Proposed Amendments to Regulation XX – NOx RECLAIM
PUBLIC WORKSHOP

July 22, 2015
SCAQMD
Diamond Bar, CA

Purpose of the Workshop

Provide information and seek public input on the proposed amendments

• Presentation Outline
  – Background
  – Summarize the proposed amendments
  – Summarize key comments received thus far
  – Schedule
Background – RECLAIM

• RECLAIM originally adopted in 1993
• Establishes annual facility-wide emission limits for NOx and SOx
• Allows emission trading amongst facilities
• Subject to a yearly reduction of limits
  – Air pollution Controls
  – Process Changes
  – Purchasing of RECLAIM Trading Credits (RTCs)
• Significant NOx reductions needed for ozone and PM2.5 attainment

Best Available Retrofit Control Technology (BARCT)

• Requirement of state law (H&SC § 40440)
  – SCAQMD shall require BARCT for existing sources
  – Consideration of air quality goals and cost effectiveness
• Equivalency to command-and-control required pursuant to (H&SC 39616)
• 2012 AQMP control measure CMB-01
• Work began on BARCT analysis 3 years ago
BARCT Methodology

• All feasible measures (H&SC § 40914)
• Review of several information sources
  – EPA
  – SCAQMD and other District Rules
  – Control equipment manufacturers
  – Achieved in practice installations
  – Permitting data

Equipment Categories Identified with Potential Further NOx Reductions

• Refinery Gas Turbines
• Metal Heat Treating Furnaces >150 MMBTU/hr
• Sodium Silicate Furnace
• Glass Melting Furnaces
• Non-Refinery Internal Combustion Engines (Non-Power Plant)
• Cement Kilns
• Refinery Fluid Catalytic Cracking Units
• Non-Refinery Gas Turbines (Non-Power Plant)
• Coke Calciner
• Refinery Boilers/Heaters
• Refinery Sulfur Recovery Units/Tail Gas Units
Proposed Amended Rules

PAR 2002 – Allocations for Oxides of Nitrogen (NOx) and Oxides of Sulfur (SOx)

PAR 2002

• RTC reductions after BARCT = 14.85 tons per day
• Includes 10% compliance margin and projected emissions based on economic growth
• 0.85 tons per day added back due to BARCT analysis uncertainties raised by stakeholders
• Total proposed RTC reductions due to BARCT = 14 tons per day
PAR 2002

• 14 ton per day RTC reduction [(f)(1)(B) and (f)(1)(C)]
  – 4 tons per day reduced in 2016
  – Remainder to be reduced equally from 2018 to 2022
  – Not proposing across the board reductions
  – Refineries and Investors would be shaved 67% (Rule 2002 Table 7)
  – Non-Refinery facilities and power plants among the top 90% of RTC holders to be shaved 47% (Rule 2002 Table 8)
  – Facilities not among the top 90% of RTC holders would not be shaved (210 Facilities)

PAR 2002

• Newer power producing facilities are required to hold RTCs to offset their potential to emit (PTE) even if their actual emissions are well below this level
• Adjustment Account for newer power producing facilities (all required to be at BACT or BARCT)
  – To be used for regional compliance with U.S. EPA New Source Review (NSR) holding requirements
  – To be held by SCAQMD: difference between March 20, 2015 and post-shave holdings
  – Not to be used to offset actual emissions unless state of emergency regarding power supply is declared by the Governor
PAR 2002

• RTC Reduction Exemption (i) updated to reference (f)(1)(B) and (f)(1)(C), and Table 6 proposed BARCT emission factors
• Provision to prohibit the SCAQMD from considering annual emission report data more than 5 years after the original reporting deadline to determine a facility’s allocation

Proposed Amended Rules

PAR 2005 – New Source Review for RECLAIM
PAR 2005

• Rule 2005 requires new RECLAIM facilities to hold RTCs at the PTE level for each year of operation
• Actual emission offset requirements for new RECLAIM facilities remain unchanged
• The Adjustment Account for power producing facilities specified in PAR 2002(f)(4) would be used to meet the holding requirements of this rule

Proposed Amended Rules

PAR 2011 and 2012 – Requirements for Monitoring, Reporting, and Recordkeeping for Oxides of Sulfur and Nitrogen
PAR 2011 and 2012

- Relative Accuracy Testing Audits (RATAs) ensure proper operation of continuous emission monitoring systems (CEMS) and are performed either annually or semi-annually.
- Delay of RATA testing requested due to extenuating circumstances, such as unforeseen equipment failure.
- Electrical generating facilities have difficulty meeting RATA deadlines due to intermittent operation based on energy demand.

PAR 2011 and 2012

- Under certain specific conditions, allow facilities to postpone RATA testing.
- Electrical generating facilities under Cal ISO contracts or municipalities that did not operate long enough to conduct RATA testing could postpone testing under certain specific conditions.
Key Issues – Soliciting Comments

• Industry’s RTC reduction proposal
  – BARCT reductions subtracted from total holdings rather than actual emissions

• Adjustment Account
  – Regional account or held by individual facilities
  – Access criteria

• Implementation Schedule for reductions
  – Addressing refinery turnaround schedules
  – Accounting for time for engineering, permitting, procurement, and construction

Opportunities for Comment

• Workshop today
• Public Consultation Meeting towards end of commenting period
• Contact SCAQMD staff if you have questions
Schedule

• Stationary Source Committee Meeting
  – July 24, 2015 (request submitted by stakeholders for Special Session)
• Close of comments on draft rule proposal
  – August 21, 2015
• CEQA Draft Environmental Assessment
  – August 2015
• Socioeconomic Report
  – August/September 2015
• Subsequent Working Group/Public Consultation Meetings
  – August/September
• Public Hearing
  – October 2, 2015