

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

Preliminary Draft Staff Report Proposed Amendments to Regulation XX – Regional Clean Air Incentives Market (RECLAIM)

Proposed Amended Rules 2001 – Applicability and 2002 – Allocations for Oxides of Nitrogen (NO_x) and Oxides of Sulfur (SO_x)

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Background

The South Coast Air Quality Management District (SCAQMD) Governing Board adopted the Regional Clean Air Incentives Market (RECLAIM) program in October 1993. The purpose of RECLAIM is to reduce NO_x and SO_x emissions through a market-based approach. The program replaced a series of existing and future command-and-control rules and was designed to provide facilities with the flexibility to seek the most cost-effective solution to reduce their emissions. It also was designed to provide equivalent emission reductions to those achieved with a command-and-control regulatory structure by the aggregate of facilities in the program. Regulation XX includes a series of rules that specify the applicability and procedures for determining NO_x and SO_x facility emissions allocations, program requirements, as well as monitoring, reporting, and recordkeeping requirements for sources located at RECLAIM facilities. Regulation XX – RECLAIM was recently amended on December 4, 2015 and October 7, 2016. The December 2015 amendment was designed to achieve programmatic NO_x RECLAIM trading credit (RTC) reductions of 12 tons per day from compliance years 2016 through 2022 and the October 2016 amendment was to address RTCs from facility shutdowns.

In response to concerns regarding actual emission reductions in the RECLAIM program under a market-based approach, Control Measure CMB-05 of the 2016 Air Quality Management Plan (AQMP) committed to an assessment of the RECLAIM program in order to achieve further NO_x reductions of five tons per day, including actions to sunset the program and ensure future equivalency to command-and-control regulations. During the adoption of the 2016 AQMP, the Resolution directed staff to modify Control Measure CMB-05 to achieve the five tons per day NO_x emission reduction as soon as feasible but no later than 2025, and to transition the RECLAIM program to a command-and-control regulatory structure requiring Best Available Retrofit Control Technology (BARCT) level controls as soon as practicable. Staff provided a report on transitioning the NO_x RECLAIM program to a command-and-control regulatory structure at the May 5, 2017 Governing Board meeting and provides quarterly updates to the Stationary Source Committee, with the most recent quarterly report provided on June 15, 2018.

On July 26, 2017 California State Assembly Bill (AB) 617 was approved by the Governor, which addresses non-vehicular air pollution (criteria pollutants and toxic air contaminants). It is a companion legislation to AB 398, which was also approved, and extends California's cap-and-trade program for reducing greenhouse gas emissions from stationary sources. Industrial source RECLAIM facilities that are in the cap-and-trade program are subject to the requirements of AB 617. Among the requirements of this bill is an expedited schedule for implementing BARCT for cap-and-trade facilities. Air Districts are to develop by January 1, 2019 an expedited schedule for the implementation of BARCT no later than December 31, 2023. The highest priority would be given to older, higher polluting units that will need to install retrofit controls.

Staff conducted an analysis of the RECLAIM equipment at each facility to determine if there are appropriate and up to date BARCT NO_x limits within existing SCAQMD command-and-control rules for all RECLAIM equipment. It was determined that command-and-control rules would need to be adopted and/or amended to reflect current

BARCT and provide implementation timeframes for achieving BARCT compliance limits. Staff also determined that there are some RECLAIM facilities that either do not have any NO_x emissions, report only NO_x emissions from equipment that is exempt from permitting (e.g., Rule 219 equipment), or operate RECLAIM equipment that is already meeting BARCT. The RECLAIM transition will first address those facilities that can operate under a command-and-control regulatory structure without undergoing any equipment modifications to meet BARCT. Subsequent transitioning of facilities will involve command-and-control rule amendments that will address RECLAIM equipment which will require the installation of BARCT. Rules 2001 and 2002 were amended in January 5, 2018 and commenced the initial steps for the RECLAIM transition. Rule 2001 was amended to cease any future inclusions of facilities into NO_x and SO_x RECLAIM and Rule 2002 was amended to establish the notification procedures for RECLAIM facilities that will exit the program and also addressed the RTC holdings for these facilities. Under Rule 2002, more specifically, the Executive Officer would issue an initial determination notification to a RECLAIM facility for potential exit to a command-and-control regulatory structure with requirements for the facility to identify all NO_x-emitting equipment. After review of the information, if it is determined that the facility is in compliance with the current applicable command-and-control BARCT rules, the Executive Officer would issue the facility a final determination notification that the facility will be exiting RECLAIM, under the current rule.

Proposed Amended Rules 2001 and 2002 will continue the efforts to transition RECLAIM facilities to a command-and-control regulatory structure by establishing new criteria to be eligible for exiting RECLAIM and procedures to opt-out of RECLAIM before receiving an initial determination notification. The proposed rules will also provide facilities with an option to remain in RECLAIM for a limited time if they have been issued an initial determination notification and place a temporary NSR provision on facilities that exit RECLAIM.

Public Process

Staff has held monthly working group meetings to discuss the transition of the NO_x RECLAIM program and to discuss numerous key issues and challenges. Staff has also met individually with numerous facility operators and industry groups regarding the transition. A public workshop will be held on August 9, 2018, with the comment period closing on August 23, 2018.

Affected Facilities

There are currently 259 facilities in the NO_x RECLAIM program and 31 facilities in the SO_x RECLAIM program. These 31 facilities in the SO_x program are also in NO_x RECLAIM. These facilities either had NO_x emissions greater than or equal to four tons per year in 1990 or any subsequent year or elected to enter the program. The proposed amendments would apply to any facility in the NO_x RECLAIM program, including those that have received an initial determination notification.

Summary of Proposal

The proposed amendments to Regulation XX will affect Rule 2001 – Applicability and Rule 2002 – Allocations for Oxides of Nitrogen (NO_x) and Oxides of Sulfur (SO_x).

Proposed Amended Rule (PAR) 2001

Rule 2001 specifies inclusion criteria into the RECLAIM program for new and existing facilities, as well as for facilities that elect to enter into the program. As of January 5, 2018, however, no facility is allowed entry into the RECLAIM program for both NO_x and SO_x. The proposed amendments to Rule 2001 would redefine the criteria for eligibility to exit RECLAIM and provide procedures, for facilities that are eligible, to opt-out of the program before receiving an initial determination notification from the Executive Officer.

Under the proposed amendments, RECLAIM facilities would be provided an optional pathway to opt-out of the NO_x RECLAIM program if they have not received an initial determination notification, but meet the criteria for exiting. As a result of the January 5, 2018 amendments to Rules 2001 and 2002, thirty-seven facilities were issued initial determination notifications because they met the current criteria to exit RECLAIM. The criteria includes the facility having no facility NO_x emissions, and/or emissions from equipment that is exempt from permitting (Rule 219 equipment), and/or operating RECLAIM NO_x sources that are compliant with current BARCT rules. Some facilities, however, may not have been identified to transition out of RECLAIM because previously non-compliant equipment has either been retrofitted with BARCT, replaced, or removed, or previously shutdown equipment has been removed from the facility permit. In addition, some facilities inadvertently may not have been identified as part of the initial group of facilities that were deemed as ready to exit. The proposed opt-out provisions specify new criteria for eligibility to exit RECLAIM. Facilities that were not identified in the first group of thirty-seven as ready to exit and did not receive an initial determination notification may elect to opt-out of the RECLAIM program provided that they meet the proposed eligibility criteria. PAR 2001 provides a pathway for all facilities that meet the new proposed criteria to exit NO_x RECLAIM.

Rule 2001 currently contains opt-out provisions, but are focused solely for electricity generating facilities (EGFs), and were adopted as part of the 2015 Regulation XX amendments. The provisions include an application process based on defined criteria and require a plan submittal for opting out of the RECLAIM program. No RECLAIM EGF applied for an exit from RECLAIM. It is important to note that the current opt-out criteria for EGFs would not apply today due to the sunseting of the NO_x RECLAIM program. EGF BARCT requirements will be addressed by an industry specific rule and would be allowed to begin the transition process out of NO_x RECLAIM, pursuant to the requirements in Rule 2002, once the industry-specific rule is amended (Proposed

Amended Rule 1135 – Emissions of Oxides of Nitrogen from Electricity Generating Facilities).

Under the proposed amendments, a facility would notify the Executive Officer with a request to opt-out provided that eligibility criteria is met and submit equipment and emission level information. The Executive Officer would conduct an evaluation of the facility's equipment and notify the facility in the form of an initial determination notification if it meets the criteria to be transitioned out of NO_x RECLAIM.

The provisions to opt-out would be contained in subdivision (g), Exit From RECLAIM. Subdivision (g) currently specifies the provisions for an EGF to opt-out of NO_x RECLAIM. Since the commencement of the transition of the RECLAIM program to a command-and-control structure, the opt-out plan applying to EGFs outlined in subdivision (g) is no longer applicable. Existing paragraphs (g)(1) through (g)(4) that pertain to the EGF opt-out plan would be removed and replaced with provisions for any eligible RECLAIM facility that elects to opt-out of the NO_x RECLAIM program.

Paragraph (g)(1) and subparagraphs (g)(1)(A) and (g)(1)(B) would specify the criteria for a facility to be eligible to opt-out of NO_x RECLAIM:

A RECLAIM facility is eligible to exit the NO_x RECLAIM program unless:

- (A) The NO_x emitting equipment located at the RECLAIM facility is subject to a non-RECLAIM rule that regulates NO_x emissions and exempts the NO_x emitting equipment; and*
- (B) The NO_x emissions at the RECLAIM facility are from non-combustion equipment that has no applicable non-RECLAIM rule that pertains to such NO_x emissions.*

Subparagraph (g)(1)(A) refers to facilities with equipment that a non-RECLAIM rule could apply to if the rule did not specify an exemption for RECLAIM facility emissions. Rules that exempt RECLAIM facilities will undergo amendments throughout the transition process to include RECLAIM facilities. In addition, this provision would only allow a RECLAIM facility to opt out if the applicable non-RECLAIM rules have been amended and have undergone a BARCT analysis to reflect current BARCT.

Upon amendment of these rules, a RECLAIM facility may be subject to a non-RECLAIM rule while remaining in RECLAIM. Since the initiation of the RECLAIM transition (January 5, 2018), source-specific and industry-specific rules have been identified for adoption or amendment that will have BARCT analyses conducted for NO_x equipment at RECLAIM facilities. Once the applicable rules at a RECLAIM facility have been adopted and/or amended, a facility would be eligible to exit.

As an example, the opt-out provision would allow a facility to elect to opt-out of RECLAIM if the facility is subject to two non-RECLAIM rules and the first non-RECLAIM rule has been amended and the second non-RECLAIM rule has not been adopted/amended, but the facility shuts down the equipment subject to the second non-RECLAIM rule before that rule is adopted/amended.

A facility can opt-out of RECLAIM only if all facility equipment is subject to an amended non-RECLAIM rule and the rule no longer exempts RECLAIM facilities. A facility that has equipment where there is no applicable non-RECLAIM rule cannot opt-out. In essence, a facility cannot exit RECLAIM unless all facility equipment is subject to a rule that establishes BARCT emission limits, BARCT implementation schedules, and MRR requirements for the purpose of the RECLAIM transition. This approach imposes command-and-control requirements on the facility as it transitions out of RECLAIM.

Paragraph (g)(2) would specify actions for submitting the request to opt-out of NO_x RECLAIM:

The owner or operator of a RECLAIM facility that is eligible to exit the NO_x RECLAIM program, pursuant to the requirements of paragraph (g)(1), may notify the Executive Officer with a request to opt-out that includes the identification of:

- (A) *All permitted and unpermitted NO_x RECLAIM emission equipment, including applicable control equipment; and*
- (B) *Permitted NO_x emission levels, and if not available, manufacturer guaranteed NO_x emission levels.*

Upon review of the submitted information, the Executive Officer would notify the facility that the facility meets the criteria to transition out of RECLAIM and would issue an initial determination notification to initiate the facility's transition to command-and-control. A facility would then be subject to the provisions in PAR 2002 (f)(6) through (f)(10), but not be required to resubmit any equipment information required by subparagraphs (f)(6)(A) and (f)(6)(B) because the Executive Officer would have already obtained the facility's equipment information through the opt-out process prior to issuing the initial determination notification. If the Executive Officer denies the request to transition out of NO_x RECLAIM, however, the facility would remain in the RECLAIM program. The reasons for a denial would be that the facility does not meet all the requirements in proposed paragraph (g)(1). If an applicable non-RECLAIM rule has not yet been amended, the facility would not be allowed to exit. Also, if it is determined that a piece of equipment that emits non-combustion NO_x and has no applicable rule for its NO_x emissions, the facility would not be allowed to exit. The facility would be notified if the request to opt-out is denied. These approval and denial provisions are contained in subparagraph (g)(3), which states:

If the owner or operator of a RECLAIM facility meets the criteria for exiting the NOx RECLAIM program, specified in paragraph (g)(1) and has satisfied the requirements of paragraph (g)(2), the Executive Officer will issue an initial determination notification and the facility shall be subject to the provisions of Rule 2002, paragraphs (f)(6) through (f)(10), excluding the requirements in subparagraphs (f)(6)(A) and (f)(6)(B). If the request to opt-out is denied, the facility shall remain in RECLAIM, and the owner or operator will be notified.

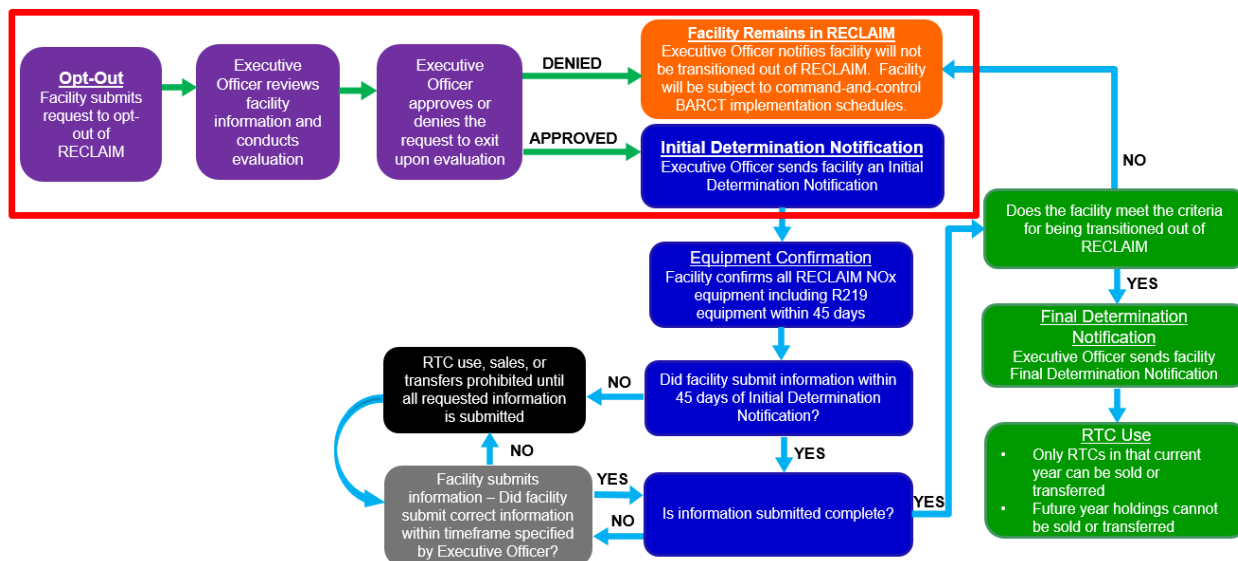
Paragraph (i)(2) and subparagraphs (i)(2)(A) through (i)(2)(O) list various sources that were provided the option of opting into RECLAIM in the past. The January 5, 2018 amendments precluded any new facilities from entering RECLAIM and thus paragraph (i)(2) and subparagraphs (i)(2)(A) through (i)(2)(O) are no longer required and are deleted.

Paragraph (j) will be amended to require RECLAIM facilities to comply with the NOx emission requirements contained in the listing of rules in Table 1. Table 1 of Rule 2001 contains a listing of existing rules that are not applicable to RECLAIM facilities for requirements pertaining to NOx emissions. The table has been updated to include all NOx rules that would apply to RECLAIM facilities upon amendment. Some non-RECLAIM rules on this table contain exemptions from NOx emission requirements for RECLAIM facilities. For those rules that do not contain explicit rule language exempting NOx emission requirements for RECLAIM facilities, Table 1 provides this regulatory exemption for RECLAIM facilities from command-and-control NOx requirements. It should be noted that even if a facility that is still in RECLAIM, it would be required to comply with the NOx requirements of each rule that is amended if it operates equipment covered by several of these rules.

“...NOx RECLAIM facilities are required to comply with all NOx provisions in rules contained in Table 1 that are adopted or amended on or after (date of amendment).”

The proposed amendments to Rule 2001 would provide a pathway for facilities to exit RECLAIM by establishing provisions to opt-out. These provisions would only apply to facilities that meet certain criteria, which are described above, and have non-RECLAIM rules applicable to the facility’s equipment that have been adopted/amended to include RECLAIM facilities. Figure 1 provides an overview of the opt-out process within the context of the current notification requirements contained in Rule 2002.

Figure 1: Overview of Opt-Out Process



Proposed Amended Rule (PAR) 2002

Rule 2002 establishes the methodology for calculating RECLAIM facility allocations and adjustments to RECLAIM Trading Credit (RTC) holdings for NOx and SOx and contains the notification procedures for facilities that will be transitioned out of RECLAIM as well as addressing the RTC holdings for these facilities that will be transitioned out of RECLAIM. Stakeholders expressed concerns about the transitioning of facilities out of RECLAIM while some transition issues are unresolved, such as New Source Review and permitting. The proposed amended rule revises the criteria for being considered as eligible to exit RECLAIM in order to be issued an initial determination notification. The criteria are identical to those contained in the opt-out provisions of PAR 2001. The proposed amended rule will also allow facilities to remain in RECLAIM for a limited time upon receiving an initial determination notification. However, facilities would still be subject to non-RECLAIM rules and their associated BARCT implementation schedules that have been adopted or amended to include RECLAIM facilities, upon amendment of these proposed rules. Consequently, facilities may remain in RECLAIM for a limited time while being subject to non-RECLAIM source-specific or industry-specific rules.

Paragraph (f)(6) clarifies requirements for a RECLAIM facility’s equipment submittal information. Upon receiving an initial determination notification, the facility would be required to submit within 45 days the identification of all permitted and unpermitted equipment, including any applicable pollution control equipment, in addition to permitted NOx emission levels for this equipment. Some equipment may not have a permitted emission level, so in this case the facility would be required to submit any manufacturer guaranteed emission levels for the equipment. Paragraph (f)(7) contains existing provisions regarding the Executive Officer’s receipt and review of the submittal of a RECLAIM facility’s equipment information.

Subparagraphs (f)(8)(A) and (f)(8)(B) contain the revised criteria for facilities to receive a final determination notification and exit the NO_x RECLAIM program. The amended criteria are identical to the criteria for allowing a facility to opt out under PAR 2001(g). PAR 2002 will state the basis for the Executive Officer to issue a final determination notification, which is the revised criteria. This is also the criteria for determining which facilities will be issued an initial determination notification. The proposed provisions would only allow a RECLAIM facility to exit if the applicable non-RECLAIM rules have been amended and have undergone a BARCT analysis to reflect current BARCT. RECLAIM facilities with equipment that has no applicable rule would not be able to exit until one is in place. Facilities with no equipment and no NO_x emissions would be able to exit.

The first group of thirty-seven facilities that received an initial determination notification as a result of the January 5, 2018 amendments to Rule 2002 may or may not receive a final determination notification. This would now be dependent on if they meet the revised criteria for exiting.

The requirements for facilities that receive a final determination notification to exit RECLAIM are addressed in subparagraphs (f)(10)(A) and (f)(10)(B). The provision in subparagraph (f)(9)(A) was part of the January 5, 2018 amendments addressing the facility's RTCs.

The subject of New Source Review (NSR) has been discussed at several RECLAIM working group meetings. There are inherent differences between the RECLAIM and non-RECLAIM NSR programs and transitioning RECLAIM facilities to command-and-control will require additional discussion and analysis, input from U.S. EPA, and amendments to Regulation XIII – New Source Review. The non-RECLAIM NSR program, which is covered by Regulation XIII rules, requires emission reduction credits (ERCs) for offsets whereas RECLAIM requires RTCs for offsets. Currently, the market for NO_x ERCs is scarce and while the SCAQMD has its own internal bank of NO_x ERCs, there is an unanswered question as of how and whether that reserve may be accessed. Rule 1315 – Federal New Source Review Tracking System, which governs the disbursement of the District's offsets, contains cumulative emission increase thresholds for any emissions increases, which if exceeded, may result in a permit moratorium. As a result, transitioning RECLAIM facilities to a command-and-control regulatory structure without amendments to Regulation XIII would not be appropriate at this time. Moreover, Rule 1306 – Emission Calculations would calculate emission increases of exiting RECLAIM facilities based on actual to potential emissions, thereby further exacerbating the need for offsets. Even among the first 37 facilities identified that may be eligible to exit, any impacts from potential emissions increases are unknown and if significant enough, can approach or surpass the cumulative emissions increase thresholds of Rule 1315. Stakeholders have also expressed their concerns regarding the uncertainty of transitioning out of RECLAIM before the NSR issues are addressed. Any future amendment in Regulation XIII that affects the emission calculation methodology and the use of the District internal bank must be approvable by USEPA. Until these NSR issues are resolved, PAR 2001 is proposing to not allow any RECLAIM facility that exits the

NOx RECLAIM program access to the SCAQMD internal offset bank until new provisions governing emission calculations and offsets for former RECLAIM facility emission sources are adopted in Regulation XIII. This means that even if an exiting RECLAIM facility that has a potential to emit (PTE) of less than 4 tons per year and would be eligible for NOx emissions offsets, it would not be allowed to obtain these offsets, but would have to provide emission reduction credits (ERCs) to offset any emissions increases for new or modified sources. Subparagraph (f)(10)(B) is a new provision for facilities exiting RECLAIM and does not allow any exited facility to qualify for the NOx offset exemption in Rule 1304 – Exemptions. The purpose of this provision is only temporary to accommodate only those facilities that would like to exit under these requirements, until these NSR issues are resolved and a permanent solution is adopted in Regulation XIII.

The owner or operator of any RECLAIM facility that receives a final determination notification from the Executive Officer pursuant to paragraph (f)(8):

- (A) Shall not sell or transfer any future compliance year RTCs as of the date specified in the final determination notification and may only sell or transfer that current compliance year's RTCs until the facility is transitioned out of the RECLAIM program; and*
- (B) Shall provide Emission Reduction Credits to offset any emissions increases, calculated pursuant to Rule 1306 – Emission Calculations, notwithstanding the exemptions contained in Rule 1304 – Exemptions, until New Source Review provisions governing emission calculations and offsets for former RECLAIM sources are amended after (date of amendment).*

To address these concerns from stakeholders, facilities can request to remain in RECLAIM if they have already been issued an initial determination notification. Facilities would be required to provide current NOx emitting equipment information in addition to a written request to remain in RECLAIM. This equipment information is required as part of the development of an inventory for Rule 1146.2 equipment at RECLAIM facilities for future rule development. The provisions for the proposed amended rule will be contained in new proposed paragraph (f)(11). A RECLAIM facility may remain in RECLAIM after been issued an initial determination notification if the owner or operator submits a request to the Executive Officer. The request must include any equipment information that is already required pursuant to paragraph (f)(6). Clauses (f)(11)(A)(i) through (f)(11)(A)(iii) specify the provisions for facilities that elect to remain in RECLAIM, once approved by the Executive Officer, and state:

- (i) *The facility may remain in RECLAIM until a subsequent notification is issued to the facility that it must exit by a date no later than December 31, 2023.*
- (ii) *The facility is required to submit any updated information within 30 days of the date of the subsequent notification.*
- (iii) *The facility shall comply with all requirements of any non-RECLAIM rule that does not exempt NOx emissions from RECLAIM facilities.*

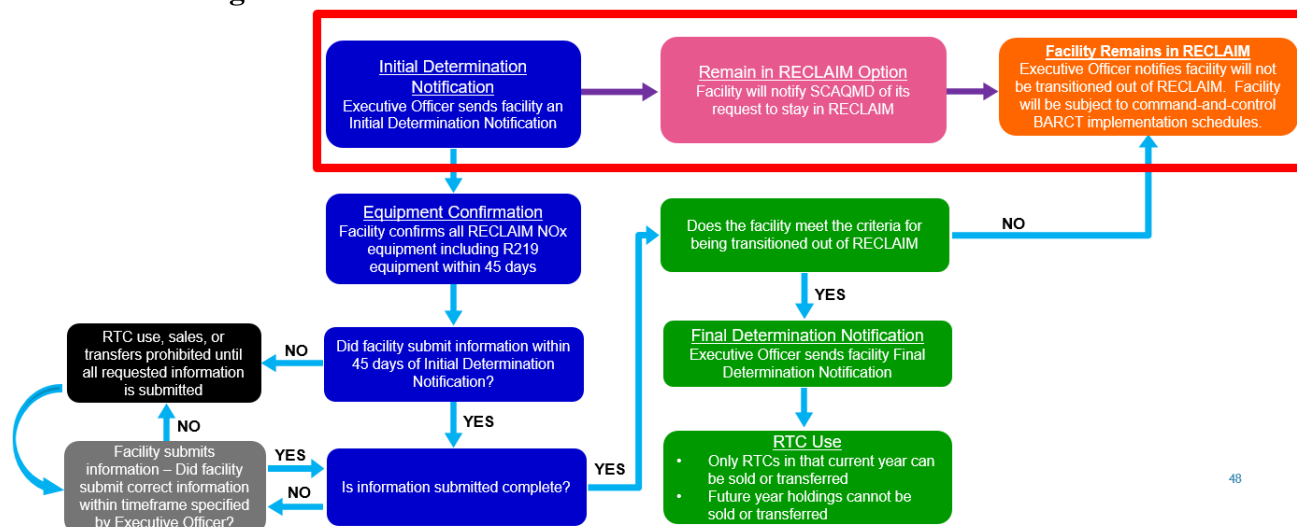
Per the requirements of the AB 617, final implementation of BARCT must be achieved no later than December 31, 2023. However, the concurrent rulemaking schedules for the non-RECLAIM rules may be completed well before that date, as well as the addressing of NSR and permitting issues. If the end of the NOx RECLAIM program is some time before the end of 2023, these facilities that have elected to remain in RECLAIM would go through the process for exiting.

Due to the removal of the previous opt-out provisions applicable to RECLAIM electricity generating facilities in Rule 2001, a definition of an electricity generating facility (EGF) would now be contained in Rule 2002(f)(4).

For the purpose of this rule an electricity generating facility is defined as a NOx RECLAIM facility that generates electrical power and is owned or operated by or under contract to sell power to California Independent System Operator Corporation, a municipal or public electric utility, or an electric utility on Santa Catalina Island, with the exception of landfills, petroleum refineries, publicly owned treatment works, and cogeneration facilities.

The proposed amendments would revise the criteria for a facility to receive an initial determination notification in order to exit the program and also provide facilities with the option to remain in RECLAIM upon receiving an initial determination notification, as some of the major elements relating to the transition are developed and resolved. Figure 2 provides an overview of the procedures for opting to remain in RECLAIM within the context of the current notification requirements contained in Rule 2002.

Figure 2: Overview of Process to Remain in RECLAIM



Emission Reductions and Cost Effectiveness

The proposed amendments do not result in any significant effect on air quality and do not result in any emissions limitation. As a result, a cost effectiveness analysis is not required.

AQMP and Legal Mandates

The California Health and Safety Code requires the SCAQMD to adopt an Air Quality Management Plan to meet state and federal ambient air quality standards and adopt rules and regulations that carry out the objectives of the AQMP. This proposed amendment of Regulation XX (Proposed Amended Rules 2001 and 2002) continues with the ongoing efforts to transition of the RECLAIM program to a command-and-control regulatory structure in order to achieve the commitments of Control Measure CMB-05 of the Final 2016 AQMP.

California Environmental Quality Act (CEQA)

Pursuant to the California Environmental Quality Act (CEQA) and SCAQMD Rule 110, the SCAQMD, as lead agency for the proposed project, will be reviewing PAR 2001 and 2002 and will determine if PAR 2001 and 2002 will result in any potential adverse environmental impacts. Appropriate CEQA documentation for the proposed project will be prepared based on the analysis.

Socioeconomic Analysis

A socioeconomic impact assessment will be prepared and released for public review and comment at least 30 days prior to the SCAQMD Governing Board Hearing of PARs 2001 and 2002 of Regulation XX (NOx RECLAIM), which are anticipated to be heard on October 5, 2018.

Draft Findings Under California Health & Safety Code Section 40727

California Health & Safety Code §40727 requires that the Board make findings of necessity, authority, clarity, consistency, non-duplication, and reference based on relevant information presented at the public hearing and in the staff report. In order to determine compliance with Sections 40727 and 40727.2, a written analysis is required comparing the proposed rule with existing regulations.

The draft findings are as follows:

Necessity: PARs 2001 and 2002 are necessary to facilitate the transitioning of RECLAIM to command-and-control by establishing provisions for opting out of RECLAIM upon meeting certain criteria and to allow facilities to continue to remain in RECLAIM for a limited time as other transitional issued are resolved.

Authority: The SCAQMD obtains its authority to adopt, amend, or repeal rules and regulations from California Health and Safety Code Sections 39002, 39616, 40000, 40001, 40440, 40702, 40725 through 40728, and 41508.

Clarity: PARs 2001 and 2002 have been written or displayed so that their meaning can be easily understood by the persons affected by the rules.

Consistency: PARs 2001 and 2002 are in harmony with, and not in conflict with or contradictory to, existing federal or state statutes, court decisions or federal regulations.

Non-Duplication: PARs 2001 and 2002 do not impose the same requirement as any existing state or federal regulation, and are necessary and proper to execute the powers and duties granted to, and imposed upon the SCAQMD.

Reference: In amending these rules, the following statutes which the SCAQMD hereby implements, interprets or makes specific are referenced: Health and Safety Code sections 39002, 40001, 40702, 40440(a), and 40725 through 40728.5.

Comparative Analysis

H&S Code §40727.2 (g) is applicable because the proposed amended rules or regulations do not impose a new or more stringent emissions limit or standard, or other air pollution control monitoring, reporting or recordkeeping requirements. As a result, a comparative analysis is not required.

Incremental Cost Effectiveness

California H&S Code § 40920.6 requires an incremental cost effectiveness analysis for BARCT rules or emission reduction strategies when there is more than one control option which would achieve the emission reduction objective of the proposed amendments,

relative to ozone, CO, SO_x, NO_x, and their precursors. The proposed amendment does not include new BARCT requirements; therefore this provision does not apply to the proposed amendment.

Conclusions and Recommendations

The proposed amendments are needed to facilitate the transition of RECLAIM to a command-and-control regulatory structure to maintain compliance with AB 617 requirements, as well as AQMP commitments. The amendments facilitate with the transition and ensure that compliance with landing rules is met while providing flexibility for facilities. This is carried out by providing a pathway for facilities to exit RECLAIM if they meet certain criteria and providing an option for facilities to remain in RECLAIM after being identified as ready to transition. As more command-and-control rules are amended to accommodate additional groups of facilities that will exit the RECLAIM program, subsequent amendments to Rules 2001 and 2002 may be required.