NOx RECLAIM WORKING GROUP MEETING

MARCH 8, 2018
SCAQMD
DIAMOND BAR, CA
Agenda

- Rule Updates
  - PAR 1146 Series/PR 1100
  - PR 1109.1
  - PAR 1134
- RECLAIM Transition Plan
- Status Update of Initial Determination Notifications
- Subsequent Amendments to Rule 2001
UPDATE ON PROPOSED RULES AND PROPOSED AMENDED RULES
Proposed Amended Rule 1146 Series Update

- Rule 1146 series rules – the first set of landing rules to be amended

<table>
<thead>
<tr>
<th>Rule</th>
<th>Applicability</th>
<th>Size</th>
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<tbody>
<tr>
<td>Rule 1146</td>
<td>Boilers, steam generators, and process heaters</td>
<td>≥ 5 million Btu per hour</td>
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<tr>
<td>Rule 1146.1</td>
<td>Boilers, steam generators, and process heaters</td>
<td>&gt;2 and &lt;5 million Btu per hour</td>
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<tr>
<td>Rule 1146.2</td>
<td>Natural gas-fired water heaters, boilers, and process heaters</td>
<td>≤ 2 million Btu per hour</td>
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- Working Group Meeting on March 7, 2018 - discussed
  - Close of comment February 28th, 4 comment letters received
  - Implementation schedule
    - Permit submittal timeframe
    - Compliance schedule – facilities with combination of equipment at and not at BARCT
  - Monitoring, Reporting, and Recordkeeping Requirements
  - Permitting
Implementation schedule would apply to all Rule 1146 and 1146.1 applicable devices

Proposed implementation schedule:

- Extended timeframe to submit completed permit application to 12 months from date of adoption
- Compliance date:
  - 75% of units by heat input for Rule 1146 and 1146.1 units (including BARCT-compliant equipment) by Jan. 1, 2021;
  - 100% of units by heat input by Jan 1, 2022
- Analysis concluded that additional time for facilities with more than 10 units or with equipment with other landing rules did not need additional time
- Added provision allow an additional year if facility elects to replace instead of retrofit unit
First PR 1109.1 Working Group Meeting held on February 21st

Areas of discussion included the following:

- Possible universe of facilities (e.g., may include smaller independent refineries and/or support services)
- Possible universe of equipment
- Considerations for establishing BARCT
- Other regulatory approaches (e.g., averaging based on level of usage and operating time)

Staff is continuing to assess data

Staff is preparing survey to send to PR 1109.1 facilities
First PAR 1134 Working Group Meeting held on February 22

Areas of discussion included the following:

- Universe of facilities (excludes units at EGFs and refineries)
- Considerations for BARCT analysis
- Considerations for NOx limits (e.g., size, simple cycle vs. combined cycle, startups/shutdowns, averaging times)

Staff is meeting with individual facilities and conducting site visits to assess specific situations
RECLAIM Transition Plan

- Overall approach
- General outline
- Key issues discussed
RECLAIM Transition Plan – Overall Approach

- Purpose is to summarize the transition of the RECLAIM program to command-and-control
  - Embodies much of the discussion topics presented at the RECLAIM Working Group
  - Dynamic process – staff will be periodically updating the Transition Plan
- Transition Plan “Version 1.0” represents a summary of staff’s current thinking and status of policy issues
- Future Versions of the Transition Plan will address:
  - The overview of the transition process
  - Any new key issues
  - Updates to existing key issues
RECLAIM Transition Plan – General Outline

- Transition Process
- Transition Approaches
  - Source-Specific Rules
  - Industry Specific Rules
  - Compliance Plans
- Best Available Retrofit Control Technology (BARCT Determination)
- Implementation Schedule for BARCT Requirements
- New Source Review
- Monitoring, Reporting, and Recordkeeping
- Permitting
Transition Process

**Initial Determination Notification**
Executive Officer sends facility
Initial Determination Notification
(R2002 (f)(6))

**Equipment Confirmation**
Facility must confirm all RECLAIM
NOx equipment including R219
equipment within 45 Days
(R2002 (f)(6))

**Did Facility Submit Information within 45 Days of Initial Determination Notification?**

**Is Information Submitted Complete?**

**RTC Use**
- Only RTCs in that current year can be sold or transferred
- Future year holdings cannot be sold or transferred

**RTC uses, sales, or transfers prohibited until all requested information is submitted (R2002 (f)(6)(B))**

**Facility must resubmit information - Did facility resubmit information within timeframe specified by Executive Officer? (R2002 (f)(6)(A))**

**Is Facility Ready to be Transferred?**
Facility must have no NOx emissions; or
NOx emissions solely from:
- R219 equipment, and/or
- RECLAIM equipment that meets current command and control BARCT rules?

**Final Determination Notification**
Executive Officer sends facility
Final Determination Notification
(R2002 (f)(7))

**Executive Officer notifies facility will not yet be transitioned out of RECLAIM (R2002 (f)(8))**

**Not ready**

**Ready to transition**
Transition Approaches

Source-Specific Command and Control Rules

Industry-Specific Command and Control Rules

Opt-out Provisions

Compliance Plans

Transition Approaches
Industry-Specific Rules

Nov 2018
Amend R1135 (EGFs)

Exit EGFs

Dec 2018
Adopt R1109.1 (Refineries)

Exit Refineries

1st Q 2019
Adopt R1147.1 (Metal)

Exit Metal Operations Facilities

1st Q 2019
Adopt R1147.2 (Aggregate)

Exit Aggregate Facilities
Opt-Out Provisions and Compliance Plans

- Opt-out provisions
  - Will address facilities that should have been identified with the first group of facilities for potential exit or facilities that have modified and are ready to exit

- Facilities subject to compliance plans
  - For facilities in unique situations that cannot be addressed in command-and-control or industry-specific rules
  - Details of these requirements will be addressed in the rulemaking

- Initially scheduled for the September 2018 public hearing
Implementation Schedules for BARCT Rules

- Will be handled through Rule 1100 and will account for facilities with multiple pieces of equipment that are subject to multiple landing rules
- Certain industry categories will carry specific implementation schedules for that industry
- Resource impacts will be considered for affected facilities as well as SCAQMD staff in the areas of permitting, source testing, and other plan reviews
Staff has compiled information requested by EPA and will engage in further discussions.

Staff is also working internally to develop a methodology to harmonize the pre-modification potential to emit (PTE) calculation for facilities that will be exiting RECLAIM with the calculation used for Regulation XIII:

- Hourly for RECLAIM and daily for non-RECLAIM

An update will be provided at the next Working Group Meeting.
The differences between RECLAIM MRR and command-and-control MRR will be evaluated across all landing rules that will be amended or adopted.

For Title V facilities, the initial recommendation is to minimize any changes to the MRR requirements.

Any change that is considered a relaxation would constitute a significant Title V permit revision and would trigger public notification requirements and EPA approval.
Permitting

- Structure of RECLAIM facility permits will be maintained
- References to permit limits, conditions, and MRR requirements would change upon the transition
- Staff is exploring alternate mechanisms to address these changes that would minimize changes to the facility permit
- Permitting fees are also under evaluation for the transition period and for facilities that are completely out of RECLAIM
- Timing of these permit changes is very important to ensure the timely issuance of the facility permit upon exiting RECLAIM
First set of Initial Determination Notifications sent Feb. 2, 2018

- Sent to 37 facilities by certified mail
- Received 3 Return to Sender letters
  - 1 of the Return to Sender letters is a shutdown RECLAIM facility
  - 2 Return to Sender letters were resent on 2/15/2018 with correct addresses
- Received 7 equipment list responses – most are due by 3/19/2018
- Missing 1 Return Receipt for one facility
Upcoming Working Group Meetings

Proposed Rule 1118.1

• Fourth Working Group Meeting
  March 8, 2018
  2 PM
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**Proposed Amended Rules 1146, 1146.1, 1146.2 and Proposed Rule 1100**

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**Proposed Amended Rule 1135**

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**Proposed Amended Rule 1134**

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