

BOARD MEETING DATE: January 4, 2019

AGENDA NO. 21

REPORT: Stationary Source Committee

SYNOPSIS: The Stationary Source Committee held a meeting on Wednesday, December 19, 2018. The following is a summary of the meeting.

RECOMMENDED ACTION:  
Receive and file.

Ben Benoit, Chair  
Stationary Source Committee

LT:rs

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### **Committee Members**

Present: Mayor Ben Benoit/Chair (videoconference)  
Dr. Joseph Lyou/Vice Chair  
Mayor Pro Tem Judith Mitchell (arrived at 10:37 a.m., listening only from a non-noticed videoconference location)  
Supervisor V. Manuel Perez (videoconference)  
Supervisor Janice Rutherford

### **Call to Order**

Chair Benoit called the meeting to order at 10:31 a.m.

### **INFORMATIONAL ITEMS:**

#### **1. Update on Proposed Rule 1118.1 – Control of Emissions from Non-Refinery Flares**

Michael Krause, Planning and Rules Manager, presented an update on Proposed Rule 1118.1 – Control of Emissions from Non-Refinery Flares, in response to two issues raised at the last Stationary Source Committee meeting: impacts from food waste digestion and limits on new flares at oil and gas production sites. David Rothbart, representing the Southern California Alliance of Publically Owned Treatment Works (SCAP) stated that they support the rule and the Resolution language that will require a technology assessment to evaluate the NOx emissions

from food waste diversion under Senate Bill 1383. Michael Salman, Professor of History at University of California, Los Angeles (UCLA) who worked with Governor Brown on the World Bank Zero Routine Flaring by 2030 Initiative, requested that staff conduct a technology assessment on the viability and cost-effectiveness of beneficial use technology in the next two to three years. Mr. Salman stated beneficial uses exist, even for smaller remote sites there are beneficial use options beyond pipeline injection, and the proposed rule should not restrict beneficial use applications. Ivan Tether, an attorney representing the California Independent Petroleum Association (CIPA), stated their members prefer beneficial use to burning valuable product and requested that staff work with CARB and industry to create more opportunities for beneficial use. Mr. Tether also questioned the authority of the SCAQMD to curtail the use of Best Available Control Technology (BACT) equipment by rule.

Mr. Krause responded that beneficial use projects do exist in all sectors covered by the rule and the capacity thresholds encourage beneficial use. Dr. Philip Fine, Deputy Executive Officer/Planning, Rule Development, and Area Sources, commented that staff is not opposed to conducting a technology assessment on beneficial use at oil and gas production sites. Dr. Lyou indicated it would be helpful but not necessary as part of the rule.

Dr. Lyou inquired if the proposed rule includes an incentive for facilities to simply install more flares. Mr. Krause responded that any new flare installation would also have limitations on the amount of flaring allowed. Dr. Lyou inquired about the emission reductions forgone due to the higher limit proposed for minor sources combusting digester gas. Mr. Krause explained that the calculated emission reductions were based on existing flares because staff could not predict new flare installations. Dr. Lyou also inquired about including both the 800 hour limit and the current proposed fuel use limit. Susan Nakamura, Assistant Deputy Executive Officer/Planning, Rule Development, and Area Sources, responded that a gas usage limit is a better metric to limit annual flaring as it is more directly related to emissions and is more enforceable. Dr. Lyou also inquired about the authority to establish BACT in the rule versus through the permit and if BACT could change going forward. Ms. Nakamura stated that the rule establishes an emission limit that corresponds to current BACT and gives facilities the option to replace the flare or reduce emissions. The rule does not restrict BACT limits from changing in the future. Barbara Baird, Chief Deputy Counsel, stated the usage limitations would not be a violation of the "Takings Clause" as long as there is "reasonable use" of the property. Thus, establishing a limit through the rule is within the SCAQMD's authority and would not be a constitutional violation.

Mayor Benoit asked whether CR&R is a major or minor source under the proposed rule. Mr. Krause stated the facility is a minor facility, so any new flare would not be subject to a more stringent emission limit than the current requirements.

Supervisor Perez asked whether the proposed rule assists with the Zero Routine Flaring Initiative. Dr. Fine stated that the rule targets routine flaring and works toward the direction of the 2030 Zero Routine Flaring Initiative by encouraging beneficial use and requires cleaner flares to reduce emissions.

Mayor Benoit stated that he also supports the technology assessment, ways to support beneficial use at oil and gas production sites, and appreciates the efforts to reach a balance with the proposed rule.

## **2. Proposed Amended Rule 1403 – Asbestos Emissions from Demolition/Renovation Activities**

Dr. Sarah Rees, Assistant Deputy Executive Officer/Planning, Rule Development and Area Sources, presented an update of Proposed Amended Rule (PAR) 1403. Dr. Rees discussed the remaining concerns of utility stakeholders regarding emergency notifications for asbestos work, and additional work by staff to address those concerns.

Cindy Parsons from the Los Angeles Department of Water and Power (LADWP), commented that they appreciate the ongoing dialog with staff on this rule and that while lots of issues have been discussed and have been resolved, there are still some that are unresolved. The biggest concern remains emergency notifications and the fact that any asbestos clean-up needs to be approved by SCAQMD staff prior to proceeding with the work. LADWP appreciates that in the event of a true emergency SCAQMD does not require approval in advance to restore utility service, but are concerned that once the work has been performed to restore service, there would still be a hole in the ground and work would stop to complete the necessary paperwork and get that preapproval. LADWP would like SCAQMD staff to develop a pre-approved plan for asbestos clean-up work that would allow utilities to proceed with asbestos work and then file the appropriate paperwork as a follow-up similar to what is provided for in Rule 1166.

Dr. Rees commented that the reason SCAQMD staff requires an emergency notification letter is that there is a standard notification period required by the federal rules for asbestos and that in order to waive that notification period that event has to qualify as an emergency. She clarified that in the event of a true emergency that provides an imminent risk to public health, paperwork does not need to be done in advance and that the utility should proceed and address the issue. The paperwork would then need to be completed and submitted to SCAQMD so that staff can confirm that the event was an emergency.

Dr. Lyou asked whether, in general, utilities were the biggest problem regarding compliance with Rule 1403. He further asked if it were possible for staff to create preapproval plans for various asbestos clean-up scenarios to allow utilities to clean up asbestos spills faster and not have to wait for SCAQMD approval for the case where the asbestos work results in a hole in a road.

Dr. Rees responded that SCAQMD staff can provide for pre-approved plans and that the current version of Rule 1403 provides for this but that notice is still required before performing the work. She explained that staff are continuing to look at this issue and are working to see if they can find a solution to this concern. She noted that in the case when there are pre-approved plans on file SCAQMD staff are able to provide approval very quickly – often as fast as 15 minutes – and that she was unaware of cases where SCAQMD approval of asbestos work had resulted in an unreasonable delay.

Dr. Lyou commented that it would be interesting to hear what the compliance timeline has been in turning around emergency notifications.

Supervisor Perez asked about the difference between Rule 1166 and Rule 1403 and whether that approach could work for Rule 1403.

Dr. Rees responded that Rule 1403 is specific for asbestos work and that it may be difficult to provide pre-approved plans as each event involves different amounts and location of asbestos contamination. Wayne Natri, Executive Officer, responded that staff will continue to address and work on this issue and will notify Committee members regarding the outcome before the next Board meeting.

## **WRITTEN REPORTS**

### **3. Notice of Violation Summary**

Dr. Lyou inquired about a settlement reached with WM Barr & Company, Inc. Staff provided a brief explanation of the settlement.

### **4. Monthly Update on Staff's Work with U.S. EPA on New Source Review Issues for the Transition of RECLAIM Facilities to a Command and Control Regulatory Program**

The report was received and filed by the Committee.

**OTHER MATTERS:**

**5. Other Business**

There was no other business.

**6. Public Comment Period**

There were no public comments.

**7. Next Meeting Date**

The next Stationary Source Committee meeting is scheduled for Friday, January 18, 2019.

**Adjournment**

The meeting was adjourned at 11:25 a.m.

**Attachments**

1. Attendance Record
2. Notice of Violation Penalty Summary
3. December 2018 RECLAIM NSR Progress Report

## **ATTACHMENT 1**

### **SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT STATIONARY SOURCE COMMITTEE**

**Attendance – December 19, 2018**

|                                                       |                                              |
|-------------------------------------------------------|----------------------------------------------|
| Mayor Ben Benoit (videoconference) .....              | SCAQMD Governing Board                       |
| Dr. Joseph Lyou.....                                  | SCAQMD Governing Board                       |
| Mayor Pro Tem Judith Mitchell (videoconference) ..... | SCAQMD Governing Board                       |
| Supervisor V. Manuel Perez (videoconference).....     | SCAQMD Governing Board                       |
| Supervisor Janice Rutherford .....                    | SCAQMD Governing Board                       |
|                                                       |                                              |
| Curtis Coleman .....                                  | Southern California Air Quality Alliance     |
| Bobby Gustafson .....                                 | City of Riverside Public Works Department    |
| Rita Loof.....                                        | RadTech                                      |
| Bridget McCann .....                                  | Western States Petroleum Association         |
| Joe Miceli .....                                      | Tetra Tech                                   |
| Cindy Parsons .....                                   | Los Angeles Department of Water and Power    |
| David Rothbart .....                                  | Los Angeles County Sanitation Districts      |
| Michael Salman .....                                  | University of California, Los Angeles        |
| Susan Stark .....                                     | Marathon                                     |
| Ivan Tether.....                                      | California Independent Petroleum Association |
| Tammy Yamasaki.....                                   | Southern California Edison                   |
|                                                       |                                              |
| Barbara Baird.....                                    | SCAQMD staff                                 |
| Amir Dejbakhsh.....                                   | SCAQMD staff                                 |
| Marian Coleman .....                                  | SCAQMD staff                                 |
| Philip Fine .....                                     | SCAQMD staff                                 |
| Bayron Gilchrist .....                                | SCAQMD staff                                 |
| Michael Krause.....                                   | SCAQMD staff                                 |
| Terrence Mann.....                                    | SCAQMD staff                                 |
| Susan Nakamura.....                                   | SCAQMD staff                                 |
| Wayne Nastri .....                                    | SCAQMD staff                                 |
| Sarah Rees .....                                      | SCAQMD staff                                 |
| Laki Tisopulos .....                                  | SCAQMD staff                                 |
| Jill Whynot .....                                     | SCAQMD staff                                 |

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT**  
**General Counsel's Office**  
**DRAFT**  
**November 2018 Settlement Penalty Report**

**Total Penalties**  
**Civil Settlements:** \$3,122,730.00  
**MSPAP Settlements:** \$24,125.00

**Total Cash Settlements:** \$3,146,855.00  
**Total SEP Value:** \$0.00

**Fiscal Year through 11 / 2018 Cash Total:** \$4,429,505.00  
**Fiscal Year through 11 / 2018 SEP Value Only Total:** \$260,000.00

| Fac ID                   | Company Name                | Rule Number      | Settled Date | Init | Notice Nbr       | Total Settlement |
|--------------------------|-----------------------------|------------------|--------------|------|------------------|------------------|
| <b>Civil Settlements</b> |                             |                  |              |      |                  |                  |
| 19515                    | AJAX FORGE CO               | 1430.1<br>203(a) | 11/15/2018   | DH   | P60692<br>P65216 | \$10,000.00      |
| 132266                   | AMERICA WOOD FINISHES CORP  | 1113(c)(1)       | 11/2/2018    | WBW  | P64670           | \$1,730.00       |
| 132068                   | BIMBO BAKERIES USA INC      | 2004(f)(1)       | 11/16/2018   | TRB  | P60697           | \$1,000.00       |
| 800209                   | BKK CORP (EIS USE)          | 3002             | 11/2/2018    | MJR  | P61074<br>P66452 | \$10,500.00      |
| 182064                   | CARIBBEAN SEA PETROLEUM INC | 203(b)           | 11/8/2018    | GV   | P65704           | \$2,400.00       |
| 155698                   | FIELD ENERGY CORPORATION    | 461 (e) (2)      | 11/8/2018    | GV   | P64272           | \$625.00         |

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| Fac ID | Company Name                            | Rule Number                                             | Settled Date | Init | Notice Nbr                                     | Total Settlement |
|--------|-----------------------------------------|---------------------------------------------------------|--------------|------|------------------------------------------------|------------------|
| 185880 | GEMINI FOOD CORPORATION                 | 1415.1                                                  | 11/28/2018   | SMP  | P66953                                         | \$7,500.00       |
| 139799 | LITHOGRAPHIX INC                        | 3002                                                    | 11/29/2018   | WBW  | P63665                                         | \$1,250.00       |
| 155877 | MILLERCOORS USA LLC                     | 2004<br>2012                                            | 11/2/2018    | WBW  | P63695                                         | \$2,250.00       |
| 104806 | MM LOPEZ ENERGY LLC                     | 1110.2<br>218<br>3002                                   | 11/15/2018   | BST  | P66261                                         | \$26,000.00      |
| 18294  | NORTHROP GRUMMAN SYSTEMS CORP           | 1146<br>2004(f)(1)<br>3002(c)(1)                        | 11/21/2018   | BST  | P66108                                         | \$2,000.00       |
| 7427   | OWENS-BROCKWAY GLASS CONTAINER INC      | 2004<br>2011(c)(3)(A)<br>2012(c)(3)(A)                  | 11/15/2018   | BST  | P66908                                         | \$2,200.00       |
| 800212 | POMONA VALLEY COMM HOSP (EIS USE)       | 1146<br>222<br>1415<br>1470<br>1472<br>203(a)<br>203(b) | 11/1/2018    | NSF  | P56728<br>P62030<br>P62040<br>P62042<br>P62045 | \$55,000.00      |
| 150363 | REBILT METALIZING CO                    | 1469                                                    | 11/8/2018    | GV   | P64855                                         | \$250.00         |
| 8582   | SO CAL GAS CO/PLAYA DEL REY STORAGE FAC | 2004                                                    | 11/28/2018   | NSF  | P66910                                         | \$3,000.00       |
| 800436 | TESORO REFINING AND MARKETING CO, LLC   | 3002(c)(1)                                              | 11/28/2018   | NSF  | P63369                                         | \$30,000.00      |

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| Fac ID | Company Name                        | Rule Number | Settled Date | Init | Notice Nbr                                                         | Total Settlement |
|--------|-------------------------------------|-------------|--------------|------|--------------------------------------------------------------------|------------------|
| 53729  | TREND OFFSET PRINTING SERVICES, INC | 2004        | 11/29/2018   | WBW  | P63694                                                             | \$750.00         |
| 9053   | VEOLIA ENERGY LOS ANGELES, INC      | 2004        | 11/30/2018   | TRB  | P62069                                                             | \$1,500.00       |
| 168070 | WM BARR & COMPANY INC               | 1143        | 11/6/2018    | WBW  | P55894<br>P55899<br>P60300<br>P60329<br>P60334<br>P60335<br>P64827 | \$2,964,775.00   |

**Total Civil Settlements: \$3,122,730.00**

| Fac ID       | Company Name                             | Rule Number              | Settled Date | Init | Notice Nbr | Total Settlement |
|--------------|------------------------------------------|--------------------------|--------------|------|------------|------------------|
| <b>MSPAP</b> |                                          |                          |              |      |            |                  |
| 182118       | AESOS OIL INC                            | 461(c)(3)(Q)             | 11/1/2018    | GC   | P70583     | \$400.00         |
| 182732       | B & J TREE SERVICE                       | 403                      | 11/15/2018   | TF   | P65762     | \$3,000.00       |
| 157660       | BRENTWOOD 76 SERVICE                     | 461                      | 11/15/2018   | TF   | P64931     | \$450.00         |
| 146556       | CITY OF WESTMINSTER                      | 1415                     | 11/15/2018   | TF   | P65164     | \$400.00         |
| 22962        | DRIFTWOOD DAIRY                          | 1146.1<br>203(b)         | 11/1/2018    | GC   | P60541     | \$1,200.00       |
| 173672       | EZ FUEL AND EZ FOOD MART NAEEM ULLAH KHA | 461(c)(3)(Q)             | 11/1/2018    | GC   | P70571     | \$200.00         |
| 55002        | FAROOQ IFTIKHAR, LA PAZ SHELL DBA        | 461<br>41960.2           | 11/15/2018   | TF   | P68106     | \$800.00         |
| 186078       | LA MIRADA SHELL                          | 203(a)<br>461<br>41960.2 | 11/15/2018   | TF   | P65747     | \$1,360.00       |
| 186078       | LA MIRADA SHELL                          | 461<br>41960.2           | 11/15/2018   | TF   | P68103     | \$765.00         |
| 45317        | MED CTR GARDEN GROVE                     | 1415                     | 11/1/2018    | TF   | P65158     | \$1,600.00       |
| 186430       | MOHSEN MART 3                            | 203(a)                   | 11/15/2018   | TF   | P65741     | \$400.00         |
| 186430       | MOHSEN MART 3                            | 203(a)                   | 11/15/2018   | TF   | P65743     | \$500.00         |
| 186430       | MOHSEN MART 3                            | 461                      | 11/15/2018   | TF   | P68104     | \$2,600.00       |
| 180100       | MY GOODS MARKET #5681                    | 461                      | 11/1/2018    | TF   | P64997     | \$800.00         |



| Fac ID | Company Name                         | Rule Number    | Settled Date | Init | Notice Nbr | Total Settlement |
|--------|--------------------------------------|----------------|--------------|------|------------|------------------|
| 177227 | NEWPORT BEACH CARWASH                | 461(c)(3)(Q)   | 11/8/2018    | TF   | P70655     | \$400.00         |
| 142821 | NONO'S ENTERPRISES INC               | 461<br>41960   | 11/15/2018   | TF   | P64932     | \$800.00         |
| 169575 | PAVEMENT RECYCLING SYSTEMS           | PERP 2460      | 11/15/2018   | TF   | P66051     | \$2,500.00       |
| 15159  | PUENTE READY MIX INC                 | 203(b)         | 11/15/2018   | TF   | P67403     | \$500.00         |
| 160714 | RON'S MINI MART, INC, PARAMJIT SINGH | 461<br>41960.2 | 11/27/2018   | TF   | P64999     | \$850.00         |
| 186579 | SMART & FINAL STORES LLC             | 203(a)         | 11/15/2018   | TF   | P67351     | \$800.00         |
| 185983 | TESORO ARCO 42634                    | 461            | 11/15/2018   | TF   | P66360     | \$800.00         |
| 164608 | THRESHOLD TECHNOLOGIES, INC.         | 203            | 11/27/2018   | GV   | P59409     | \$1,000.00       |
| 125780 | TOLL BROTHERS INC                    | 203(a)         | 11/1/2018    | TF   | P67204     | \$800.00         |
| 43805  | WESTMINSTER CITY                     | 1415           | 11/15/2018   | TF   | P65163     | \$400.00         |
| 27127  | WINALL OIL CO #15                    | 201            | 11/1/2018    | TF   | P64929     | \$800.00         |

**Total MSPAP Settlements: \$24,125.00**

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**DRAFT**  
**DISTRICT'S RULES AND REGULATIONS INDEX**  
**FOR NOVEMBER 2018 PENALTY REPORT**

**REGULATION II - PERMITS**

Rule 201 Permit to Construct  
Rule 203 Permit to Operate  
Rule 218 Continuous Emission Monitoring  
Rule 222 Filing Requirements for Specific Emission Sources Not Requiring a Written permit Pursuant to Regulation II

**REGULATION IV - PROHIBITIONS**

Rule 403 Fugitive Dust - Pertains to solid particulate matter emitted from man-made activities  
Rule 461 Gasoline Transfer and Dispensing

**REGULATION XI - SOURCE SPECIFIC STANDARDS**

Rule 1110.2 Emissions from Gaseous- and Liquid-Fueled Internal Combustion Engines  
Rule 1113 Architectural Coatings  
Rule 1143 Consumer Paint Thinners & Multi-Purpose Solvents  
Rule 1146 Emissions of Oxides of Nitrogen from Industrial, Institutional and Commercial Boilers, Steam Generators, and Process Heaters  
Rule 1146.1 Emissions of Oxides of Nitrogen from Small Industrial, Institutional, and Commercial Boilers, Steam Generators, and Process Heaters

**REGULATION XIV - TOXICS**

Rule 1415 Reduction of Refrigerant Emissions from Stationary Refrigeration and Air Conditioning Systems  
Rule 1415.1 Reduction of Refrigerant Emissions from Stationary Refrigeration Systems  
Rule 1430 Control of Emissions from Metal Grinding Operations at Metal Forging Facilities  
Rule 1469 Hexavalent Chromium Emissions From Chrome Plating and Chromic Acid Anodizing Operations  
Rule 1470 Requirements for Stationary Diesel-Fueled Internal Combustion and Other Compression Ignition Engines  
Rule 1472 Requirements for Facilities with Multiple Stationary Emergency Standby Diesel Fueled Internal Combustion Engines

**REGULATION XX - REGIONAL CLEAN AIR INCENTIVES MARKET (RECLAIM)**

Rule 2004 RECLAIM Program Requirements  
Rule 2011 Requirements for Monitoring, Reporting, and Recordkeeping for Oxides of Sulfur (SO<sub>x</sub>) Emissions  
Rule 2012 Requirements for Monitoring, Reporting, and Recordkeeping for Oxides of Nitrogen (NO<sub>x</sub>) Emissions

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**REGULATION XXII ON-ROAD MOTOR VEHICLE MITIGATION**

Rule 2202      On-Road Motor Vehicle Mitigation Options

**REGULATION XXX - TITLE V PERMITS**

Rule 3002      Requirements for Title V Permits

**CALIFORNIA HEALTH AND SAFETY CODE**

41960      Certification of Gasoline Vapor Recovery System  
41960.2      Gasoline Vapor Recovery

**CALIFORNIA CODE OF REGULATIONS**

13 CCR 2460      Portable Equipment Testing Requirements

## **December 2018 Update on Work with U.S. EPA on New Source Review Issues for the RECLAIM Transition**

Staff has been working with U.S. EPA to resolve New Source Review issues as RECLAIM facilities exit to a command and control regulatory structure. At the October 5, 2018 Board Meeting, the Board directed staff to provide the Stationary Source Committee with a monthly update of staff's work with U.S. EPA regarding resolving New Source Review issues for the transition of facilities from RECLAIM to a command-and-control regulatory structure. The table below summarizes key activities over the past month.

| <b>Item</b>                                                     | <b>Discussion</b>                                                                                                                                                                                                                                                                                                                                      |
|-----------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| RECLAIM Working Group Meeting - November 8, 2018                | <ul style="list-style-type: none"> <li>• Discussed offsetting requirements under Regulation XIII and Rule 2005</li> <li>• Discussed future offsetting obligations post-RECLAIM</li> <li>• Discussed future programmatic offsetting demonstrations</li> <li>• Provided initial staff recommendations</li> </ul>                                         |
| Teleconference with U.S. EPA - November 20, 2018                | <ul style="list-style-type: none"> <li>• Staff discussed items discussed at November 8, 2018 RECLAIM Working Group Meeting with U.S. EPA staff</li> <li>• U.S. EPA is internally discussing staff's initial recommendations and findings</li> <li>• U.S. EPA requested specific data for facilities that have future offsetting obligations</li> </ul> |
| RECLAIM Working Group Meeting – December 13, 2018               | <ul style="list-style-type: none"> <li>• Discussed permitting requirements under Regulation XIII</li> <li>• Discussed how permits issued during RECLAIM without a baseline Potential to Emit (PTE) will be calculated post-RECLAIM</li> <li>• Discussed implementation of Regulation XIII for RECLAIM facilities post-RECLAIM</li> </ul>               |
| Next scheduled teleconference with U.S. EPA - December 14, 2018 | Staff will be discussing items discussed at December 13, RECLAIM Working Group with U.S. EPA                                                                                                                                                                                                                                                           |
| Face to face meeting with U.S. EPA staff                        | Scheduled for January 25, 2019                                                                                                                                                                                                                                                                                                                         |