
NO_x RECLAIM WORKING GROUP MEETING

JUNE 8, 2017
SCAQMD
DIAMOND BAR, CA

Recent Actions

- Working Group Meetings
 - March 24, 2017
 - April 19, 2017
 - April 26, 2017 (conference call)
- Governing Board Meeting 60 Day Report
 - May 5, 2017
- Early Action Items
 - In progress

RECLAIM Program Transition Plan

- “Living Document”
 - Contains action items, rule considerations and concepts, and key policy issues
 - Will use as a “check list” identifying:
 - Issues that will be addressed and the general timeframe
 - Status of issues

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RECLAIM Program Transition Plan

South Coast AQMD
**RECLAIM
 Transition Plan -
 Draft**
 May 25, 2017

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Key Issues Identified (Work in Progress)

Exit from RECLAIM



- Facility Bubble or Traditional Command and Control
- Common Ownership Considerations
- Monitoring, Reporting and Recordkeeping

General Opt-Out Provisions



- For Facilities that can be Exempted Easily
- For Major Industry Categories (i.e., EGFs and Refineries)
- For Other Industry Categories

New Source Review



- ERC Availability Outside the Program
- RTC to ERC Conversion
- Maintaining Overall Equivalency

PROPOSED CONCEPTS FOR PROPOSED AMENDED RULE 2001

Rule 2001

- Specifies criteria for inclusion in RECLAIM for new and existing facilities
- Specifies requirements for sources electing to enter RECLAIM
- Identifies provisions in SCAQMD rules that do not apply to RECLAIM sources

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Key Topics for PAR 2001 - Applicability

- Amendments to RECLAIM Facility Listing – Subdivision (c)
 - New facilities \geq 4 Tons per Year
 - Existing non-RECLAIM facilities \geq 4 Tons per Year
 - Entry election
- Exit from RECLAIM – Subdivision (g)
- Exemptions – Subdivision (i)

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Proposed Concepts to RECLAIM Listing – Subdivision (c)

- Rule 2001 (c)(1)(C) allows the Executive Officer to add a new facility in RECLAIM if the starting allocation is ≥ 4 Tons per Year
- Rule 2001 (c)(1)(D) allows the Executive Officer to add an existing non-RECLAIM facility who reports NOx or SOx emissions through Rule 301 that are ≥ 4 Tons per Year
- Rule 2001 (c)(1)(E) allows the Executive Officer to add a facility that elects to enter RECLAIM
- Proposed revision
 - Remove provisions (c)(1)(B) through (E) – no new facilities would be added to RECLAIM
 - Remove provisions for entry election (f) which establishes requirements when a facility elects to enter RECLAIM
 - With RECLAIM sunseting, new facilities would not be added to the program
- ERC availability for non-RECLAIM facilities that would otherwise opt into the program a potential issue

Proposed Concepts for Exit from RECLAIM

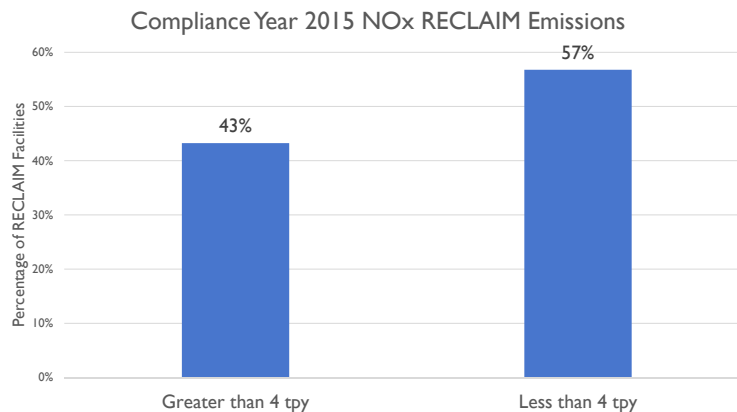
- Rule 2001 includes provisions for opting out of RECLAIM for electricity generating facilities (EGFs)
- Reassess existing provisions for exiting RECLAIM and expand provisions to other facilities – mandatory exit and opt-out provisions
- Concepts to expand this section
 - Mandatory exit provisions
 - Immediate implementation - Early action facilities (low emissions and equipment counts)
 - Other implementation timeframes for sources that additional analysis and work is needed to develop the transition strategy
 - Opt-out provisions for other sources
 - Reassess existing provisions for EGFs
 - Establish opt-out provisions for other sources

Proposed Concepts for Exit from RECLAIM for Early Action Facilities

- Would apply to facilities that can easily transition to a command and control regulatory structure
- Staff is evaluating RECLAIM universe
- Initial analysis to examine:
 - Facilities emitting below 4 tons per year
 - Equipment counts per RECLAIM facility

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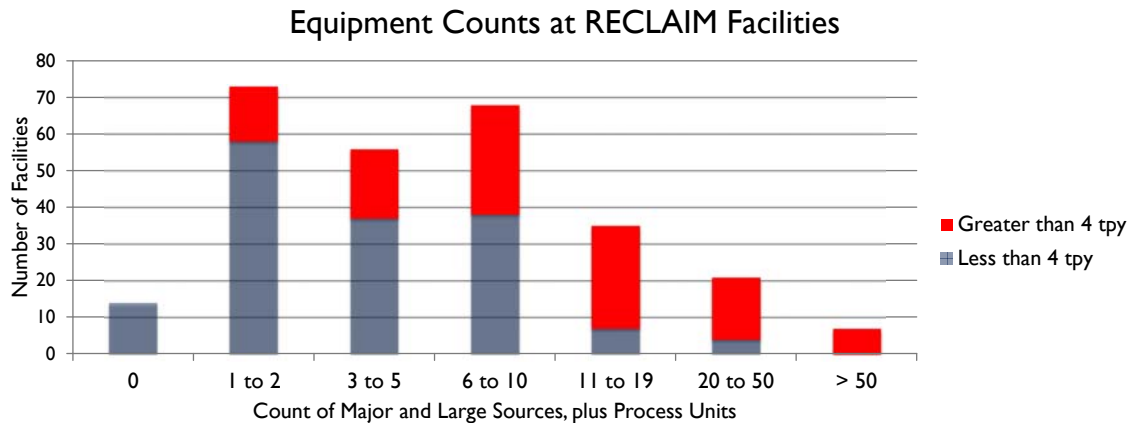
Initial Analysis of NO_x RECLAIM Facilities Actual Emissions



*Some facilities underwent change of operators and shutdowns during CY 2015

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Initial Analysis of NOx RECLAIM Facilities Equipment Count



*Counts are as of September 2016. Facilities with no major/large source, or process unit equipment have either shut down or still operate equipment not requiring a permit.

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Proposed Criteria for Exit from RECLAIM for Early Action Facilities

- Proposed criteria:
 - Facilities operating 2 pieces of equipment or less (major/large source or process units)
 - Facilities with no permits (e.g., cement plants)
 - Facilities emitting less than 4 tons per year
 - Facilities' equipment at BARCT
- Equipment not at BARCT can potentially be allowed additional time for installation
- Exempted facilities would not operate under a facility bubble and would be subject to source specific rules in Regulation XI (e.g., Rule 1146, Rule 1147)

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Proposed Concepts for EGF Opt-out Provisions

- Reassess opt-out provisions for EGFs
 - Existing Facility limits on emissions based on RTC holdings as of September 22, 2015 after RECLAIM exit
 - New Facility limits on emissions based on holding requirement amount per Rule 2005 after RECLAIM exit
- Potential Issues
 - EGF facility bubbles/common ownership considerations
 - Achieving NSR equivalency outside of RECLAIM
- Emission reductions would be tracked

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Proposed Concepts to Expand Opt-Out Provisions

- Considering two general opt-out provisions
 - Opt-out provisions for industry categories (EGFs, refineries, others?)
 - Command and control provisions would be imbedded in opt-out provisions – allows a faster transition process for more complex facilities
 - Possibly mass emissions cap (facility bubble)
 - Some equipment may be subject to command and control requirements
 - General opt-out provisions (All other industry categories)
 - Traditional command and control approach
 - Must have command and control provisions in place
- Other concepts???

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Proposed Concepts for “Structural Buyer”

- Rule 2000 definition does not entirely apply today
 - An alternate designation would be more appropriate
- Facilities that have no allocation and whose equipment are at BARCT can be evaluated separately
 - 23 facilities are new facilities that entered the program without an allocation
 - 12 EGFs, 11 non-EGFs
 - Buying and selling behavior for these facilities varies widely
 - Purchasing of infinite year blocks or year to year discrete credits
 - Early exemptions would initiate the process
 - Determining other facilities at BARCT will take time and analysis

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Next Steps

- Continue to meet with the Working Group and individual stakeholders/facility operators as the rulemaking process develops
 - Specific sub-topic working group meetings will be convened (i.e., NSR, alternative compliance approaches such as facility bubbles, RTC trading)
- Continue with the development of the RECLAIM Transition Plan
- Identify any new issues

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