PROPOSED AMENDMENTS TO RULE 2001 AND RULE 2015

REGULATION XX (RECLAIM)
PUBLIC CONSULTATION MEETING
MAY 16, 2019
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
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.
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.
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
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
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
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 NOx or SOx 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 NOx or SOx sources are at the facility.
  - If exempt, Annual Permit Emission Program (APEP) and Quarterly Certification of Emissions (QCER) reports are no longer required.
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
Contacts

Melissa Gamoning
Assistant Air Quality Specialist
(909) 396-3115
mgamoning@aqmd.gov

Kevin Orellana
Program Supervisor
(909) 396-3492
korellana@aqmd.gov

Mike Morris
Planning and Rules Manager
(909) 396-3282
mmorris@aqmd.gov