

BOARD MEETING DATE: January 4, 2019

AGENDA NO. 24

PROPOSAL: Determine that Proposed Amendments to Rule 1325 – Federal PM2.5 New Source Review Program Are Exempt from CEQA and Amend Rule 1325

SYNOPSIS: Rule 1325 establishes requirements for new and modified sources to ensure compliance with federal PM2.5 NSR requirements. Rule 1325 was amended in 2016 to expand the definition of “precursors” to include VOC and ammonia (NH3), as required under U.S. EPA’s 2016 implementation rule for PM2.5 State Implementation Plans and a court decision requiring states to regulate PM2.5 under the same part of the Federal Clean Air Act as PM10. The 2016 amendment expanded the definition of “precursors,” however, it did not expand the definition of “regulated NSR pollutant” to explicitly reference the PM2.5 precursors VOC and NH3. Proposed Amended Rule 1325 will address this deficiency by referencing “precursors” in the definition of “regulated NSR pollutant.” In addition, other revisions are made to improve clarity.

COMMITTEE: Stationary Source, November 16, 2018, Reviewed

RECOMMENDED ACTIONS:

Adopt the attached Resolution:

1. Determining that the proposed amendments to Rule 1325 - Federal PM2.5 New Source Review Program are exempt from the California Environmental Quality Act; and
2. Amending Rule 1325 – Federal PM2.5 New Source Review Program.

Wayne Nastri
Executive Officer

This Board letter is intended to serve as the staff report for this proposed amendment to Rule 1325.

Background

Rule 1325 was adopted on June 3, 2011 to incorporate U.S. EPA requirements for PM_{2.5} into Regulation XIII – New Source Review (NSR). The rule mirrors federal requirements, including offset ratios, Lowest Achievable Emission Rate (LAER) compliance, and control of PM_{2.5} precursors.

In 2016, the SCAQMD requested that U.S. EPA reclassify the South Coast Air Basin from a “moderate” to a “serious” nonattainment area for the 2006 PM_{2.5} 24-hour National Ambient Air Quality Standards. That reclassification necessitated an amendment to the Rule 1325 definition of “major polluting facility” to align with the associated major source emission threshold for serious areas, which is 70 tons per year for PM_{2.5} and PM_{2.5} precursors, compared to 100 tons per year for moderate areas.

Rule 1325 was amended in 2016 to expand the definition of “precursors” to add VOC and ammonia (NH₃) to the existing list of PM_{2.5} precursors (oxides of nitrogen and sulfur dioxide). However, the definition of “regulated NSR pollutant” was not expanded to explicitly reference VOC and NH₃.

Proposal

PAR 1325 will address the deficiency by referencing “precursors” in the definition of “regulated NSR pollutant.” In addition, the proposed amendment will clarify rule language, remove outdated language, and enhance formatting.

Public Process

A public workshop was held on October 24, 2018.

Key Issues

The proposed amendment to Rule 1325 is an administrative correction and does not change the effect of the rule. Staff is not aware of any issues.

California Environmental Quality Act

Pursuant to the California Environmental Quality Act (CEQA) and SCAQMD Rule 110, the SCAQMD, as lead agency for the proposed project, has reviewed PAR 1325 pursuant to: 1) CEQA Guidelines Section 15002(k) - General Concepts, the three-step process for deciding which document to prepare for a project subject to CEQA; and 2) CEQA Guidelines Section 15061 - Review for Exemption, procedures for determining if a project is exempt from CEQA. Because the proposed changes are administrative and procedural in nature as required by the U.S. EPA, and would not cause any physical changes that would affect any environmental topic area, SCAQMD staff has determined that it can be seen with certainty that there is no possibility that the proposed project may have a significant adverse effect on the environment. Therefore, the project is

considered to be exempt from CEQA pursuant to CEQA Guidelines Section 15061(b)(3) – Activities Covered by General Rule. Additionally, because the SCAQMD is revising the definition of “regulated NSR pollutant” per U.S. EPA direction, the project is considered to be ministerially exempt from CEQA pursuant to CEQA Guidelines Section 15268 – Ministerial Projects. Furthermore, the proposed amendments to Rule 1325 are categorically exempt because they are considered actions to protect or enhance the environment pursuant to CEQA Guidelines Section 15308 – Actions by Regulatory Agencies for Protection of the Environment. Further, SCAQMD staff has determined that there is no substantial evidence indicating that any of the exceptions to the categorical exemptions apply to the proposed project pursuant to CEQA Guidelines Section 15300.2 – Exceptions. A Notice of Exemption will be prepared pursuant to CEQA Guidelines Section 15062 - Notice of Exemption. If the proposed project is approved, the Notice of Exemption will be filed with the county clerks of Los Angeles, Orange, Riverside and San Bernardino counties.

Socioeconomic Impact Assessment

The proposed amendments for Rule 1325 are administrative in nature and will not impose any additional costs to facilities or result in other socioeconomic impacts. The proposed amendments do not significantly affect air quality or emission limitations or establish an emission limit or standard, and therefore, no socioeconomic analysis is required under California Health and Safety Code Sections 40440.8 and 40728.5.

Comparative Analysis

Health & Safety Code Section 40727.2 (g) is applicable because the proposed amended rule does not impose a new or more stringent emissions limit or standard, or other air pollution control monitoring, reporting, or recordkeeping requirements. As a result, a comparative analysis is not required.

AQMP and Legal Mandates

The California Health and Safety Code requires the SCAQMD to adopt an Air Quality Management Plan (AQMP) to meet state and federal ambient air quality standards in the South Coast Air Basin. In addition, the California Health and Safety Code requires the SCAQMD to adopt rules and regulations that carry out the objectives of the AQMP but the proposed amendments are not the result of an AQMP control measure.

Furthermore, this proposed amendment addresses a deficiency identified by the U.S. EPA detailed in “Revisions to California State Implementation Plan; South Coast Air Quality Management District; Stationary Source Permit,” 83 Fed. Reg. 39012.

Resource Impacts

The amendment is administrative in nature, no additional resource impacts to implement Proposed Amended Rule 1325.

Draft Findings Under the California Health and Safety Code

Health and Safety Code Section 40727 requires that prior to adopting, amending or repealing a rule or regulation, the SCAQMD Governing Board shall make findings of necessity, authority, clarity, consistency, non-duplication, and reference based on relevant information presented at the hearing. The draft findings are as follows:

Necessity – Proposed Amended Rule 1325 – Federal PM_{2.5} New Source Review Program, is necessary to correct a deficiency identified by the U.S. EPA preventing the approval of the 2016 State Implementation Plan submittal for Rule 1325.

Authority - The SCAQMD Governing Board obtains its authority to adopt, amend, or repeal rules and regulations from Health and Safety Code Sections 39002, 40000, 40001, 40440, 40702, and 42504.

Clarity - The SCAQMD Governing Board has determined that Proposed Amended Rule 1325 – Federal PM_{2.5} New Source Review Program, is written and displayed so that the meaning can be easily understood by persons directly affected by them.

Consistency - The SCAQMD Governing Board has determined that Proposed Amended Rule 1325 – Federal PM_{2.5} New Source Review Program, is in harmony with, and not in conflict with or contradictory to, existing statutes, court decisions, federal or state regulations.

Non-Duplication - The SCAQMD Governing Board has determined that Proposed Amended Rule 1325 – Federal PM_{2.5} New Source Review Program, does not impose the same requirement as any existing state or federal regulation, and the proposed amendments are necessary and proper to execute the powers and duties granted to, and imposed upon, the SCAQMD.

Reference - In adopting this regulation, the SCAQMD Governing Board references the following statutes, which the SCAQMD hereby implements, interprets, or makes specific: California Health and Safety Code Sections 40001, 40440, and 40702, 42300 et seq., and Federal Clean Air Act Sections 172, 173, and 189.

Attachments

- A. Rule Language for Proposed Amended Rule 1325
- B. Resolution
- C. Notice of Exemption
- D. Board Meeting Presentation

ATTACHMENT A

(Adopted June 3, 2011)(Amended December 5, 2014)(Amended November 4, 2016)
(PAR 1325 January 4, 2019)

PROPOSED AMENDED RULE 1325. FEDERAL PM_{2.5} NEW SOURCE REVIEW PROGRAM

(a) Applicability

This rule applies to any new major polluting facility, major modifications to a major polluting facility, and any modification to an existing facility that would constitute a major polluting facility in and of itself that will emit PM_{2.5} or its precursors, as defined herein; located in areas federally designated pursuant to Title 40 of the Code of Federal Regulations (40 CFR) 81.305 as non-attainment for PM_{2.5}.

With respect to major modifications, this rule applies on a pollutant-specific basis to emissions of PM_{2.5} and its precursors in areas federally-designated as nonattainment for PM_{2.5}, for which (1) the source is major, (2) the modification results in a significant increase, and (3) the modification results in a significant net emissions increase.

(b) Definitions

For the purposes of this rule, the definitions in Title 40 CFR 51.165(a)(1), ~~as it exists on November 4, 2016,~~ shall apply, unless the same term is defined below, then the defined term below shall apply:

(1) BASELINE ACTUAL EMISSIONS means the rate of emissions, in tons per year, of a regulated NSR pollutant, as determined in accordance with the following:

(A) For any existing electric utility steam generating unit, baseline actual emissions means the average rate, in tons per year, at which the unit actually emitted the pollutant during any consecutive 24-month period selected by the owner or operator within the 5-year period immediately preceding when the owner or operator begins actual construction of the project. The Executive Officer shall allow the use of a different time period upon a determination that it is more representative of normal source operation.

(i) The average rate shall include fugitive emissions to the extent quantifiable, and emissions associated with startups, shutdowns, and malfunctions.

- (ii) The average rate shall be adjusted downward to exclude any non-compliant emissions that occurred while the source was operating above any emission limitation that was legally enforceable during the consecutive 24-month period.
 - (iii) For a regulated NSR pollutant, when a project involves multiple emissions units, only one consecutive 24-month period must be used to determine the baseline actual emissions for the emissions units being changed. A different consecutive 24-month period can be used for each regulated NSR pollutant.
 - (iv) The average rate shall not be based on any consecutive 24-month period for which there is inadequate information for determining annual emissions, in tons per year, and for adjusting this amount if required by clause (b)(1)(A)(ii) above.
- (B) For an existing emissions unit (other than an electric utility steam generating unit), baseline actual emissions means the average rate, in tons per year, at which the emissions unit actually emitted the pollutant during any consecutive 24-month period selected by the owner or operator within the 10-year period immediately preceding either the date the owner or operator begins actual construction of the project, or the date a complete permit application is received by the Executive Officer for a permit required under NSR or Prevention of Significant Deterioration (PSD), whichever is earlier, except that the 10-year period shall not include any period earlier than November 15, 1990.
 - (i) The average rate shall include fugitive emissions to the extent quantifiable, and emissions associated with startups, shutdowns, and malfunctions.
 - (ii) The average rate shall be adjusted downward to exclude any non-compliant emissions that occurred while the source was operating above an emission limitation that was legally enforceable during the consecutive 24-month period.
 - (iii) The average rate shall be adjusted downward to exclude any emissions that would have exceeded an emission limitation with which the major polluting facility must currently

comply, had such major polluting facility been required to comply with such limitations during the consecutive 24-month period.

- (iv) For a regulated NSR pollutant, when a project involves multiple emissions units, only one consecutive 24-month period must be used to determine the baseline actual emissions for all the emissions units being changed. A different consecutive 24-month period can be used for each regulated NSR pollutant.
- (v) The average rate shall not be based on any consecutive 24-month period for which there is inadequate information for determining annual emissions, in tons per year, and for adjusting this amount if required by clauses (b)(1)(B)(ii) and (b)(1)(B)(iii) above.
- (C) For a new emissions unit, the baseline actual emissions for purposes of determining the emissions increase that will result from the construction and operation of such unit shall equal zero; and thereafter, for all other purposes, shall equal the unit's potential to emit.
- (D) For a Plantwide Applicability Limitation (PAL) for a major polluting facility, the baseline actual emissions shall be calculated for existing electric utility steam generating units in accordance with the procedures contained in subparagraph (b)(1)(A), for other existing emissions units in accordance with the procedures contained in subparagraph (b)(1)(B), and for a new emissions unit in accordance with the procedures contained in subparagraph (b)(1)(C).
- (2) FACILITY means any source or group of sources or other air contaminant-emitting activities which are located on one or more contiguous properties within the District, in actual physical contact or separated solely by a public roadway or other public right-of-way, and are owned or operated by the same person (or by persons under common control), or an outer continental shelf (OCS) source as determined in 40 CFR 55.2. Such above-described groups, if noncontiguous, but connected only by land carrying a pipeline, shall not be considered one facility. Sources or installations involved in

crude oil and gas production in Southern California Coastal or OCS Waters and transport of such crude oil and gas in Southern California Coastal or OCS Waters shall be included in the same facility which is under the same ownership or use entitlement as the crude oil and gas production facility on-shore.

(3) MAJOR MODIFICATION means:

- (A) Any physical change in or change in the method of operation of a major polluting facility that would result in: a significant emissions increase of a regulated NSR pollutant; and a significant net emissions increase of that pollutant from the major polluting facility.
- (B) A physical change or change in the method of operation shall not include:
 - (i) Routine maintenance, repair, and replacement;
 - (ii) Use of an alternative fuel or raw material by reason of an order under section 2 (a) and (b) of the Energy Supply and Environmental Coordination Act of 1974 (or any superseding legislation) or by reason of a natural gas curtailment plan pursuant to the Federal Power Act;
 - (iii) Use of an alternative fuel by reason of an order or rule under section 125 of the Energy Supply and Environmental Coordination Act;
 - (iv) Use of an alternative fuel at a steam generating unit to the extent that the fuel is generated from municipal solid waste;
 - (v) Use of an alternative fuel or raw material by a polluting facility which:
 - (A) The source was capable of accommodating before January 6, 1975, unless such change would be prohibited under any federally enforceable permit condition which was established after January 6, 1975, pursuant to 40 CFR 52.21 or under regulations approved pursuant to 40 CFR subpart I or 40 CFR 51.166; or
 - (B) The source is approved to use under any permit issued under 40 CFR 51.165;

- (vi) An increase in the hours of operation or in the production rate, unless such change would be prohibited under any federally enforceable permit condition which was established after January 6, 1975 pursuant to 40 CFR 52.21 or under regulations approved pursuant to 40 CFR subpart I or 40 CFR 51.166;
 - (vii) Any change in ownership at a polluting facility.
 - (C) This definition shall not apply with respect to a particular regulated NSR pollutant when the major polluting facility is complying with the requirements under subdivision (e) of this rule for a Plantwide Applicability Limit (PAL) for that pollutant. Instead, the definition in subparagraph (e)(2)(H) shall apply.
- (4) MAJOR POLLUTING FACILITY means, on a pollutant specific basis, any emissions source located in areas federally designated pursuant to 40 CFR 81.305 as non-attainment for PM_{2.5}, including the South Coast Air Basin (SOCAB) which has actual emissions of, or the potential to emit PM_{2.5}, or its precursors at or above the following levels:
- ~~(A) 100 tons per year per pollutant until August 14, 2017 or until the effective date of U.S. EPA's approval of the November 4, 2016 amendments to this rule, whichever is later; and,~~
 - ~~(B) 70 tons per year per pollutant after August 14, 2017 or upon the effective date of U.S. EPA's approval of the November 4, 2016 amendments to this rule, whichever is later.~~
- A facility is considered to be a major polluting facility only for the specific pollutant(s) with a potential to emit at or above the levels specified.
- (5) MAJOR SOURCE as used in any definition found in 40 CFR 51.165(a)(1), means the same as Major Polluting Facility, as defined in this rule.
 - (6) OXIDES OF NITROGEN (NO_x) means nitric oxide and nitrogen dioxide.
 - (7) PLANTWIDE APPLICABILITY LIMITATION (PAL) means an emissions limitation as defined in 40 CFR 51.165(f)(2)(v).
 - (78) PM_{2.5} means airborne particulate matter with a nominal aerodynamic diameter of 2.5 micrometers or less as measured by the reference test

methods in subdivision (h). Gaseous emissions which condense to form PM_{2.5} at ambient temperatures shall also be included as PM_{2.5}.

- (89) PRECURSORS means, for the purposes of this rule, ~~nitrogen oxides (NO_x), and sulfur dioxide (SO₂), and, effective August 14, 2017 or the effective date of U.S. EPA's approval of the November 4, 2016 amendments to this rule, whichever is later,~~ Volatile Organic Compounds (VOC), and Ammonia (NH₃).
- (910) PROJECTED ACTUAL EMISSIONS means the maximum annual rate, in tons per year, at which an existing emissions unit is projected to emit a regulated NSR pollutant in any one of the 5 years (12-month period) following the date the unit resumes regular operation after the project, or in any one of the 10 years following that date, if the project involves increasing the emissions unit's design capacity or its potential to emit that regulated NSR pollutant and full utilization of the unit would result in a significant emissions increase or a significant net emissions increase at the major polluting facility. In determining the projected annual emissions before beginning actual construction, the owner or operator of the major polluting facility:
- (A) Shall consider all relevant information, including but not limited to, historical operational data, the company's own representations, the company's expected business activity and the company's highest projections of business activity, the company's filings with the State or Federal regulatory authorities, and any compliance plans; and
 - (B) Shall include fugitive emissions to the extent quantifiable, and emissions associated with startups, shutdowns, and malfunctions; and,
 - (C) Shall exclude, in calculating any increase in emissions that results from the particular project, that portion of the unit's emissions following the project that an existing unit could have accommodated during the consecutive 24-month period used to establish the baseline actual emissions and that are also unrelated to the particular project, including any increased utilization due to product demand growth.

- (1011) ~~REGULATED NSR POLLUTANT~~ means for the purpose of this rule any of the following pollutants: PM_{2.5} and its precursors~~Nitrogen oxides (NO_x), and sulfur dioxide (SO₂) as PM_{2.5} precursors, and PM_{2.5}.~~
- (112) ~~REVIEWING AUTHORITY~~ as used in any definition found in 40 CFR 51.165(a)(1), means the same as Executive Officer, as defined in District Rule 102.
- (1213) ~~SIGNIFICANT~~ means, in reference to a net emissions increase or the potential of a source to emit any of the following pollutants, a rate of emissions that would equal or exceed any of the following rates:

<u>Pollutant</u>	<u>Emissions Rate (tons per year)</u>
<u>NO_x</u>	<u>40</u>
<u>SO₂</u>	<u>40</u>
<u>VOC</u>	<u>40</u>
<u>NH₃</u>	<u>40</u>
<u>PM_{2.5}</u>	<u>10</u>

~~Nitrogen oxides: 40 tons per year~~

~~Sulfur dioxide: 40 tons per year~~

~~Volatile Organic Compounds: 40 tons per year~~

~~Ammonia: 40 tons per year~~

~~PM_{2.5}: 10 tons per year~~

- (1314) ~~SOURCE~~ means, any permitted individual unit, piece of equipment, article, machine, process, contrivance, or combination thereof, which may emit or control an air contaminant. This includes any permitted unit at any non-RECLAIM facility and any device at a RECLAIM facility.
- (15) VOLATILE ORGANIC COMPOUND (VOC) is as defined in Rule 102 – Definition of Terms.

(c) Requirements

- (1) The Executive Officer shall deny the Permit for a new major polluting facility; or major modification to a major polluting facility; or any modification to an existing facility that would constitute a major polluting facility in and of itself, unless each of the following requirements is met:

- (A) Lowest Achievable Emission Rate (LAER) is employed for the new or relocated source or for the actual modification to an existing source; and
 - (B) Emission increases shall be offset at an offset ratio of 1.1:1 for PM_{2.5} and the ratio required in Regulation XIII or Rule 2005 for NO_x and SO₂ as applicable; and
 - (C) Certification is provided by the owner/operator that all major sources, as defined in the jurisdiction where the facilities are located, that are owned or operated by such person (or by any entity controlling, controlled by, or under common control with such person) in the State of California are subject to emission limitations and are in compliance or on a schedule for compliance with all applicable emission limitations and standards under the Clean Air Act; and
 - (D) An analysis is conducted of alternative sites, sizes, production processes, and environmental control techniques for such proposed source and demonstration made that the benefits of the proposed project outweigh the environmental and social costs associated with that project.
- (2) At such time that a particular source or a source undergoing modification becomes a major polluting facility or major modification solely by virtue of a relaxation in any enforcement limitation which was established after June 3, 2011 on the capacity of the polluting facility or modification otherwise to emit PM_{2.5} or its precursors to avoid applicability of this rule, such as a restriction on hours of operation, then the requirements of this rule shall apply to the source or modification as though construction had not yet commenced on the source or modification.
- (3) Approval to construct shall not relieve any owner or operator of the responsibility to comply fully with applicable provisions of the permit and any other requirements under local, State, or Federal law.
- (d) Emission Calculations
- (1) Except as provided in subdivision (e) of this rule, and consistent with the definition of a major modification, a project is a major modification for a regulated NSR pollutant if it causes two types of emission increases—a

significant emissions increase and a significant net emissions increase. The procedure for calculating whether a significant emissions increase will occur at the major polluting facility depends on the type of emissions units being modified, according to paragraphs (d)(2) through (d)(5). The procedure for calculating whether a significant net emissions increase will occur at the major polluting facility is contained in the definition of the term Net Emission Increase.

- (2) Actual-to-projected-actual applicability tests for projects that only involve existing emissions units. A significant emissions increase of a regulated NSR pollutant is projected to occur if the sum of the difference between the projected actual emissions and the baseline actual emissions [as defined in subparagraph (b)(1)(A) and (b)(1)(B), as applicable] for each existing emissions unit, equals or exceeds the significant amount for that pollutant.
 - (3) Actual-to-potential tests for projects that only involve construction of a new emissions unit(s). A significant emissions increase of a regulated NSR pollutant is projected to occur if the sum of the difference between the potential to emit from each new emissions unit following completion of the project and the baseline actual emissions (as defined in subparagraph (b)(1)(C)) of these units before the project equals or exceeds the significant amount for that pollutant.
 - (4) Hybrid tests for projects that involve multiple types of emissions units. A significant emissions increase of a regulated NSR pollutant is projected to occur if the sum of the emissions increases for each emissions unit, using the method specified in paragraphs (d)(2) and (d)(3) as applicable with respect to each emissions units for each type of emissions unit equals or exceeds the significant amount for that pollutant.
 - (5) In lieu of using the method set out in paragraph (d)(2), the owner or operator of a major polluting facility may elect to use the emissions unit's potential to emit, in tons per year to determine if a significant emissions increase is projected to occur. For this purpose, the unit's potential to emit shall include fugitive emissions (to the extent quantifiable).
- (e) Plantwide Applicability Limitation (PAL)
 - (1) Applicability

- (A) The Executive Officer may approve the use of an actuals PAL for any existing major polluting facility if the PAL meets the requirements in paragraphs (e)(1) through (15) of this rule. The term “PAL” shall mean “actuals PAL” throughout subdivision (e) of this rule.
 - (B) Any physical change in or change in the method of operation of a major polluting facility that maintains its total source-wide emissions below the PAL level, meets the requirements in paragraphs (e)(1) through (e)(15) of this rule, and complies with the PAL permit:
 - (i) Is not a major modification for the PAL pollutant;
 - (ii) Is not subject to the provisions in subdivision (c) of this rule; and
 - (iii) Is not subject to the provisions in paragraph (c)(2) of this rule.
 - (C) Except as provided under clause (e)(1)(B)(iii), a major polluting facility shall continue to comply with all applicable Federal or State requirements, emission limitations, and work practice requirements that were established prior to the effective date of the PAL.
- (2) Definitions-
- The following definitions in subparagraphs (e)(2)(A) through (K) apply for the purposes of subdivision (e) of this rule. When a term is not defined below, it shall have the meaning given in paragraph (b)(1) of this rule or in the Clean Air Act.
- (A) ACTUALS PAL FOR A MAJOR POLLUTING FACILITY means a PAL based on the baseline actual emissions, of all emissions units at the source, that emit or have the potential to emit the PAL pollutant.
 - (B) ALLOWABLE EMISSIONS means “allowable emissions” as defined in 40 CFR 51.165(a)(1)(xi), except as this definition is modified according to clauses (e)(2)(B)(i) and (ii).
 - (i) The allowable emissions for any emissions unit shall be calculated considering any emission limitations that are enforceable as a practical matter on the emissions unit's potential to emit.

- (ii) An emissions unit's potential to emit shall be determined using the definition in 40 CFR 51.165(a)(1)(iii), except that the words “or enforceable as a practical matter” should be added after “federally enforceable.”
- (C) SMALL EMISSIONS UNIT means an emissions unit that emits or has the potential to emit the PAL pollutant in an amount less than the significant level for that PAL pollutant, as defined in paragraph (b)(12) of this rule or in the Clean Air Act, whichever is lower.
- (D) MAJOR EMISSIONS UNIT means:
 - (i) Any emissions unit that emits or has the potential to emit 100 tons per year or more of the PAL pollutant in an attainment area; or
 - (ii) Any emissions unit that emits or has the potential to emit the PAL pollutant in an amount that is equal to or greater than the major source threshold for the PAL pollutant as defined by the Clean Air Act for non-attainment areas.
- (E) PLANTWIDE APPLICABILITY LIMITATION (PAL) means an emission limitation expressed in tons per year, for a pollutant at a major polluting facility, that is enforceable as a practical matter and established source-wide in accordance with paragraphs (e)(1) through (e)(15) of this rule.
- (F) PAL EFFECTIVE DATE generally means the date of issuance of the PAL permit. The PAL effective date for an increased PAL is the date any emissions unit which is part of the PAL major modification becomes operational and begins to emit the PAL pollutant.
- (G) PAL EFFECTIVE PERIOD means the period beginning with the PAL effective date and ending 10 years later.
- (H) PAL MAJOR MODIFICATION means any physical change in or change in the method of operation of the PAL source that causes it to emit the PAL pollutant at a level equal to or greater than the PAL.
- (I) PAL PERMIT means the major NSR permit, the minor NSR permit, or the Title V permit issued by the Executive Officer that establishes a PAL for a major polluting facility.
- (J) PAL POLLUTANT means the pollutant for which a PAL is established at a major polluting facility.

- (K) **SIGNIFICANT EMISSIONS UNIT** means an emissions unit that emits or has the potential to emit a PAL pollutant in an amount that is equal to or greater than the significant level (as defined in paragraph (b)(12) of this rule or in the Clean Air Act, whichever is lower) for that PAL pollutant, but less than the amount that would qualify the unit as a major emissions unit as defined in subparagraph (e)(2)(D) of this rule.
- (3) **Permit ~~a~~Application Rrequirements**
As part of a permit application requesting a PAL, the owner or operator of a major polluting facility shall submit the following information to the Executive Officer for approval:
- (A) A list of all emissions units at the source designated as small, significant or major based on their potential to emit. In addition, the owner or operator of the source shall indicate which, if any, Federal or State applicable requirements, emission limitations or work practices apply to each unit.
- (B) Calculations of the baseline actual emissions (with supporting documentation). Baseline actual emissions are to include emissions associated not only with operation of the unit, but also emissions associated with startup, shutdown and malfunction.
- (C) The calculation procedures that the major polluting facility owner or operator proposes to use to convert the monitoring system data to monthly emissions and annual emissions based on a 12-month rolling total for each month as required by subparagraph (e)(13)(A) of this rule.
- (4) **General ~~r~~Requirements for eEstablishing PALs**
- (A) The Executive Officer may establish a PAL at a major polluting facility, provided that at a minimum, the requirements in subparagraph (e)(4)(A) of this rule are met.
- (i) The PAL shall impose an annual emission limitation, in tons per year, that is enforceable as a practical matter, for the entire major polluting facility. For each month during the PAL effective period after the first 12 months of establishing a PAL, the major polluting facility owner or operator shall show that the sum of the monthly emissions from each

- emissions unit under the PAL for the previous 12 consecutive months is less than the PAL (a 12-month average, rolled monthly). For each month during the first 11 months from the PAL effective date, the major polluting facility owner or operator shall show that the sum of the preceding monthly emissions from the PAL effective date for each emissions unit under the PAL is less than the PAL.
- (ii) The PAL shall be established in a PAL permit that meets the public participation requirements in paragraph (e)(5) of this rule.
 - (iii) The PAL permit shall contain all the requirements of paragraph (e)(7) of this rule.
 - (iv) The PAL shall include fugitive emissions, to the extent quantifiable, from all emissions units that emit or have the potential to emit the PAL pollutant at the major polluting facility.
 - (v) Each PAL shall regulate emissions of only one pollutant.
 - (vi) Each PAL shall have a PAL effective period of 10 years.
 - (vii) The owner or operator of the major polluting facility with a PAL shall comply with the monitoring, recordkeeping, and reporting requirements provided in paragraphs (e)(12) through (14) of this rule for each emissions unit under the PAL through the PAL effective period.
- (B) At no time (during or after the PAL effective period) are emissions reductions of a PAL pollutant, which occur during the PAL effective period, creditable as decreases for purposes of generating offsets unless the level of the PAL is reduced by the amount of such emissions reductions and such reductions would be creditable in the absence of the PAL.
- (5) ~~Public p~~Participation R~~e~~quirement for PALs
Prior to the issuance of a new, renewed or increased PAL, the Executive Officer shall comply with the public participation requirements of District Rule 212, subdivision (g). The Executive Officer must address all material comments before taking final action on the permit.
- (6) Setting the 10-year ~~a~~Actuals PAL L~~e~~vel

- (A) Except as provided in subparagraph (e)(6)(B) of this rule, the actuals PAL level for a major polluting facility shall be established as the sum of the baseline actual emissions of the PAL pollutant for each emissions unit at the source; plus an amount equal to the applicable significant level for the PAL pollutant under paragraph (b)(12) of this rule or under the Act, whichever is lower. When establishing the actuals PAL level, for a PAL pollutant, only one consecutive 24-month period must be used to determine the baseline actual emissions for all existing emissions units. However, a different consecutive 24-month period may be used for each different PAL pollutant. Emissions associated with units that were permanently shut down after this 24-month period must be subtracted from the PAL level. The Executive Officer shall specify a reduced PAL level(s) (in tons/yr) in the PAL permit to become effective on the future compliance date(s) of any applicable Federal or State regulatory requirement(s) that the Executive Officer is aware of prior to issuance of the PAL permit.
 - (B) For newly constructed units (which do not include modifications to existing units) on which actual construction began after the 24-month period, in lieu of adding the baseline actual emissions as specified in subparagraph (e)(6)(A) of this rule, the emissions must be added to the PAL level in an amount equal to the potential to emit of the units.
- (7) Contents of the PAL ~~p~~Permit
- The PAL permit shall contain, at a minimum, the following information.
- (A) The PAL pollutant and the applicable source-wide emission limitation in tons per year.
 - (B) The PAL permit effective date and the expiration date of the PAL (PAL effective period).
 - (C) Specification in the PAL permit that if a major polluting facility owner or operator applies to renew a PAL in accordance with paragraph (e)(10) of this rule before the end of the PAL effective period, then the PAL shall not expire at the end of the PAL effective period. It shall remain in effect until a revised PAL permit is issued by the Executive Officer.

- (D) A requirement that emission calculations for compliance purposes include emissions from startups, shutdowns and malfunctions.
 - (E) A requirement that, once the PAL expires, the major polluting facility is subject to the requirements of paragraph (e)(9) of this rule.
 - (F) The calculation procedures that the major polluting facility owner or operator shall use to convert the monitoring system data to monthly emissions and annual emissions based on a 12-month rolling total for each month as required by subparagraph (e)(13)(A) of this rule.
 - (G) A requirement that the major polluting facility owner or operator monitor all emissions units in accordance with the provisions under paragraph (e)(12) of this rule.
 - (H) A requirement to retain the records required under paragraph (e)(13) of this rule on site. Such records may be retained in an electronic format.
 - (I) A requirement to submit the reports required under paragraph (e)(14) of this rule by the required deadlines.
 - (J) Any other requirements that the Executive Officer deems necessary to implement and enforce the PAL.
- (8) ~~PAL e~~Effective p~~Period and r~~Reopening of the PAL p~~Permit~~
 The PAL shall include the following information:
- (A) PAL effective period. The Executive Officer shall specify a PAL effective period of 10 years.
 - (B) Reopening of the PAL permit.
 - (i) During the PAL effective period, the plan shall require the Executive Officer to reopen the PAL permit to:
 - (A) Correct typographical/calculation errors made in setting the PAL or reflect a more accurate determination of emissions used to establish the PAL.
 - (B) Reduce the PAL if the owner or operator of the major polluting facility creates creditable emissions reductions for use as offsets.
 - (C) Revise the PAL to reflect an increase in the PAL as provided under paragraph (e)(11) of this rule.

- (ii) The Executive Officer may reopen the PAL permit for the following:
 - (A) Reduce the PAL to reflect newly applicable Federal requirements (for example, New Source Performance Standard) with compliance dates after the PAL effective date.
 - (B) Reduce the PAL consistent with any other requirement, that is enforceable as a practical matter, and that the State may impose on the major polluting facility under the District rules.
 - (C) Reduce the PAL if the Executive Officer determines that a reduction is necessary to avoid causing or contributing to a NAAQS or PSD increment violation, or to an adverse impact on an air quality related value that has been identified for a Federal Class I area by a Federal Land Manager and for which information is available to the general public.
 - (iii) Except for the permit reopening in subclause (e)(8)(B)(i)(A) of this rule for the correction of typographical/calculation errors that do not increase the PAL level, all other reopenings shall be carried out in accordance with the public participation requirements of paragraph (e)(5) of this rule.
- (9) Expiration of a PAL

Any PAL which is not renewed in accordance with the procedures in paragraph (e)(10) of this rule shall expire at the end of the PAL effective period, and the requirements in paragraph (e)(9) shall apply.

 - (A) Each emissions unit (or each group of emissions units) that existed under the PAL shall comply with an allowable emission limitation under a revised permit established according to the following procedures:
 - (i) Within the time frame specified for PAL renewals in subparagraph (e)(10)(B), the major polluting facility shall submit a proposed allowable emission limitation for each emissions unit (or each group of emissions units, if such a distribution is more appropriate as decided by the Executive

Officer) by distributing the PAL allowable emissions for the major polluting facility among each of the emissions units that existed under the PAL. If the PAL had not yet been adjusted for an applicable requirement that became effective during the PAL effective period, as required under subparagraph (e)(10)(E) of this rule, such distribution shall be made as if the PAL had been adjusted.

- (ii) The Executive Officer shall decide whether and how the PAL allowable emissions will be distributed and issue a revised permit incorporating allowable limits for each emissions unit, or each group of emissions units, as the Executive Officer determines is appropriate.
- (B) Each emissions unit shall comply with the allowable emission limitation on a 12-month rolling basis. The Executive Officer may approve the use of monitoring systems (source testing, emission factors, etc.) other than CEMS (Continuous emissions monitoring system), CERMS (Continuous emissions rate monitoring system), PEMS (Predictive emissions monitoring system) or CPMS (Continuous parameter monitoring system) to demonstrate compliance with the allowable emission limitation.
- (C) Until the Executive Officer issues the revised permit incorporating allowable limits for each emissions unit, or each group of emissions units, as required under clause (e)(9)(A)(i) of this rule, the source shall continue to comply with a source-wide, multi-unit emissions cap equivalent to the level of the PAL emission limitation.
- (D) Any physical change or change in the method of operation at the major polluting facility will be subject to the nonattainment major NSR requirements if such change meets the definition of major modification in paragraph (b)(3) of this rule.
- (E) The major polluting facility owner or operator shall continue to comply with any State or Federal applicable requirements (BACT, RACT, NSPS, etc.) that may have applied either during the PAL effective period or prior to the PAL effective period except for those emission limitations that had been established pursuant to 40 CFR 51.165 (a)(5)(ii), but were eliminated by the PAL in accordance with the provisions in clause (e)(1)(B)(iii) of this rule.

(10) Renewal of a PAL

(A) The Executive Officer shall follow the procedures specified in paragraph (e)(5) of this rule in approving any request to renew a PAL for a major polluting facility, and shall provide both the proposed PAL level and a written rationale for the proposed PAL level to the public for review and comment. During such public review, any person may propose a PAL level for the source for consideration by the Executive Officer.

(B) Application ~~d~~Deadline:-

The plan shall require that a major polluting facility owner or operator shall submit a timely application to the Executive Officer to request renewal of a PAL. A timely application is one that is submitted at least 6 months prior to, but not earlier than 18 months from, the date of permit expiration. If the owner or operator of a major polluting facility submits a complete application to renew the PAL within this time period, then the PAL shall continue to be effective until the revised permit with the renewed PAL is issued.

(C) Application ~~r~~Requirements:-

The application to renew a PAL permit shall contain the information required in clauses (e)(10)(C)(i) through (iv) of this rule.

- (i) The information required in subparagraphs (e)(3)(A) through (C) of this rule.
- (ii) A proposed PAL level.
- (iii) The sum of the potential to emit of all emissions units under the PAL (with supporting documentation).
- (iv) Any other information the owner or operator wishes the Executive Officer to consider in determining the appropriate level for renewing the PAL.

(D) PAL ~~a~~Adjustment:-

In determining whether and how to adjust the PAL, the Executive Officer shall consider the options outlined in clauses (e)(10)(D)(i) and (ii) of this rule. However, in no case may any such adjustment fail to comply with clause (e)(10)(D)(iii) of this rule.

- (i) If the emissions level calculated in accordance with paragraph (e)(6) of this rule is equal to or greater than 80 percent of the PAL level, the Executive Officer may renew

- the PAL at the same level without considering the factors set forth in clause (e)(10)(D)(ii) of this rule; or
- (ii) The Executive Officer may set the PAL at a level that it determines to be more representative of the source's baseline actual emissions, or that it determines to be appropriate considering air quality needs, advances in control technology, anticipated economic growth in the area, desire to reward or encourage the source's voluntary emissions reductions, or other factors as specifically identified by the Executive Officer in its written rationale.
 - (iii) Notwithstanding clauses (e)(10)(D)(i) and (ii) of this rule,
 - (A) If the potential to emit of the major polluting facility is less than the PAL, the Executive Officer shall adjust the PAL to a level no greater than the potential to emit of the source; and
 - (B) The Executive Officer shall not approve a renewed PAL level higher than the current PAL, unless the major polluting facility has complied with the provisions of paragraph (e)(11) of this rule.
 - (E) If the compliance date for a State or Federal requirement that applies to the PAL source occurs during the PAL effective period, and if the Executive Officer has not already adjusted for such requirement, the PAL shall be adjusted at the time of PAL permit renewal or title V permit renewal, whichever occurs first.
- (11) Increasing a PAL ~~d~~During the PAL eEffective Pperiod
- (A) The plan shall require that the Executive Officer may increase a PAL emission limitation only if the major polluting facility complies with the provisions in clauses (e)(11)(A)(i) through (e)(11)(A)(iv) of this rule.
 - (i) The owner or operator of the major polluting facility shall submit a complete application to request an increase in the PAL limit for a PAL major modification. Such application shall identify the emissions unit(s) contributing to the increase in emissions so as to cause the major polluting facility's emissions to equal or exceed its PAL.

- (ii) As part of this application, the major polluting facility owner or operator shall demonstrate that the sum of the baseline actual emissions of the small emissions units, plus the sum of the baseline actual emissions of the significant and major emissions units assuming application of BACT equivalent controls, plus the sum of the allowable emissions of the new or modified emissions unit(s) exceeds the PAL. The level of control that would result from BACT equivalent controls on each significant or major emissions unit shall be determined by conducting a new BACT analysis at the time the application is submitted, unless the emissions unit is currently required to comply with a BACT or LAER requirement that was established within the preceding 10 years. In such a case, the assumed control level for that emissions unit shall be equal to the level of BACT or LAER with which that emissions unit must currently comply.
 - (iii) The owner or operator obtains a major NSR permit for all emissions unit(s) identified in clause (e)(11)(A)(i) of this rule, regardless of the magnitude of the emissions increase resulting from them. These emissions unit(s) shall comply with any emissions requirements resulting from the nonattainment major NSR program process (for example, LAER), even though they have also become subject to the PAL or continue to be subject to the PAL.
 - (iv) The PAL permit shall require that the increased PAL level shall be effective on the day any emissions unit that is part of the PAL major modification becomes operational and begins to emit the PAL pollutant.
- (B) The Executive Officer shall calculate the new PAL as the sum of the allowable emissions for each modified or new emissions unit, plus the sum of the baseline actual emissions of the significant and major emissions units (assuming application of BACT equivalent controls as determined in accordance with clause (e)(11)(A)(ii), plus the sum of the baseline actual emissions of the small emissions units.

- (C) The PAL permit shall be revised to reflect the increased PAL level pursuant to the public notice requirements of paragraph (e)(5) of this rule.

(12) Monitoring ~~¶~~Requirements for PALs

(A) General ~~¶~~Requirements:

- (i) Each PAL permit must contain enforceable requirements for the monitoring system that accurately determines plantwide emissions of the PAL pollutant in terms of mass per unit of time. Any monitoring system authorized for use in the PAL permit must be based on sound science and meet generally acceptable scientific procedures for data quality and manipulation. Additionally, the information generated by such system must meet minimum legal requirements for admissibility in a judicial proceeding to enforce the PAL permit.
- (ii) The PAL monitoring system must employ one or more of the four general monitoring approaches meeting the minimum requirements set forth in clause (e)(12)(B)(i) through (iv) of this rule and must be approved by the Executive Officer.
- (iii) Notwithstanding clause (e)(12)(A)(ii) of this rule, a major polluting facility may also employ an alternative monitoring approach that meets clause (e)(12)(A)(i) of this rule if approved by the Executive Officer.
- (iv) Failure to use a monitoring system that meets the requirements of this rule renders the PAL invalid.

(B) Minimum Performance Requirements for Approved Monitoring Approaches:

The following are acceptable general monitoring approaches when conducted in accordance with the minimum requirements in subparagraphs (e)(12)(C) through (I) of this rule:

- (i) Mass balance calculations for activities using coatings or solvents;
- (ii) CEMS;
- (iii) CPMS or PEMS; and
- (iv) Emission Factors.

(C) Mass Balance Calculations-

An owner or operator using mass balance calculations to monitor PAL pollutant emissions from activities using coating or solvents shall meet the following requirements:

- (i) Provide a demonstrated means of validating the published content of the PAL pollutant that is contained in or created by all materials used in or at the emissions unit;
- (ii) Assume that the emissions unit emits all of the PAL pollutant that is contained in or created by any raw material or fuel used in or at the emissions unit, if it cannot otherwise be accounted for in the process; and
- (iii) Where the vendor of a material or fuel, which is used in or at the emissions unit, publishes a range of pollutant content from such material, the owner or operator must use the highest value of the range to calculate the PAL pollutant emissions unless the Executive Officer determines there is site-specific data or a site-specific monitoring program to support another content within the range.

(D) CEMS-

An owner or operator using CEMS to monitor PAL pollutant emissions shall meet the following requirements:

- (i) CEMS must comply with applicable Performance Specifications found in 40 CFR part 60, appendix B; and
- (ii) CEMS must sample, analyze and record data at least every 15 minutes while the emissions unit is operating.

(E) CPMS or PEMS-

An owner or operator using CPMS or PEMS to monitor PAL pollutant emissions shall meet the following requirements:

- (i) The CPMS or the PEMS must be based on current site-specific data demonstrating a correlation between the monitored parameter(s) and the PAL pollutant emissions across the range of operation of the emissions unit; and
- (ii) Each CPMS or PEMS must sample, analyze, and record data at least every 15 minutes, or at another less frequent interval approved by the Executive Officer, while the emissions unit is operating.

(F) Emission Factors-

An owner or operator using emission factors to monitor PAL pollutant emissions shall meet the following requirements:

- (i) All emission factors shall be adjusted, if appropriate, to account for the degree of uncertainty or limitations in the factors' development;
- (ii) The emissions unit shall operate within the designated range of use for the emission factor, if applicable; and
- (iii) If technically practicable, the owner or operator of a significant emissions unit that relies on an emission factor to calculate PAL pollutant emissions shall conduct validation testing to determine a site-specific emission factor within 6 months of PAL permit issuance, unless the Executive Officer determines that testing is not required.

(G) A source owner or operator must record and report maximum potential emissions without considering enforceable emission limitations or operational restrictions for an emissions unit during any period of time that there is no monitoring data, unless another method for determining emissions during such periods is specified in the PAL permit.

(H) Notwithstanding the requirements in subparagraphs (e)(12)(C) through (G) of this rule, where an owner or operator of an emissions unit cannot demonstrate a correlation between the monitored parameter(s) and the PAL pollutant emissions rate at all operating points of the emissions unit, the Executive Officer shall, at the time of permit issuance:

- (i) Establish default value(s) for determining compliance with the PAL based on the highest potential emissions reasonably estimated at such operating point(s); or
- (ii) Determine that operation of the emissions unit during operating conditions when there is no correlation between monitored parameter(s) and the PAL pollutant emissions is a violation of the PAL.

(I) Re-validation-

All data used to establish the PAL pollutant must be re-validated through performance testing or other scientifically valid means

approved by the Executive Officer. Such testing must occur at least once every 5 years after issuance of the PAL.

(13) Recordkeeping ~~R~~requirements

- (A) The PAL permit shall require an owner or operator to retain a copy of all records necessary to determine compliance with any requirement of subdivision (e) of this rule and of the PAL, including a determination of each emissions unit's 12-month rolling total emissions, for 5 years from the date of such record.
- (B) The PAL permit shall require an owner or operator to retain a copy of the following records for the duration of the PAL effective period plus 5 years:
 - (i) A copy of the PAL permit application and any applications for revisions to the PAL; and
 - (ii) Each annual certification of compliance pursuant to title V and the data relied on in certifying the compliance.

(14) Reporting and ~~N~~otification ~~R~~requirements:-

The owner or operator shall submit semi-annual monitoring reports and prompt deviation reports to the Executive Officer in accordance with the applicable title V operating permit program. The reports shall meet the requirements in subparagraphs (e)(14)(A) through (C).

(A) Semi-Annual Report:-

The semi-annual report shall be submitted to the Executive Officer within 30 days of the end of each reporting period. This report shall contain the information required in clauses (e)(14)(A)(i) through (vii) of this rule.

- (i) The identification of owner and operator and the permit number.
- (ii) Total annual emissions (tons/year) based on a 12-month rolling total for each month in the reporting period recorded pursuant to subparagraph (e)(13)(A) of this rule.
- (iii) All data relied upon, including, but not limited to, any Quality Assurance or Quality Control data, in calculating the monthly and annual PAL pollutant emissions.
- (iv) A list of any emissions units modified or added to the major polluting facility during the preceding 6-month period.

- (v) The number, duration, and cause of any deviations or monitoring malfunctions (other than the time associated with zero and span calibration checks), and any corrective action taken.
- (vi) A notification of a shutdown of any monitoring system, whether the shutdown was permanent or temporary, the reason for the shutdown, the anticipated date that the monitoring system will be fully operational or replaced with another monitoring system, and whether the emissions unit monitored by the monitoring system continued to operate, and the calculation of the emissions of the pollutant or the number determined by method included in the permit, as provided by subparagraph (e)(12)(G) of this rule.
- (vii) A signed statement by the responsible official (as defined by the applicable title V operating permit program) certifying the truth, accuracy, and completeness of the information provided in the report.

(B) Deviation ~~R~~Report:-

The major polluting facility owner or operator shall promptly submit reports of any deviations or exceedance of the PAL requirements, including periods where no monitoring is available. A report submitted pursuant to 40 CFR 70.6(a)(3)(iii)(B) shall satisfy this reporting requirement. The deviation reports shall be submitted within the time limits prescribed by District Rule 3004(g)(4). The reports shall contain the following information:

- (i) The identification of owner and operator and the permit number;
- (ii) The PAL requirement that experienced the deviation or that was exceeded;
- (iii) Emissions resulting from the deviation or the exceedance; and
- (iv) A signed statement by the responsible official (as defined by the applicable title V operating permit program) certifying the truth, accuracy, and completeness of the information provided in the report.

(C) Re-validation ~~R~~Results:-

The owner or operator shall submit to the Executive Officer the results of any re-validation test or method within 3 months after completion of such test or method.

(15) Transition ~~R~~requirements

- (A) The Executive Officer may not issue a PAL that does not comply with the requirements in paragraphs (e)(1) through (15) of this rule after the EPA has approved this rule as part of the California State Implementation Plan.

(f) Two Year Limit on Facility Exemption

Any facility, with accumulated emission increases at or above ~~the levels specified in paragraphs (f)(1) or (f)(2)~~ 70 tons per year of PM_{2.5}, ~~whichever is applicable~~, due to permit actions within any two-year period after June 3, 2011, shall offset the total emission increases during such period to zero.

~~(1) 100 tons per year until August 14, 2017 or until the effective date of U.S. EPA's approval of the November 4, 2016 amendments to this rule, whichever is later.~~

~~(2) 70 tons per year after August 14, 2017 or upon the effective date of U.S. EPA's approval of the November 4, 2016 amendments to this rule, whichever is later.~~

(g) Recordkeeping Requirements

- (1) If an owner or operator uses the calculation methods specified in paragraphs (d)(2) or (d)(4) of this rule to calculate projected actual emissions, and where there is a reasonable possibility, within the meaning of paragraph (g)(6) of this rule, that a project that is not a part of a major modification may result in a significant emissions increase of such pollutant, then before beginning actual construction of the project, the owner or operator shall document and maintain a record of the following information:

- (A) A description of the project;
- (B) Identification of the emissions unit(s) whose emissions of a regulated NSR pollutant could be affected by the project; and
- (C) A description of the applicability test used to determine that the project is not a major modification for any regulated NSR pollutant, including the baseline actual emissions, the projected actual emissions, the amount of emissions excluded under subparagraph

(b)(9)(C) of this rule and an explanation for why such amount was excluded, and any netting calculations, if applicable.

- (2) If the emissions unit is an existing electric utility steam generating unit, before beginning actual construction, the owner or operator shall provide a copy of the information set out in paragraph (g)(1) to the Executive Officer. Nothing in this paragraph shall be construed to require the owner or operator of such a unit to obtain any determination from the Executive Officer before beginning actual construction.
- (3) The owner or operator shall monitor the emissions of any regulated NSR pollutant that could increase as a result of the project and that is emitted by any emissions units identified in subparagraph (g)(1)(B); and calculate and maintain a record of the annual emissions, in tons per year on a calendar year basis, for a period of 5 years following resumption of regular operations after the change, or for a period of 10 years following resumption of regular operations after the change if the project increases the design capacity or potential to emit of that regulated NSR pollutant at such emissions unit.
- (4) If the unit is an existing electric utility steam generating unit, the owner or operator shall submit a report to the Executive Officer within 60 days after the end of each year during which records must be generated under paragraph (g)(3) setting out the unit's annual emissions.
- (5) If the unit is an existing unit other than an electric utility steam generating unit, the owner or operator shall submit a report to the Executive Officer if the annual emissions, in tons per year, from the project identified in paragraph (g)(1), exceed the baseline actual emissions (as documented and maintained pursuant to subparagraph (g)(1)(C), by a significant amount (as defined in paragraph (b)(12) of this rule) for that regulated NSR pollutant, and if such emissions differ from the preconstruction projection as documented and maintained pursuant to subparagraph (g)(1)(C). Such report shall be submitted to the Executive Officer within 60 days after the end of such year. The report shall contain the following:
 - (A) The name, address and telephone number of the major polluting facility;

- (B) The annual emissions as calculated pursuant to paragraph (g)(3); and
 - (C) Any other information that the owner or operator wishes to include in the report (e.g., an explanation as to why the emissions differ from the preconstruction projection).
- (6) A “reasonable possibility” occurs when the owner or operator calculates the project to result in either:
 - (A) A projected actual emissions increase of at least 50 percent of the amount that is a “significant emissions increase,” as defined under paragraph (b)(12) of this rule (without reference to the amount that is a significant net emissions increase), for the regulated NSR pollutant; or
 - (B) A projected actual emissions increase that, added to the amount of emissions excluded under subparagraph (b)(9)(C), sums to at least 50 percent of the amount that is a “significant emissions increase,” as defined under paragraph (b)(12) of this rule (without reference to the amount that is a significant net emissions increase), for the regulated NSR pollutant. For a project for which a reasonable possibility occurs only within the meaning of subparagraph (g)(6)(B) of this rule, and not also within the meaning of subparagraph (g)(6)(A) of this rule, then provisions of paragraphs (g)(2) through (5) do not apply to the project.
- (h) **Test Methods**

For the purpose of this rule only, testing for point sources of PM_{2.5} shall be in accordance with U.S. EPA Test Methods 201A and 202.
- (i) **Exclusions**

The provisions of Rule 1304 – Exemptions, Rule 1309.1 – Priority Reserve, and Rule 1315 – Federal New Source Review Tracking System do not apply for the purposes of this rule.
- (j) **Offset Exemptions for Regulatory Compliance**

Upon approval by the Executive Officer or designee, an exemption from the offset requirements of this rule shall be allowed for a source installed or modified solely to comply with District, state, or federal air pollution control laws, rules, regulations

or orders, as approved by the Executive Officer or designee, and provided there is no increase in maximum rating.

ATTACHMENT B

RESOLUTION NO. 19-_____

A Resolution of the Governing Board of the South Coast Air Quality Management District (SCAQMD) determining that Proposed Amended Rule 1325 – Federal PM_{2.5} New Source Review Program is exempt from the requirements of the California Environmental Quality Act (CEQA).

A Resolution of the SCAQMD Governing Board amending Rule 1325 – Federal PM_{2.5} New Source Review Program.

WHEREAS, the SCAQMD Governing Board finds and determines that Proposed Amended Rule 1325 is considered a “project” pursuant to CEQA per CEQA Guidelines Section 15002(k) – General Concepts, the three-step process for deciding which document to prepare for a project subject to CEQA; and

WHEREAS, the SCAQMD has had its regulatory program certified pursuant to Public Resources Code Section 21080.5 and CEQA Guidelines Section 15251(l), and has conducted a CEQA review and analysis of Proposed Amended Rule 1325 pursuant to such program (SCAQMD Rule 110); and

WHEREAS, the SCAQMD Governing Board finds and determines after conducting a review of the proposed project in accordance with CEQA Guidelines Section 15002(k) - General Concepts, the three-step process for deciding which document to prepare for a project subject to CEQA, and CEQA Guidelines Section 15061 - Review for Exemption, procedures for determining if a project is exempt from CEQA, that Proposed Amended Rule 1325 is determined to be exempt from CEQA; and

WHEREAS, the SCAQMD Governing Board finds and determines that it can be seen with certainty that there is no possibility that the proposed project may have any significant effects on the environment, because the proposed changes are administrative and procedural in nature as required by the United States Environmental Protection Agency (U.S. EPA), and would not cause any physical changes that would affect any environmental topic area, and is therefore, exempt from CEQA pursuant to CEQA Guidelines Section 15061(b)(3) – Activities Covered By General Rule; and

WHEREAS, the SCAQMD Governing Board finds and determines that the proposed project is also exempt from CEQA pursuant to CEQA Guidelines Section 15268 – Ministerial Projects because the project consists of a revision to the definition of “regulated NSR pollutant” in Rule 1325 per U.S. EPA direction; and

WHEREAS, the SCAQMD Governing Board finds and determines that the proposed project is also categorically exempt from CEQA pursuant to CEQA Guidelines Section 15308 – Actions by Regulatory Agencies for Protection of the Environment, because Proposed Amended Rule 1325 is designed to further protect or enhance the environment; and

WHEREAS, the SCAQMD Governing Board has considered whether the proposed project may have significant environmental impacts due to unusual circumstances, as set forth in CEQA Guidelines Section 15300.2, and has determined that none exist for the proposed project; and

WHEREAS, the SCAQMD staff has prepared a Notice of Exemption for the proposed project that is completed in compliance with CEQA Guidelines Section 15062 – Notice of Exemption; and

WHEREAS, Proposed Amended Rule 1325, the January 4, 2019 SCAQMD Governing Board letter, including the Notice of Exemption and other supporting documentation, were presented to the SCAQMD Governing Board and the SCAQMD Governing Board has reviewed and considered this information, as well as has taken and considered staff testimony and public comment prior to approving the project; and

WHEREAS, the SCAQMD Governing Board finds and determines, taking into consideration the factors in Section (d)(4)(D) of the Governing Board Procedures (codified as Section 30.5(4)(D)(i) of the Administrative Code), that the modifications to Proposed Amended Rule 1325 since the Notice of Public Hearing was published add clarity that meets the same air quality objective and are not so substantial as to significantly affect the meaning of the proposed amended rule within the meaning of Health and Safety Code Section 40726 because: (a) the changes do not impact emission reductions, (b) the changes do not affect the number or type of sources regulated by the rule, (c) the changes are consistent with the information contained in the notice of public hearing, and (d) the consideration of the range of CEQA alternatives is not applicable because Proposed Amended Rule 1325 is exempt from CEQA; and

WHEREAS, Proposed Amended Rule 1325 will be submitted for inclusion into the State Implementation Plan; and

WHEREAS, the SCAQMD staff conducted a public workshop regarding Proposed Amended Rule 1325 on October 24, 2018; and

WHEREAS, Health and Safety Code Section 40727 requires that prior to adopting, amending or repealing a rule or regulation, the SCAQMD Governing Board shall make findings of necessity, authority, clarity, consistency, non-duplication, and reference based on relevant information presented at the public hearing and in the Final Staff Report; and

WHEREAS, the SCAQMD Governing Board has determined that a need exists to amend Rule 1325 – Federal PM_{2.5} New Source Review Program to correct a deficiency identified by U.S. EPA; and

WHEREAS, the SCAQMD Governing Board obtains its authority to adopt, amend, or repeal rules and regulations from Sections 39002, 40000, 40001, 40440, 40702, and 42504 of the Health and Safety Code; and

WHEREAS, the SCAQMD Governing Board has determined that Rule 1325, as proposed to be amended, is written and displayed so that its meaning can be easily understood by persons directly affected by it; and

WHEREAS, the SCAQMD Governing Board has determined that Rule 1325, as proposed to be amended, is in harmony with, and not in conflict with or contradictory to, existing statutes, court decisions, or state or federal regulations; and

WHEREAS, the SCAQMD Governing Board has determined that Rule 1325, as proposed to be amended, does not impose the same requirements as any existing state or federal regulations, and the proposed amended rule is necessary and proper to execute the powers and duties granted to, and imposed upon, the SCAQMD; and

WHEREAS, the SCAQMD Governing Board has determined that there is a problem that Proposed Amended Rule 1325 will alleviate which corrects a deficiency identified by the U.S. EPA in the definition of “regulated NSR pollutant,” and the proposed amendment will promote the attainment or maintenance of state or federal ambient air quality standards pursuant to Health and Safety Code Section 40001 (c); and

WHEREAS, the SCAQMD Governing Board, in amending the regulation, references the following statutes which the SCAQMD hereby implements, interprets or makes specific: Health and Safety Code Sections 40001 (rules and regulations), 40440 (adoption of rules and regulations), 40702 (rules and regulations), 42300 et seq. (permits), and Federal Clean Air Act Sections 172 (nonattainment plan provisions), 173 (permit requirements), and 189 (plan provisions and schedules for plan submissions); and

WHEREAS, the SCAQMD Governing Board has determined that a Socioeconomic Impact Assessment is not required, pursuant to Health and Safety Code Section 40440.8 or 40728.5, because Proposed Amended Rule 1325 is administrative in nature and will not have a significant impact on air quality or emissions limitations; and

WHEREAS, the public hearing has been properly noticed in accordance with all provisions of Health and Safety Code Section 40725; and

WHEREAS, the SCAQMD Governing Board has held a public hearing in accordance with all provisions of law; and

WHEREAS, the SCAQMD specifies the Manager for Rule 1325 as the custodian of the documents or other materials which constitute the record of proceedings upon which the adoption of the proposed amendments are based, which are located at the South Coast Air Quality Management District, 21865 Copley Drive, Diamond Bar, California; and

NOW, THEREFORE BE IT RESOLVED, that the SCAQMD Governing Board does hereby determine, pursuant to the authority granted by law, that Proposed Amended Rule 1325 is exempt from CEQA pursuant to CEQA Guidelines Section 15061(b)(3) – Activities Covered by General Rule, CEQA Guidelines Section 15268 – Ministerial Projects, and CEQA Guidelines Section 15308 – Actions by Regulatory Agencies for Protection of the Environment. No exception to the application of a categorical exemption set forth in CEQA Guidelines Section 15300.2, including the “unusual circumstances” exception, applies to Proposed Amended Rule 1325. This information has been presented to the SCAQMD Governing Board, whose members exercised their independent judgment and reviewed, considered and approved the information therein prior to acting on Proposed Amended Rule 1325; and

BE IT FURTHER RESOLVED, that the SCAQMD Governing Board does hereby adopt, pursuant to the authority granted by law, Proposed Amended Rule 1325 as set forth in the attached, and incorporated herein by this reference.

Attachment

DATE: _____

CLERK OF THE BOARDS



South Coast Air Quality Management District

21865 Copley Drive, Diamond Bar, CA 91765-4178

(909) 396-2000 • www.aqmd.gov

SUBJECT: NOTICE OF EXEMPTION FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT

PROJECT TITLE: PROPOSED AMENDED RULE 1325 – FEDERAL PM2.5 NEW SOURCE REVIEW PROGRAM

Pursuant to the California Environmental Quality Act (CEQA) Guidelines, the South Coast Air Quality Management District (SCAQMD) is the Lead Agency and has prepared a Notice of Exemption for the project identified above. SCAQMD staff has reviewed the proposed project pursuant to: 1) CEQA Guidelines Section 15002(k) – General Concepts, the three-step process for deciding which document to prepare for a project subject to CEQA; and 2) CEQA Guidelines Section 15061 - Review for Exemption, procedures for determining if a project is exempt from CEQA. SCAQMD staff is proposing to amend Rule 1325 to correct a deficiency identified by the United States Environmental Protection Agency (U.S. EPA). Rule 1325 was amended in 2016 to expand the definition of “precursors” to add volatile organic compounds and ammonia to the existing list of PM2.5 precursors (oxides of nitrogen and sulfur dioxide). However, the definition of “regulated NSR pollutant” was not expanded to add reference to volatile organic compounds and ammonia. Proposed Amended Rule 1325 will amend the definition of a “regulated NSR pollutant” to reference PM2.5 and its precursors, as defined in the current rule. The proposed amendments to Rule 1325 will also clarify rule language, remove outdated language and enhance formatting.

Because the proposed changes are administrative and procedural in nature as required by the U.S. EPA, and would not cause any physical changes that would affect any environmental topic area, SCAQMD staff has determined that it can be seen with certainty that there is no possibility that the proposed project may have a significant adverse effect on the environment. Therefore, the project is considered to be exempt from CEQA pursuant to CEQA Guidelines Section 15061(b)(3) – Activities Covered by General Rule. Additionally, because the SCAQMD is revising the aforementioned definition in Rule 1325 per U.S. EPA direction, the project is considered to be ministerially exempt from CEQA pursuant to CEQA Guidelines Section 15268 – Ministerial Projects. Furthermore, the proposed amendments to Rule 1325 are categorically exempt because they are considered actions to protect or enhance the environment pursuant to CEQA Guidelines Section 15308 – Actions by Regulatory Agencies for Protection of the Environment. Further, SCAQMD staff has determined that there is no substantial evidence indicating that any of the exceptions to the categorical exemptions apply to the proposed project pursuant to CEQA Guidelines Section 15300.2 – Exceptions. Therefore, the proposed project is exempt from CEQA. A Notice of Exemption will be prepared pursuant to CEQA Guidelines Section 15062 – Notice of Exemption. If the proposed project is approved, the Notice of Exemption will be filed with the county clerks of Los Angeles, Orange, Riverside and San Bernardino counties.

Any questions regarding this Notice of Exemption should be sent to Luke Eisenhardt (c/o Planning, Rule Development and Area Sources) at the above address. Mr. Eisenhardt can also be reached at (909) 396-2324. Ms. Nicole Silva is also available at (909) 396-3384 to answer any questions regarding the proposed amended rule.

Date: December 4, 2018

Signature:

Barbara Radlein
Program Supervisor, CEQA Section
Planning, Rules, and Area Sources

NOTICE OF EXEMPTION

To: County Clerks Counties of Los Angeles, Orange, Riverside and San Bernardino	From: South Coast Air Quality Management District 21865 Copley Drive Diamond Bar, CA 91765
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Project Title: Proposed Amended Rule 1325 – Federal PM2.5 New Source Review Program.

Project Location: The SCAQMD has jurisdiction over the four-county South Coast Air Basin (all of Orange County and the non-desert portions of Los Angeles, Riverside and San Bernardino counties), and the Riverside County portions of the Salton Sea Air Basin (SSAB) and Mojave Desert Air Basin (MDAB).

Description of Nature, Purpose, and Beneficiaries of Project: SCAQMD staff is proposing to amend Rule 1325 to correct a deficiency identified by the United States Environmental Protection Agency (U.S. EPA). Rule 1325 was amended in 2016 to expand the definition of “precursors” to add volatile organic compounds and ammonia to the existing list of PM2.5 precursors (oxides of nitrogen and sulfur dioxide). However, the definition of “regulated NSR pollutant” was not expanded to add reference to volatile organic compounds and ammonia. Proposed Amended Rule 1325 will amend the definition of a “regulated NSR pollutant” to reference PM2.5 and its precursors, as defined in the current rule. The proposed amendments to Rule 1325 will also clarify rule language, remove outdated language and enhance formatting.

Public Agency Approving Project: South Coast Air Quality Management District	Agency Carrying Out Project: South Coast Air Quality Management District
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Exempt Status:

CEQA Guidelines Section 15061(b)(3) – Activities Covered by General Rule

CEQA Guidelines Section 15268 – Ministerial Projects

CEQA Guidelines Section 15308 – Actions By Regulatory Agencies For Protection Of The Environment

Reasons why project is exempt: SCAQMD staff has reviewed the proposed amendments to Rule 1325 pursuant to: 1) CEQA Guidelines Section 15002(k) – General Concepts, the three-step process for deciding which document to prepare for a project subject to CEQA; and 2) CEQA Guidelines Section 15061 - Review for Exemption, procedures for determining if a project is exempt from CEQA. Because the proposed changes are administrative and procedural in nature as required by the U.S. EPA, and would not cause any physical changes that would affect any environmental topic area, SCAQMD staff has determined that it can be seen with certainty that there is no possibility that the proposed project may have a significant adverse effect on the environment. Therefore, the project is considered to be exempt from CEQA pursuant to CEQA Guidelines Section 15061(b)(3) – Activities Covered by General Rule. Additionally, because the SCAQMD is revising the definition of “regulated NSR pollutant” per U.S. EPA direction, the project is considered to be ministerially exempt from CEQA pursuant to CEQA Guidelines Section 15268 – Ministerial Projects. Furthermore, the proposed amendments to Rule 1325 are categorically exempt because they are considered actions to protect or enhance the environment pursuant to CEQA Guidelines Section 15308 – Actions by Regulatory Agencies for Protection of the Environment. Further, SCAQMD staff has determined that there is no substantial evidence indicating that any of the exceptions to the categorical exemptions apply to the proposed project pursuant to CEQA Guidelines Section 15300.2 – Exceptions. Therefore, the proposed project is exempt from CEQA. A Notice of Exemption will be prepared pursuant to CEQA Guidelines Section 15062 – Notice of Exemption. If the proposed project is approved, the Notice of Exemption will be filed with the county clerks of Los Angeles, Orange, Riverside and San Bernardino counties.

Date When Project Will Be Considered for Approval (subject to change):

SCAQMD Governing Board Hearing: January 4, 2019; SCAQMD Headquarters

CEQA Contact Person: Mr. Luke Eisenhardt	Phone Number: (909) 396-2324	Email: leisenhardt@aqmd.gov	Fax: (909) 396-3982
Rule Contact Person: Ms. Nicole Silva	Phone Number: (909) 396-3384	Email: nsilva@aqmd.gov	Fax: (909) 396-3807

Date Received for Filing: _____

Signature: _____

(Signed Upon Board Approval)

Barbara Radlein
Program Supervisor, CEQA Section
Planning, Rule Development & Area Sources

Proposed Amended Rule 1325: Federal PM2.5 New Source Review Program

GOVERNING BOARD MEETING

January 4, 2019

Background

2016 Amendment

- SCAQMD requested the U.S. EPA to reclassify the South Coast Air Basin from a “moderate” to a “serious” nonattainment area for the 2006 PM_{2.5} 24-hour NAAQS
- Modified the “Major Polluting Facility” definition
 - Aligned the associated major source emission threshold from 100 to 70 tons per year for PM_{2.5} and PM_{2.5} precursors
- Specifically identified volatile organic compounds (VOC) and ammonia (NH₃) within the precursors definition

Current Proposed Amendment

2016 Amendment

Modified definition
of “Precursors” to
include:

- NO_x
- SO₂
- VOC; and
- Ammonia

Deficiency

Definition of
“Regulated NSR
Pollutant” included:

- NO_x
- SO₂
- Did not list:
 - VOC; and
 - Ammonia

Proposed Amendment

Modify definition
of “Regulated
NSR Pollutant”
to reference
“PM_{2.5} and its
precursors”

Staff Recommendations

- Determine that Proposed Amendments to Rule 1325 – Federal PM2.5 New Source Review Program are exempt from CEQA
- Adopt the Resolution
- Amend Rule 1325 - Federal PM2.5 New Source Review Program are exempt from CEQA

