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## PROPOSED AMENDMENTS TO RULE 2001 AND RULE 2015

REGULATION XX (RECLAIM)  
PUBLIC CONSULTATION MEETING  
MAY 16, 2019

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### Background – RECLAIM

- RECLAIM is a market based program that controls emissions from larger emitting facilities on an aggregate basis using an allocation of RECLAIM Trading Credits (RTCs)
- The December 2015 amendment to RECLAIM requires a 12 ton per day (tpd) NOx RTC reduction ending in 2022
- Control Measure CMB-05 of the 2016 Air Quality Management Plan committed to an additional 5 tpd of NOx reduction by 2025 and included actions to transition RECLAIM to command-and-control
- Additionally, AB 617 requires that RECLAIM facilities implement BARCT by December 31, 2023

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## Rule 2001 – Regulatory Background

- October 2018 amendments to Rule 2001 revised the criteria for facilities to be eligible to exit and added an opt out provision
  - Facilities could request to opt out and would receive an initial determination notification if they met the criteria to exit

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## Rule 2015 – Regulatory Background

- Rule 2015 contains backstop provisions for the RECLAIM program if actual emissions exceed the allocations by 5% or more
  - Backstop provisions focus on modifications to the RECLAIM program to prevent future exceedances
- Rule 2015 also includes provisions for an annual audit report each March

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## Discussions with Stakeholders and U.S. EPA

- U.S. EPA is recommending that all facilities remain in RECLAIM until all rules pertaining to the transition are State Implementation Plan approved
- Stakeholders have also raised concerns about impacts on the RECLAIM market from exiting facilities
- Amendments to Rules 2001 and 2015 are needed to:
  - Restrict facilities from exiting RECLAIM
  - Modify backstop provisions to acknowledge the development of command-and-control rules

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## Summary of Amendments

### PAR 2001

Remove the opt out provisions to preclude facilities from exiting RECLAIM

### PAR 2015

Revise backstop provisions for RECLAIM to acknowledge the transition to command-and-control

Change the annual RECLAIM audit reporting month to provide staff additional time to compile information

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## Proposed Amendments to Rule 2001

- PAR 2001 would remove the opt out provisions to restrict facilities from exiting RECLAIM and clarify that no facility may exit the RECLAIM program
  - Facilities that have received initial determination notifications will be notified that they will not exit RECLAIM
- Subsequent amendments to Rule 2001 will be necessary to allow facilities to exit RECLAIM after all rules relating to the transition are State Implementation Plan approved
  - NSR and applicable command-and-control rules

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## Facilities Remaining in RECLAIM

- Facilities are required to comply with all RECLAIM requirements including Rule 2005 – New Source Review for RECLAIM, for permitting new and modified sources
- Facilities that do not have any NO<sub>x</sub> or SO<sub>x</sub> sources located at the facility may become exempt from reporting requirements
  - Pursuant to Rule 2004 (b)(6), facilities must submit an application for an amended permit and demonstrate that no NO<sub>x</sub> or SO<sub>x</sub> sources are at the facility
  - If exempt, Annual Permit Emission Program (APEP) and Quarterly Certification of Emissions (QCER) reports are no longer required

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## Proposed Amendments to Rule 2015

- The 12 ton per day (tpd) shave in ending in 2022 results in a remaining allocation of 14.5 tpd
- PAR 2015 would provide an alternative backstop if emissions exceed the allocation by 5% or greater in an annual period
  - The Executive Officer would make a demonstration to the Governing Board that emissions will be below the 14.5 tpd threshold by December 31, 2023 through the implementation of command-and-control rules
- Rule 2015 requires annual RECLAIM audits to be presented to the Board every March
  - PAR 2015 would change the reporting month from March to April to allow Engineering and Permitting additional time to compile the report

## Rulemaking Schedule

- |                                       |               |
|---------------------------------------|---------------|
| ▪ Stationary Source Committee Meeting | May 17, 2019  |
| ▪ Written Comments Deadline           | May 31, 2019  |
| ▪ Set Hearing                         | June 7, 2019  |
| ▪ 30-Day Documents                    | June 11, 2019 |
| ▪ Public Hearing                      | July 12, 2019 |

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