



NO_x RECLAIM WORKING GROUP MEETING

APRIL 27, 2022

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[HTTPS://SCAQMD.ZOOM.US/J/98344812021](https://scaqmd.zoom.us/j/98344812021)

MEETING ID: 983 4481 2021

TELECONFERENCE DIAL-IN: 1-669-900-6833

Agenda

- Rulemaking Status on Landing Rules
- NOx RTC Price Threshold Exceedance Clarification
- Regulation XX Amendments Roadmap
- Ongoing Efforts and Next Steps



RULEMAKING STATUS ON LANDING RULES



Rules Under Development



PAR 1147 – Miscellaneous Combustion Sources

Public Hearing: May 6, 2022



PR 1159.1 – Nitric Acid Processing Tanks

Public Hearing: October 7, 2022



PAR 1153.1 – Commercial Food Ovens

Public Hearing: August 5, 2022

- Rule 429 – Startup and Shutdown is being amended to address startup and shutdown provisions at U.S. EPA's request
- Rule 218.2 – Continuous Emission Monitoring System: General Provisions and Rule 218.3 – Continuous Emission Monitoring System: Performance Specifications are being amended to include provisions for monitoring mass emission limits

PAR 1147 – Miscellaneous Combustion Sources

- Revised Drafts of staff report and rule language released on April 5, 2022
- Public Hearing: May 6, 2022



PR 1159.1 – Nitric Acid Processing Tanks

- First Working Group Meeting held on August 4, 2021
- Discussed background on RECLAIM and nitric acid tanks
- Public Hearing: October 7, 2022



<https://tri-mer.com/tanks/polypro-tanks-case-study.html>

PAR 1153.1 – Commercial Food Ovens

- First Working Group Meeting held on July 9, 2021
- Compiling data for BARCT assessment
- Scheduling meetings with technology vendors
- Conducting meetings with stakeholders and scheduling site visits
- Next Working Group Meeting: May 2022
- Public Hearing: August 5, 2022



Emission Reductions (Tons per Day*)



Rules 1146, 1146.1, 1146.2 – Boilers, Process Heaters, and Steam Generators

0.27



Rule 1118.1 – Non Refinery Flares

0



Rule 1109.1 – Refinery Equipment

7.7



Rule 1134 – Gas Turbines

1.8



Rule 1135 – Electricity Generating Facilities

1.7



Rule 1110.2 – Liquid-Fueled and Gaseous Engines

0.29



Rule 1117 – Container Glass Melting/Sodium Silicate Furnaces

0.57



Rule 1147.1 – Aggregate Facilities

0.04



Rule 1147.2 – Metal Melting and Heating Furnaces

0.47

Total NOx Reductions = 12.84 tons per day*

* Sum of NOx reductions from RECLAIM facilities only. Some NOx reductions may be attributed to the 2015 RECLAIM shave.



NOX RECLAIM TRADING CREDIT (RTC) THRESHOLD EXCEEDANCE CLARIFICATION



Rule 2002 NOx RTC Price Threshold Exceeded

- Staff reported that the 12-month and 3-month rolling average NOx RTC price thresholds in Rule 2002 were exceeded
- Staff will conduct an assessment of the RECLAIM program before July 1, 2022 and will report the results of the assessment to the Board
- The Board will determine if Non-tradable/Non-usable NOx RTCs shall be converted to Tradable/Usable NOx RTCs
- The conversion is valid only for the period in which the RTC price exceeded the threshold (Compliance Year 2022)

Clarification on Non-Usable/Non-Tradable NOx RTC Conversion

- Compliance year 2022 ends in 2023 for Cycle 2 facilities
 - Cycle 1: January 1, 2022 to December 31, 2022
 - Cycle 2: July 1, 2022 to June 30, 2023
- There are no Non-tradable/Non-usable NOx RTCs after compliance year 2022
 - Compliance year 2022 is the last year of implementation for the 2015 NOx shave
 - Non-tradable/Non-usable RTC adjustment factors for the 2015 NOx shave are contained in Rule 2002 subparagraphs (f)(1)(B) and (f)(1)(C)
 - NOx shave in compliance year 2022 amounts to 4 tons/day emission reductions



REGULATION XX AMENDMENTS ROADMAP



Regulation XX Amendments Overview

- Staff identified five Regulation XX rules that will need to be amended to facilitate the transition of NO_x RECLAIM facilities to a command-and-control regulatory structure

Rule 2000 –
General

Rule 2001 –
Applicability

Rule 2002 –
Allocations for
Oxides of Nitrogen
(NO_x) and Oxides
of Sulfur (SO_x)

Rule 2006 –
Permits

Rule 2015 –
Backstop
Provisions

- Staff's general approach is to change the applicability to exclude regulation of NO_x sources from RECLAIM after December 31, 2025
 - Eliminates the need to amend most Regulation XX rules
 - Exit date accounts for the time it will take CARB and U.S. EPA to evaluate landing rules and amendments to Regulations XIII and XX
- Further amendments may be necessary beyond those indicated today

Proposed Amended Rule 2000 Approach

Rule Section	Current Provision	Proposed Approach
Paragraph (c)(16)	COMPLIANCE YEAR is the twelve-month period beginning on January 1 and ending on December 31 for Cycle 1 facilities, and beginning on July 1 and ending on June 30 for Cycle 2 facilities	Compliance year would remain the same for Cycle 1 facilities with the final compliance year ending December 31, 2025. The final compliance “year” for Cycle 2 facilities would begin July 1, 2025 and end December 31, 2025

Proposed Amended Rule 2001 Approach

Rule Section	Current Provision	Proposed Approach
Proposed Paragraph (c)(3) – Amendments to RECLAIM Facility Listing	N/A	Discontinue regulation of NOx sources under the RECLAIM program after December 31, 2025, except for compliance year 2025 reconciliation and annual audits
Paragraph (d)(1) – Cycles	Requirement for Executive Officer to assign compliance cycle and states the dates for each compliance cycle	Compliance year would remain the same for Cycle 1 facilities with the final compliance year ending December 31, 2025. The final compliance “year” for Cycle 2 facilities would begin July 1, 2025 and end December 31, 2025
Subdivision (g) – Exit from RECLAIM	On and after July 12, 2019, no RECLAIM facility may exit the RECLAIM program	Amend subdivision (g) to not allow RECLAIM facilities to exit the RECLAIM program until January 1, 2026

Proposed Amended Rule 2002 Approach

Rule Section	Current Provision	Proposed Approach
Subparagraph (f)(1)(E)	Requirement for the Executive Officer to calculate 12-month and 3-month rolling average NOx RTC prices	Amend subparagraph (f)(1)(E) to calculate average NOx RTC prices until December 31, 2025
Subparagraphs (f)(1)(H) and (f)(1)(I)	Procedures to address NOx RTC price threshold exceedances	Delete subparagraphs (f)(1)(H) and (f)(1)(I)
Paragraphs (f)(6) and (f)(7)	Submission and review of information to determine if the facility will be transitioned out of NOx RECLAIM	Delete paragraphs (f)(6) and (f)(7)

Proposed Amended Rule 2002 Approach (continued)

Rule Section	Current Provision	Proposed Approach
Paragraph (f)(9)	Requirement for the Executive Officer to notify an owner or operator that a facility should not yet transition out of RECLAIM	Delete paragraph (f)(9)
Paragraph (f)(11)	Procedures and requirements for owners or operators of a RECLAIM facility to elect to remain in RECLAIM	Delete paragraph (f)(11)
New Paragraph	N/A	Reduce NOx RTCs by 50% for Cycle 2 facilities in compliance year 2025

Proposed Amended Rule 2006 Approach

Rule Section	Current Provision	Proposed Approach
New Paragraph	N/A	Specify that permit requirements related to the NOx RECLAIM program (except for reconciliation and annual audits) will be dated to be non-applicable after December 31, 2025
New Paragraph	N/A	Reduce NOx RTCs by 50% for Cycle 2 facilities in compliance year 2025

Proposed Amended Rule 2015 Approach

Rule Section	Current Provision	Proposed Approach
Paragraph (b)(6)	Procedures to address NOx RTC price threshold exceedances	Delete paragraph (b)(6)

Summary of Regulation XX Approach

- Staff identified that Rules 2000, 2001, 2002, 2006, and 2015 will need to be amended to complete the RECLAIM transition
- Allocations to Cycle 2 facilities will be reduced by 50% in compliance year 2025
- Compliance year 2025 ends on December 31, 2025 for all NOx RECLAIM facilities
- All NOx RECLAIM facilities will exit NOx RECLAIM on January 1, 2026
- Facilities will still be required to reconcile compliance year 2025 emissions and be subject to RECLAIM annual audits for the 2024 and 2025 compliance years
- Based on discussions with U.S. EPA, staff is recommending a one-time, programmatic equivalency demonstration of 14.5 tpd NOx as part of the SIP submittal package for the RECLAIM transition¹
 - Discussed at May 2021 RECLAIM Working Group Meeting

¹ <http://www.aqmd.gov/docs/default-source/rule-book/Proposed-Rules/regxx/reclaim---wgm-may-group-draft-final.pdf?sfvrsn=6>

Ongoing Efforts and Next Steps



Continue rulemaking activities



Continue working with U.S. EPA, CARB, and stakeholders



Monthly RECLAIM and Regulation XIII NSR Working Group Meetings



Quarterly Stationary Source Committee updates

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To receive e-mail notifications for Regulation XX or Regulation XIII, sign up at: www.aqmd.gov/sign-up
 To view proposed rules and supporting documentation, visit the South Coast AQMD Proposed Rules webpage at:
<http://www.aqmd.gov/home/rules-compliance/rules/scaqmd-rule-book/proposed-rules>

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