECT DESCRIPTION**

In response to Governing Board direction, amendments to Rule 2002, different from the December 4, 2015 proposal, are being proposed to be included in new subdivision (i) to address the treatment of RTCs when a facility shutdown occurs. The currently proposed amendments, if adopted, would establish the criteria for determining a facility shutdown, and the methodology to calculate the amount of RTCs that a facility will be required to surrender in the event of a facility shutdown. The proposed amendments would apply to NO<sub>x</sub> RTC holdings for NO<sub>x</sub> RECLAIM Facility Permit Holders that permanently shutdown, either via a facility self-reporting that a shutdown has occurred or a shutdown determination made via a process initiated by the SCAQMD's Executive Officer. The proposed amendments also include criteria that would allow facilities under the same ownership to keep their shutdown RTCs. Further, the proposed amendments contain provisions that would allow for planned non-operation for up to five years for qualifying facilities. Lastly, the proposed shutdown provisions would apply to only those facilities listed in Tables 7 and 8 of Rule 2002 and that shuts down entirely. The proposed amendments would not apply to facilities that received no initial allocations and that were in the NO<sub>x</sub> RECLAIM program as of the December 4, 2015 amendments. For clarity and consistency throughout the rule, other minor editorial changes are also included.

The following is a more detailed summary of the currently proposed amendments to Rule 2002.

Facility Shutdowns – subdivision (i)

- Add new paragraph (i)(1) to clarify that the facility shutdown provisions proposed in subdivision (i) shall only apply to any NO<sub>x</sub> RECLAIM facility that is listed in Table 7 or Table 8 of Rule 2002 and that had a RECLAIM allocation, effective the date of adoption.
- Add new paragraph (i)(2) to require an owner or operator of a NO<sub>x</sub> RECLAIM facility to provide written notification to the SCAQMD's Executive Officer within 30 days of a permanent shutdown of the facility or in the event that all operating permits for the entire facility are surrendered.
- Add new paragraph (i)(3) to require a facility's NO<sub>x</sub> RTC holdings to be reduced from all future compliance years for a facility that shuts down pursuant to paragraph (i)(2), (i)(8), or (i)(9). The amount of reduction to be applied shall be the difference between the average actual NO<sub>x</sub> emissions from equipment operated greater than the most stringent BARCT emission factors from the highest of the two of the past five compliance years and the average NO<sub>x</sub> emissions that would have occurred for the same equipment during the same two year period if the most stringent BARCT emission factors were applied.
- Add new paragraph (i)(4) which would require the amount of offsets that were previously provided pursuant to Rule 1304 and that remain in the adjusted NO<sub>x</sub> initial allocation to be subtracted for each future compliance year.
- Add new paragraph (i)(5) to clarify that the amount of any RTC reduction shall not exceed the adjusted initial NO<sub>x</sub> allocation for any future compliance year and that if the exceedance occurs, the facility shall have its NO<sub>x</sub> holdings reduced by an amount equivalent to the adjusted initial NO<sub>x</sub> allocation for that compliance year.
- Add new paragraph (i)(6) to require an owner or operator of a NO<sub>x</sub> RECLAIM facility to purchase and surrender sufficient RTCs to fulfill the RTC reduction requirement in the event that the calculated amount of reduced NO<sub>x</sub> RTCs exceed the NO<sub>x</sub> RTC holdings.
- Add new paragraph (i)(7) to require the SCAQMD's Executive Officer to provide written notification to the owner or operator of a NO<sub>x</sub> RECLAIM facility that the facility is under review as potentially shutdown if NO<sub>x</sub> emissions from an APEP report that shows a substantial decrease in facility-wide emissions compared to the maximum emissions during the last five years. The facility owner or operator will then have 60 days of the notification date to notify the SCAQMD's Executive Officer that the facility is shutdown or provide information to substantiate that the facility is not shutdown by demonstrating either: 1) permanent emission reductions have been implemented and can be attributed to an emissions control strategy; 2) temporary NO<sub>x</sub> emission reductions due to reasons such as cyclical operations, economic fluctuations, temporary shutdown of equipment for repairs/maintenance, permitting, compliance, or the availability of feedstocks or fuels have occurred; or, 3) the owner or operator has an approved Planned Non-Operational Plan pursuant to the criteria in paragraph (i)(9).
- Add new paragraph (i)(8) to require the SCAQMD's Executive Officer to review the information submitted in accordance with the requirements in paragraph (i)(7) and notify the owner or operator within 60 days of the SCAQMD's determination as to whether the facility is deemed to be shutdown. If the NO<sub>x</sub> RECLAIM facility is deemed shutdown, then the owner or operator shall be subject to the requirements in paragraphs (i)(3) through

(i)(6). Further, any information submitted pursuant to the requirements in paragraph (i)(7) will not be considered by the SCAQMD's Executive Officer beyond 60 days after the notification issue date, unless the information is subsequently requested by the SCAQMD's Executive Officer. The owner or operator may appeal the determination to the SCAQMD's Hearing Board.

- Add new paragraph (i)(9) to allow a facility to submit an application for a Planned Non-Operational (PNO) Plan and associated fees pursuant to Rule 306 to request PNO status for a period no longer than five years for equipment within the facility. The SCAQMD's Executive Officer will consider criteria, including company records, to support the claim that a PNO is necessary and will approve or disapprove the PNO Plan within 180 days of receipt. If the PNO Plan is approved, the owner or operator may sell current compliance year NO<sub>x</sub> RTCs but the facility's future year NO<sub>x</sub> RTCs shall become non-tradeable for the duration of the PNO status. The term "current compliance year" refers to whatever year is current at the time the sale is made, and is not limited to the first "current" compliance year. If the PNO Plan Application is disapproved, the SCAQMD's Executive Officer shall deem the facility shutdown and the facility will be subject to the requirements and procedures in paragraphs (i)(3) through (i)(6) for a shutdown facility. A denial of the PNO application may be appealed.
- Add new paragraph (i)(10) to clarify that once a final determination has been made that a facility is deemed shutdown, the NO<sub>x</sub> RTC holdings shall be reduced according to the procedures described in paragraphs (i)(3) through (i)(5).
- Add new paragraph (i)(11) to require the SCAQMD's Executive Officer to notify the owner or operator that amount of reduction in NO<sub>x</sub> RTC holdings for all compliance years following the notification. The reduction of NO<sub>x</sub> RTC holdings shall be applied to all future compliance years following the notification and the facility permit shall be re-issued by the SCAQMD's Executive Officer to reflect the reduction of NO<sub>x</sub> RTC holdings. The shutdown determination and reduction in NO<sub>x</sub> RTC holdings may be appealed to the Hearing Board.
- Add new paragraph (i)(12) to restrict an owner or operator from selling future compliance years of NO<sub>x</sub> RTCs if a facility has been determined to be shutdown or is under review for a shutdown. An owner or operator may not sell NO<sub>x</sub> RTCs from any future compliance year RTCs and may only sell NO<sub>x</sub> RTCs from the current compliance year (as described earlier) until the SCAQMD's Executive Officer notifies the owner or operator of the amount of NO<sub>x</sub> RTC reduction.
- Add new paragraph (i)(13) to require an owner or operator to provide a written declaration within 30 days after project approval (adoption of the proposed rule amendments) that identifies all NO<sub>x</sub> RECLAIM facilities under the same ownership (e.g., facilities that share the same Board of Directors, subsidiaries, or the same parent corporation) as of September 22, 2015 and demonstrates how they are under the same ownership. If the SCAQMD's Executive Officer determines that the facilities in question are under the same ownership, then in the event of a facility shutdown, paragraphs (i)(3) through (i)(6) would not apply to the shutdown facility and the NO<sub>x</sub> RTCs may be transferred to another facility under the same ownership provided that all holdings are designated as non-tradeable. The SCAQMD's Executive Officer shall maintain a listing of those facilities that are

determined to be of the same ownership as of September 22, 2015 and this listing will only be amended to exclude facilities that no longer qualify for same ownership through circumstances such as mergers, sales or other dispositions.

### **ANALYSIS OF ENVIRONMENTAL IMPACTS**

The December 2015 Final PEA analyzed the environmental impacts associated with implementing the December 2015 amendments to NO<sub>x</sub> RECLAIM, which included a proposal that would require facilities undergoing a 25 percent or greater shutdown to surrender all associated RTCs. The December 2015 Final PEA contains a comprehensive analysis of the environmental impacts associated with the potential installations of new or modifications of existing air pollution control equipment as BARCT that may occur as a result of implementing the December 2015 proposed amendments. The December 2015 Final PEA concluded that the topics of air quality and greenhouse gases (GHGs), hazards and hazardous materials (due to ammonia transportation), and hydrology (water demand), would exceed the SCAQMD's significance thresholds. Mitigation measures were made a condition of the approval of the project and a mitigation monitoring program, prepared pursuant to Public Resource Code Section 21081.6 and CEQA Guidelines Section 15097, was adopted for the project. In addition, findings were made pursuant to CEQA Guidelines Section 15091 and a Statement of Overriding Considerations pursuant to CEQA Guidelines Section 15093 was adopted for the project.

Since the December 2015 Final PEA already assumed and analyzed all environmental impacts of fully installing BARCT, no additional environmental impacts would result from requiring facilities undergoing a shutdown to surrender RTCs (e.g., Rule 2002 (i)). As a result, with the analysis of installing new or modifying existing air pollution control equipment already addressed in the December 2015 Final PEA, SCAQMD concluded that requiring facilities undergoing a shutdown to surrender RTCS would not constitute: 1) significant new information; 2) a substantial increase in the severity of an environmental impact; 3) provide new information of substantial importance relative to the overall project; or, 4) create new, avoidable significant effects.

While the currently proposed project to amend Regulation XX, Rule 2002, establishes criteria and procedures for facilities undergoing a shutdown that are somewhat different from the December 2015 proposal that was rejected by the Governing Board, the currently proposed project would also not entail new or additional control requirements beyond what was already evaluated in the December 2015 Final PEA. Again, by reducing the amount of available RTCs on the market from shutdowns under the current proposal, facilities that remain in the RECLAIM program would still be induced to reduce NO<sub>x</sub> emissions by installing new or modifying existing air pollution control equipment to implement BARCT instead of purchasing RTCs in the same manner as was previously contemplated as part of the December 2015 proposal and analyzed in the December 2015 Final PEA.

Thus, if the current proposal is adopted by the Governing Board, no new impacts are anticipated and existing impacts previously evaluated in the December 2015 Final PEA would not be made substantially worse. Further, the environmental impacts analyzed in the December 2015 Final PEA and the conclusions reached remained unchanged with respect to the currently proposed project. For the specific discussion of the environmental topic areas identified in the December 2015 Final PEA as having significant impacts, the reader is referred to Subchapter 4.2 for the air

quality and greenhouse gas analysis, Subchapter 4.4 for the hazards and hazardous materials analysis relative to ammonia transportation, and Subchapter 4.5 for the hydrology (water demand) analysis.

The December 2015 Final PEA concluded that the following environmental topic areas would not be significantly adversely affected by December 2015 amendments to the NO<sub>x</sub> RECLAIM program.

- aesthetics
- agriculture and forestry resources
- biological resources
- cultural resources
- energy
- geology and soils
- land use and planning
- mineral resources
- noise
- population and housing
- public services
- recreation
- solid and hazardous waste
- transportation and traffic

The conclusion that these environmental topic areas would not be significantly adversely affected as analyzed in the December 2015 Final PEA continues to apply to the currently proposed project.

## **CONCLUSION**

The proposed amendments to Rule 2002 to include provisions for handling shutdown RTCs is determined to be within the scope of the analysis in the December 2015 Final PEA as previously evaluated in Chapter 4 and would not result in creating new adverse environmental impacts or in making the existing significant adverse impacts substantially worse for the environmental topic areas of air quality and greenhouse gases (GHGs), hazards and hazardous materials (due to ammonia transportation), and hydrology (water demand).

Thus, an addendum is the appropriate CEQA document for the proposed project because the proposed project constitutes a change to the previously approved project but the changes do not trigger any conditions identified in CEQA Guidelines Section 15162. In summary, no new significant project-specific or cumulative impacts in any environmental areas were identified, nor would any project-specific or cumulative impacts in any environmental areas be made substantially worse as a result of implementing the proposed project. Thus, no new environmental analysis is required.

## APPENDIX A

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### **PROPOSED AMENDED RULE 2002**

Pursuant to CEQA Guidelines Section 15164(c), an addendum need not be circulated for public review so no other version of the currently proposed amended rule was provided as an attachment to this document in the past. However, SCAQMD staff committed to making the Addendum available on September 6, 2016. In order to meet this timing, this Addendum was prepared in accordance with the September 6, 2016 version of Proposed Amended Rule 2002. In order to save space and avoid repetition, the September 6, 2016 version of Proposed Amended Rule 2002 (PAR2002 090616) is posted on SCAQMD's website:

<http://www.aqmd.gov/home/regulations/rules/proposed-rules#RegXX>

The latest version of Proposed Amended Rule 2002 will be available, along with the complete Governing Board package (including this Addendum), under the October 7, 2016 Governing Board Meeting for which this proposed rule amendment will be considered, on SCAQMD's website at:

<http://www.aqmd.gov/home/library/meeting-agendas-minutes/agenda?title=GovBdMtg-2016-Oct7>.

All agendas for Governing Board Meetings are posted at SCAQMD Headquarters, 21865 Copley Drive, Diamond Bar, California, and on SCAQMD's website, at least 72 hours in advance of the meeting.