NOx RECLAIM WORKING GROUP MEETING

MAY 14, 2020
JOIN ZOOM MEETING
HTTPS://SCAQMD.ZOOM.US/J/4285162364
MEETING ID: 428 516 2364
TELECONFERENCE DIAL-IN: 1-669-900-6833
Agenda

- Comment Letter from Latham & Watkins (on behalf of Regulatory Flexibility Group (RFG) and Western States Petroleum Association (WSPA)) (February 25, 2020)
- Rulemaking Status on Landing Rules
- RECLAIM Transition Plan Update
- Ongoing Efforts and Next Steps
Received comment letter from Latham and Watkins on behalf of RFG and WSPA on February 25, 2020

Provided supplemental information related to questions asked by Board Members and staff’s responses

Three main comments:

- Continued Success of the NOx RECLAIM Program
- Timing of the NOx RECLAIM Transition
- Cost of the NOx RECLAIM Transition
Continued Success of the NOx RECLAIM Program

- Declining rate of reduction is not evidenced by diminishing program effectiveness - reflects significant reductions already achieved
- Measure of success of the program is whether or not actual emissions are below aggregate BARCT allocations
- RECLAIM is achieving the same level of emission reductions and health protection as command-and-control, where each individual piece of equipment would be equipped with emission controls

- Emission reductions are a combination of installation of pollution controls and equipment/facility shutdowns
- Over 60% of the equipment does not meet BARCT
Timing of the NOx RECLAIM Transition

- Timing of RECLAIM transition must account for rulemaking, approval, and facility engineering/construction.
- Given complexity and uncertainty associated with RECLAIM Transition, the timing cannot be dictated by arbitrary deadlines.
- Facilities are implementing emission control projects to comply with the 2015 RECLAIM shave.

- BARCT implementation schedules will account for engineering, permitting, installation, and commissioning of equipment.
Cost of the NOx RECLAIM Transition

- Focusing on cost-effectiveness masks the actual implementation costs of the RECLAIM transition
- Some BARCT standards under consideration exceed the $50,000 per ton cost-effectiveness threshold
- Believe staff has underestimated the actual cost-effectiveness of proposed controls
- Costs associated with implementing the proposed RECLAIM transition will reach well into the billions of dollars

- Most BARCT rules have an average cost-effectiveness less than $50,000 per ton of NOx
- $50,000 per ton of NOx is a guide, not a threshold limit
- Capital costs for some BARCT rules will be in the millions, possibly billions of dollars
Staff is moving at a measured pace in recognition of stakeholders’ resource limitations associated with COVID-19.

Staff’s goal is to move forward with critical and legal rulemaking activities without sacrificing full public participation.
- A number proposed rules have been moved to later dates in 2020 and 2021.
- Staff will continue to meet with stakeholders via tele- and video-conferencing to maintain social distancing.
- Review time of Working Group materials will be increased to allow additional time for stakeholders to prepare for meetings and to better facilitate participation.
- Working Group Meetings will be structured to be shorter in duration to better accommodate the tele- and video-conferencing format.
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<td>Aggregate Facilities</td>
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PAR 1117 – Glass Melting and Sodium Silicate Furnaces

- Affects two facilities
- Both using UltraCat Ceramic Filters
- Multiple site visits at both facilities
- Public Workshop held remotely on March 19
- Public Hearing: June 2020
PAR 1147 – Miscellaneous Combustion Sources

- PAR 1147 will now include large miscellaneous sources that were previously under PR 1147.1
- Presented permitting and source test data
- Conducting BARCT analysis and cost-effectiveness analysis
- Working with equipment vendors and burner manufacturers
- Staff still accepting survey responses
  - Contained in Proposed Rules Page (Rule 1147/1147.1)
- Public Hearing: December 2020
PR 1109.1 – Refinery Equipment

- Proposed NOx limits for primary heaters and boilers, FCCUs, gas turbines and SRU/TG incinerators
- Initial BARCT limits for remaining categories expected in upcoming weeks
- Third party consultants reviewing staff’s BARCT analysis
- Continuing meetings with stakeholders and follow-ups with technology vendors
- WGM #11 will be held on May 21, 2020 via tele- and video-conferencing (Zoom)
  - On-site community meeting in Carson-Long Beach Area postponed due to COVID-19
- Public Hearing: 1st Quarter 2021
PAR 218 & 218.1 and PR 218.2 & 218.3 – Requirements for Continuous Emissions Monitoring Systems

- Applicable to CEMS that are not in RECLAIM
- Implementation Schedule proposed for the transition
- Streamlined CEMS requirements and performance standards
- Preliminary Draft Rules to be introduced at the next Working Group meeting
- Public Hearing: November 2020
PR 1147.2 – Metal Processing Equipment

- Presented permitting and source test data
- Conducting BARCT analysis and cost-effectiveness analysis
- Meeting with burner manufacturers and stakeholders
- Two surveys sent (1147 equipment and 1147 permit-exempt equipment)
  - 31 surveys received and 12 permit-exempt surveys received
- Staff still accepting survey responses
  - Contained in Proposed Rules Page (Rule 1147.2)
- Public Hearing: 1st Quarter 2021
Formerly Proposed Rule 1147.3
Staff still assessing applicability
Staff in data gathering phase
Stakeholder meeting with California Construction and Industrial Materials Association (CalCIMA) and California Asphalt Pavement Association (CalAPA)
Seeking to conduct virtual site visits in lieu of physical site visits
Public Hearing: 1st Quarter 2021
RECLAIM Transition Plan – Version 2.0

- Staff is working on second version of RECLAIM Transition Plan
  - Provide update on current approach for RECLAIM transition
  - Provide update on adoption/amendment of landing rules
  - Discussion of New Source Review issues
    - Applicability and offsetting revisions for major sources
    - Availability of offsets
    - Concepts and approaches to reduce the demand and increase the supply of offsets post-RECLAIM transition

- Anticipate completion Spring/Summer 2020
Ongoing Efforts and Next Steps

- Continue rulemaking activities
- Continue working with U.S. EPA, CARB, and stakeholders on NSR issues
- RECLAIM Working Group and Regulation XIII NSR Working Group meetings
- Quarterly Stationary Source Committee updates
## Contacts

<table>
<thead>
<tr>
<th>General RECLAIM Questions</th>
<th>New Source Review</th>
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