



**South Coast
Air Quality Management District**
21865 Copley Drive, Diamond Bar, CA 91765
(909) 396-2000, www.aqmd.gov

HYBRID STATIONARY SOURCE COMMITTEE MEETING

Committee Members

Mayor Pro Tem Larry McCallon, Committee Chair
Supervisor Holly J. Mitchell, Committee Vice Chair
Chair Vanessa Delgado
Vice Chair Michael A. Cacciotti
Supervisor Curt Hagman
Board Member Veronica Padilla-Campos

March 21, 2025 ♦ 10:30 a.m.

TELECONFERENCE LOCATIONS

Kenneth Hahn Hall of Administration 500 W. Temple Street HOA Conference Room 372 Los Angeles, CA 90012	Office of Senator (Ret.) Vanessa Delgado 944 South Greenwood Ave. Montebello, CA 90640
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A meeting of the South Coast Air Quality Management District Stationary Source Committee will be held at 10:30 a.m. on Friday, March 21, 2025, through a hybrid format of in-person attendance in the Dr. William A. Burke Auditorium at the South Coast AQMD Headquarters, 21865 Copley Drive, Diamond Bar, California, and remote attendance via videoconferencing and by telephone.

Please follow the instructions below to join the meeting remotely.

Please refer to South Coast AQMD's website for information regarding the format of the meeting, updates if the meeting is changed to a full remote via webcast format, and details on how to participate:

<http://www.aqmd.gov/home/news-events/meeting-agendas-minutes>

ELECTRONIC PARTICIPATION INFORMATION

(Instructions provided at bottom of the agenda)

Join Zoom Meeting - from PC or Laptop, or Phone

<https://scaqmd.zoom.us/j/94141492308>

Meeting ID: **941 4149 2308** (applies to all)

Teleconference Dial In: +1 669 900 6833

One tap mobile: +16699006833,94141492308#

**Audience will be allowed to provide public comment in person
or through Zoom connection or telephone.**

PUBLIC COMMENT WILL STILL BE TAKEN

Cleaning the air that we breathe...

AGENDA

Members of the public may address this body concerning any agenda item before or during consideration of that item (Gov't. Code Section 54954.3(a)). If you wish to speak, raise your hand on Zoom or press Star 9 if participating by telephone. All agendas for regular meetings are posted at South Coast AQMD Headquarters, 21865 Copley Drive, Diamond Bar, California, at least 72 hours in advance of the regular meeting. Speakers may be limited to three (3) minutes total for all items on the agenda.

CALL TO ORDER

ROLL CALL

INFORMATIONAL ITEM (Item 1)

- 1. Update on Proposed Amended Rule 1111 – Reduction of NOx (25 mins)** Heather Farr
Emissions from Natural Gas-Fired Furnaces and Proposed Amended Rule 1121 – Reduction of NOx Emissions from Residential-Type, Natural Gas-Fired Water Heaters *Planning and Rules Manager, Planning, Rule Development and Implementation*
(No Motion Required)
Staff will provide an update of Proposed Amended Rules 1111 and 1121 that include new provisions to address stakeholder comments and concerns.
(Written Material Attached)

WRITTEN REPORTS (Items 2-4)

- 2. Monthly Permitting Enhancement Program (PEP) Update** Jason Aspell
(No Motion Required) *Deputy Executive Officer*
This report is a monthly update of staff's PEP implementation efforts for the previous month. *Engineering and Permitting*
(Written Material Attached)
- 3. Monthly Update of Staff's Work with U.S. EPA and CARB on New Source Review Issues for the Transition of RECLAIM Facilities to a Command-and-Control Regulatory Program** Michael Krause
(No Motion Required) *Assistant Deputy Executive Officer*
This is a monthly update on staff's work with U.S. EPA and CARB regarding New Source Review issues related to the RECLAIM transition. *Planning, Rule Development and Implementation*
(Written Material Attached)
- 4. Notice of Violation Penalty Summary** Bayron Gilchrist
(No Motion Required) *General Counsel*
This report provides the total penalties settled in December 2024 which includes Civil, Supplemental Environmental Projects, Mutual Settlement Assessment Penalty Program, Hearing Board and Miscellaneous.
(Written Material Attached)

OTHER MATTERS

5. Other Business

Any member of the Committee, or its staff, on his or her own initiative or in response to questions posed by the public, may ask a question for clarification, may make a brief announcement or report on his or her own activities, provide a reference to staff regarding factual information, request staff to report back at a subsequent meeting concerning any matter, or may take action to direct staff to place a matter of business on a future agenda. (Gov't. Code Section 54954.2)

6. Public Comment Period

At the end of the regular meeting agenda, an opportunity is also provided for the public to speak on any subject within the Committee's authority that is not on the agenda. Each speaker may be limited to three (3) minutes.

7. Next Meeting Date: Friday, April 18, 2025 at 10:30 a.m.

ADJOURNMENT

Americans with Disabilities Act and Language Accessibility

Disability and language-related accommodations can be requested to allow participation in the Stationary Source Committee meeting. The agenda will be made available, upon request, in appropriate alternative formats to assist persons with a disability (Gov't Code Section 54954.2(a)). In addition, other documents may be requested in alternative formats and languages. Any disability or language related accommodation must be requested as soon as practicable. Requests will be accommodated unless providing the accommodation would result in a fundamental alteration or undue burden to the South Coast AQMD. Please contact Roula El Hajal at (909) 396-2763 from 7:00 a.m. to 5:30 p.m., Tuesday through Friday, or send the request to relhajal@aqmd.gov.

Document Availability

All documents (i) constituting non-exempt public records, (ii) relating to an item on an agenda for a regular meeting, and (iii) having been distributed to at least a majority of the Committee after the agenda is posted, are available by contacting Roula El Hajal at (909) 396-2763, or send the request to relhajal@aqmd.gov.

INSTRUCTIONS FOR ELECTRONIC PARTICIPATION

Instructions for Participating in a Virtual Meeting as an Attendee

As an attendee, you will have the opportunity to virtually raise your hand and provide public comment. Before joining the call, please silence your other communication devices such as your cell or desk phone. This will prevent any feedback or interruptions during the meeting.

Please note: During the meeting, all participants will be placed on Mute by the host. You will not be able to mute or unmute your lines manually. After each agenda item, the Chair will announce public comment. A countdown timer will be displayed on the screen for each public comment. If interpretation is needed, more time will be allotted.

Once you raise your hand to provide public comment, your name will be added to the speaker list. Your name will be called when it is your turn to comment. The host will then unmute your line.

Directions for Video ZOOM on a DESKTOP/LAPTOP:

- If you would like to make a public comment, please click on the “**Raise Hand**” button on the bottom of the screen. This will signal to the host that you would like to provide a public comment and you will be added to the list.

Directions for Video Zoom on a SMARTPHONE:

- If you would like to make a public comment, please click on the “**Raise Hand**” button on the bottom of your screen. This will signal to the host that you would like to provide a public comment and you will be added to the list.

Directions for TELEPHONE line only:

- If you would like to make public comment, please **dial *9** on your keypad to signal that you would like to comment.



Proposed Amended Rule 1111 – Reduction Of NOx Emissions From Natural Gas-Fired Furnaces

Proposed Amended Rule 1121 – Reduction of NOx Emissions From Residential-Type, Natural Gas-Fired Water Heaters

*Stationary Source Committee
March 21, 2025*

Background

Rule 1111 and Rule 1121 – Adopted in 1978

- Regulates NOx emissions from natural gas residential space and water heating
- Regulated through the supply chain (e.g., manufacturers, distributors, retailers and installers)

Rule amendments needed to implement 2022 AQMP control measures

- Identified zero-NOx emission technologies for all categories of space and water heating units

Updated Stationary Source Committee October 18, 2024,
December 20, 2024, and February 21, 2025

Actions Taken Since February Stationary Source Committee



Continued enhanced outreach



Met with each appliance manufacturer



Featured zero-NOx-emission water heater at South Coast AQMD Technology Showcase



Held Public Consultation Meeting



New Proposed Rule Concept



Manufacturer Sales Targets Instead of Mandate

Target Dates	2027-2028	2029-2032	2033-2035	2036 and after
NOx Emitting Units (e.g. gas)	70%	50%	25%	10%
Zero-NOx Emission Units	30%	50%	75%	90%



Mitigation Fee to Encourage Transition to Zero and Fund Go Zero Incentive Program

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Proposed Mitigation Fees

Mitigation fee for all gas units sold after 2027

- \$100 per NOx Emitting Space Heating Appliance
- \$50 per NOx Emitting Water Heating Appliance
- \$500 mitigation fee for appliances sold over target*
- Discounted fee if zero-emission goal exceeded

* Increase annually to reflect consumer price index

Example

Manufacturer sells 100 Space Heating Appliances in 2027

- NOx Emitting Sales Target is 70%
- Manufacturer sells 72% NOx Emitting units



Fee for units under target:
\$100 x 72 units = \$7,200



Fee for units over target:
\$500 x 2 units = \$1,000



Total mitigation fee: **\$8,200***

* Could provide ~\$1,000 rebate to incentives purchase of 8 zero-emission appliances

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Other Proposed Changes



PAR 1111 Applicability

- Maintain current applicability for residential-sized installations
- Future rulemaking will address unregulated larger furnaces



Mobile Home Appliances

- Require zero-NOx emission standard when mobile home is replaced, not when appliance is replaced
- Align current mitigation fee option for higher-NOx furnaces with Zero-NOx Emission Manufacturer option
- Reduce from \$150 per unit to \$100



New Building Zero-NOx Emission Standard

- Delay the compliance date from January 1, 2026, to January 1, 2027
- Align with Zero-NOx Emission Manufacturer Alternative Compliance Option

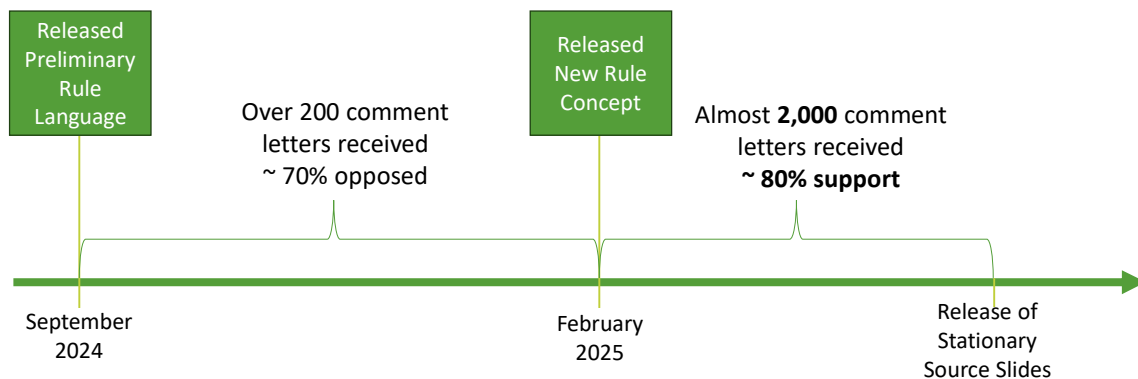


High-Altitude Exemption

- Retain downflow furnace exemption that was previously proposed to be removed

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Comment Letters Received



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Feedback from Public Consultation Meeting



- Over 200 stakeholders attended the meeting which lasted over four hours
 - 40 stakeholders provided verbal comments
- Main topics of discussion included:

Mitigation Fee



Increase mitigation fee to drive consumer behavior and fund Go Zero incentive program



Eliminate mitigation fee to address affordability concerns

Compliance Target



Increase compliance targets to strengthen the rules



Maintain proposed compliance targets, higher targets would increase consumer cost

Rule Adoption



Do not delay, adopt rules in May



Provide more time for stakeholders to review proposed rule changes

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Cost-Effectiveness, Affordability, and Socioeconomic Impacts



Cost-Effectiveness Assessment*

Estimates cost per ton of NOx emissions reduced over appliance lifetime

If above cost-effectiveness threshold, alternative options must be available



Affordability

Ability for a consumer to purchase a higher cost appliance

Affordability will vary based on a consumer's income



Socioeconomic Impact Assessment

Considers regional economic impacts

Range of probable overall rule costs or savings

Affected industries, including small business

Impact on employment (jobs gained or foregone)

* Required by California Health and Safety Code

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Cost-Effectiveness for Zero-NOx Units Only

- Staff updated cost-effectiveness estimates to reflect 2024 costs
- Cost-effectiveness estimates presented at Consultation Meeting on March 6th assumes:
 - Consumers would only purchase a zero-emission unit heat-pump
 - Manufacturers would not sell NOx-emitting gas units
- “Furnace only” and “Water heater” cost-effectiveness estimates showed high cost-effectiveness

Housing Type	Scenario	Cost-Effectiveness (\$/ton NOx)	Scenario	Cost-Effectiveness (\$/ton NOx)
Single-Family	Furnace + AC → Heat Pump	-592,000	Gas Water Heater → Heat Pump	405,000
	Furnace only → Heat Pump	1,730,000		
Multifamily	Furnace + AC → Heat Pump	-785,000		
	Furnace only → Heat Pump	-197,000		

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Cost-Effectiveness for Manufacturer Option

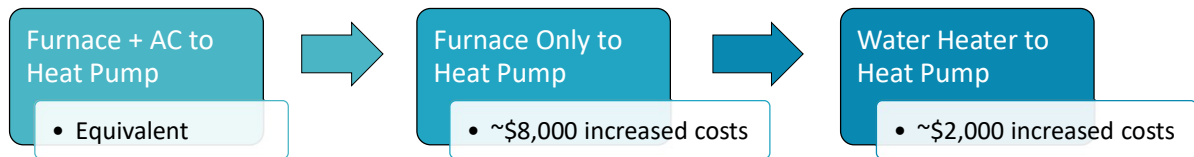
- PARs 1111 and 1121 allows manufacturers to sell NOx emitting units
 - For furnace only, consumers will be less likely to install costly heat pump, unless they want the added benefit of cooling
- Revised assumptions:
 - Households without existing AC to incur the higher furnace only to heat pump cost
 - No cost savings for furnace + AC to heat pump

Dates	2027-2028	2029-2032	2033-2035	2036 and after	
Targets	70% Gas 30% Zero	50% Gas 50% Zero	25% Gas 75% Zero	10% Gas 90% Zero	
Space	\$35,000 – \$69,000	\$69,000 – \$140,000	\$110,000 – \$220,000	\$140,000 – \$280,000	Annual Weighed Average Cost- Effectiveness (\$/ton NOx)
Water	\$80,000	\$160,000	\$260,000	\$320,000	

Affordability and Choice



- Zero-NOx Emission Manufacturer Alternative Compliance Option allows NOx-emitting appliances to be installed with no incremental cost impact
- If consumer chooses to transition to zero-emission appliances, upfront costs will vary, but based on median costs:



- Operational costs for heat pumps estimated to result in lifetime utility savings due to their high efficiency

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Socioeconomic Impact – Costs



- Assessment was conducted for both rules based on achieving 90 percent manufacturer end goal by 2036
- Staff conducted two assessments considering different scenarios:

Assuming no lifetime utility savings when converting to heat pumps

~\$174 million **cost**
(annual average at four percent interest rate)

High costs but rules applicable to almost 10 million appliances

Assuming lifetime utility savings when converting to heat pumps

~\$191 million **cost savings**
(annual average at four percent interest rate)

High upfront costs can be offset by lifetime utilities savings

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Socioeconomic Impact – Job Impacts



- High-cost rules tend to result in jobs foregone (*might have otherwise been created*)
 - Costs generally impact the manufacturer in the affected sector
- For these rules, costs will impact residents (*as OEMs already manufacturer both*)
 - If choosing a NOx emitting appliance, no change in job impacts
 - If choosing a zero-NOx emission appliance, additional installation might be required (e.g., panel upgrades, wiring)
 - Provides job creation and opportunities in the construction sector

Assuming lifetime utility savings when converting to heat pumps

580 jobs gained

Assuming no lifetime utility savings when converting to heat pumps

500 jobs gained

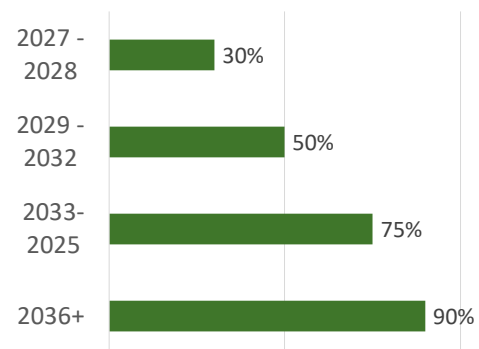
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Key Issue #1: Manufacturer Targets Should be Strengthened

- First phase target intended to reflect current market trends as they go into effect shortly after rule adoption
- Current California market adoption for zero-emission appliances between 20-30 percent¹
- Later phases will further push towards higher market adoption of zero-NOx emission units
 - Second phase effective two years after first phase

Manufacturer Zero-Emission Target



Staff recommends maintaining proposed sales targets

¹ <https://www.eia.gov/consumption/residential/data/2020/state/pdf/State%20Space%20Heating%20Fuels.pdf>
<https://www.eia.gov/consumption/residential/data/2020/state/pdf/State%20Water%20Heating.pdf>

² <https://www.ahrinet.org/analytics/statistics/monthly-shipments>

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Key Issue #2: Mitigation Fee

- Consumers often make choice based on price of appliance, choosing less expensive option
 - If NOx-emitting unit is less expensive, what mitigation fee could bridge the gap to influence more consumer to purchase zero-NOx emission appliances?
 - What level beyond an equivalent price could influence customer behavior?
 - Study found an 8 percent cost difference for appliances can influence consumer behavior*

		Mitigation fee to make appliances the same cost	Mitigation fee to make NOx-emitting appliances 8% more expensive
Space	Furnace + AC	Same	\$1,500 per unit
	Furnace Only	\$8,000 per unit	\$9,500 per unit
Water		\$2,000 per unit	\$2,500 per unit

These Mitigation fees options defeat objective to provide an affordable choice to consumers

Due to affordability concerns, staff recommends maintaining mitigation fee as originally proposed

* <https://www.mytotalretail.com/article/how-will-price-increases-impact-consumer-purchase-behavior/>

Key Issue #2: Mitigation Fee (cont.)

- Environmental stakeholders requested to establish the mitigation fee at a level to mitigate the increased emissions from NOx-emitting appliances and Zero-NOx appliances
 - Use the cost effectiveness health benefit-based cost-effectiveness threshold (\$383,000 per ton of lifetime NOx emissions reduced)

		Proposed Under Target Mitigation Fee	Proposed Over Target Mitigation Fee	Fee to mitigate NOx-emissions
Space		\$100 per unit	\$500 per unit	\$3,000 per unit
Water		\$50 per unit	\$500 per unit	\$900 per unit

Too high of a cost burden for customers

Due to affordability concerns, staff recommends maintaining mitigation fee as originally proposed

Technology Check-in



Staff can
provide rule
update/
technology
check-in

- Manufacturers will submit their first annual report by March 2028
- Reports will include sales data and progress in meeting rule targets
- Mitigation fees collected
- Staff could provide update to committee third quarter 2028

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Next Steps



April 1, 2025
Release draft PAR 1111/1121 and draft supporting documents

Spring 2025
Launch Go Zero Incentive Program

May 2, 2025
Public Hearing

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Monthly Permitting Enhancement Program (PEP) Update
South Coast AQMD
Stationary Source Committee – March 21, 2025

Background

At the February 2, 2024 Board meeting, the Board directed staff to provide monthly updates to the Stationary Source Committee to report progress made under the Permitting Enhancement Program (PEP). The Chair's PEP initiative was developed to enhance the permitting program and improve permitting inventory and timelines. This report provides a summary of the pending permit application inventory, monthly production, and other PEP related activities.

Summary

Pending Permit Application Inventory

The permitting process consists of a constant stream of incoming applications and outgoing application issuances, rejections, and denials. The remainder of the applications are considered the pending application inventory. The inventory consists of applications that are being prescreened prior to being accepted, workable applications, and non-workable applications. Non-workable means that staff are unable to proceed with processing an application because it is awaiting actions to address various regulatory requirements or deficiencies. As an example, after staff issues a Permit to Construct to a facility, staff must wait for the facility to construct and test the equipment prior to issuing a final Permit to Operate. Once a final Permit to Operate is issued, the permit application is removed from the pending application inventory. Other examples include facilities that may be in violation of rules and cannot be permitted until a facility achieves compliance, staff awaiting additional information from facilities, or facilities that have not completed the CEQA process for their project. During the life of an application, it may switch several times between being workable and non-workable as actions are taken by facilities and staff. Attachment 1 contains more detailed descriptions of the categories of non-workable permit applications. Figure 1 below provides monthly snapshots of the pending application inventory from this month and last month.

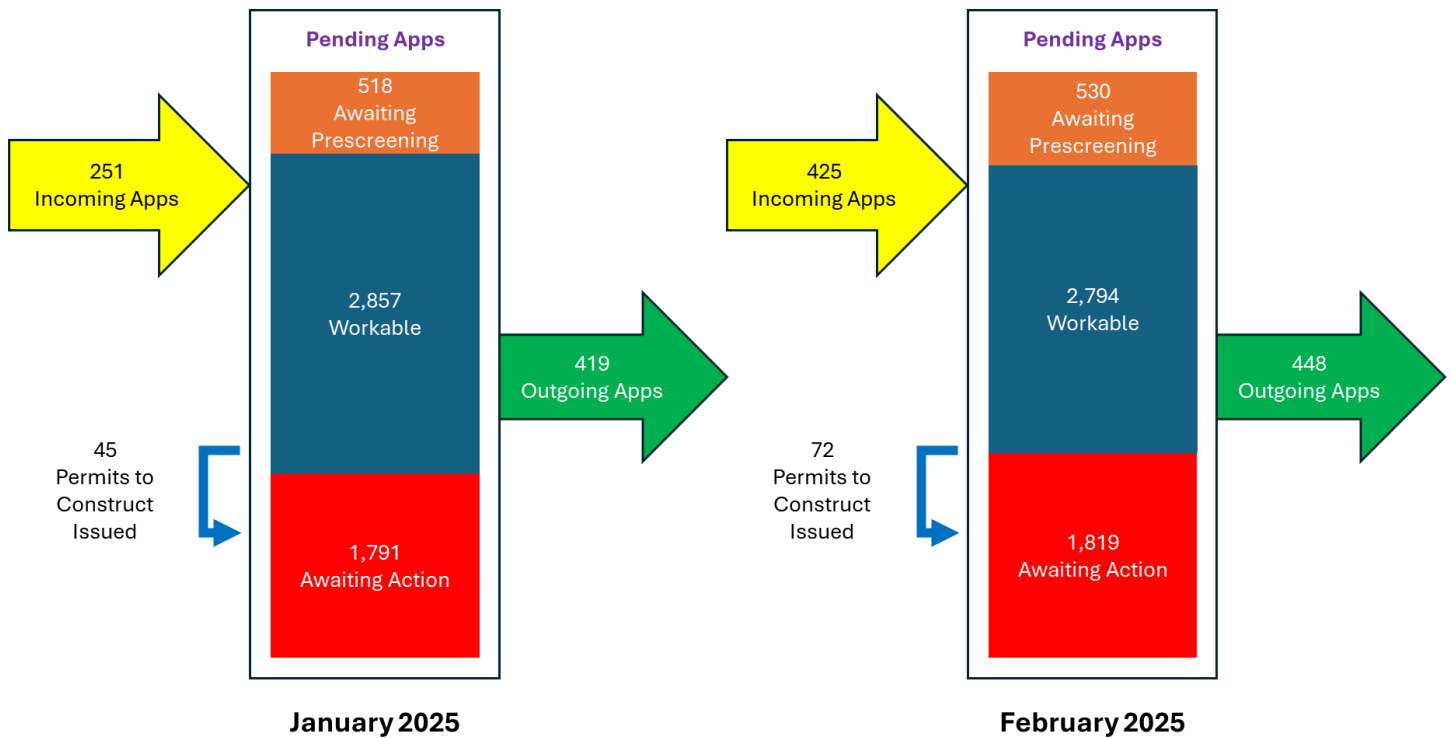


Figure 1: Application Processing Workflow – January and February 2025

Table 1 below lists the categories included in Awaiting Action (Non-Workable) for the last month. Please note that Table 1 provides a snapshot of data and applications may change status several times before final action. Multiple categories may apply to a single application.

Table 1: Awaiting Action (Non-Workable) Applications Summary

Awaiting Action (Non-Workable) Categories	Sep 2024	Oct 2024	Nov 2024	Dec 2024	Jan 2025	Feb 2025
Additional Information from Facility	286	294	288	314	321	305
CEQA Completion	34	34	34	34	32	29
Completion of Construction	1,015	1,034	1,078	1,107	1,119	1,163
Facility Compliance Resolution	37	36	37	30	27	22
Facility Draft Permit Review	43	56	51	35	75	63
Fee Payment Resolution	6	5	6	6	5	4
Other Agency Review	37	36	46	42	54	76
Other Facility Action	21	21	21	20	26	1
Other South Coast AQMD Review	0	0	0	0	0	0
Public Notice Completion	24	25	20	15	16	21
Source Test Completion	169	169	154	156	154	137

Please see Attachment 1 for more information on these categories.

Not reflected in Figure 1 are an additional 70 permits issued through the online permitting system, which did not impact the permit application inventory. Staff has automated the

permitting process for certain equipment allowing staff to focus their efforts on other permit applications. These 70 permit completions are reflected in Figure 2 below.

Since outgoing applications (green arrow) were greater than incoming applications (yellow arrow) this month, the pending application inventory decreased. The numbers in brackets represent the increase or decrease since the past Monthly PEP Update. For more detailed information the past twelve Monthly PEP Updates may be accessed in Attachment 2.

The inventory of Awaiting Action applications has steadily increased. Most of the Awaiting Action applications have a Completion of Construction status. From March 2024 to February 2025, staff issued many Permits to Construct, thereby increasing the Completion of Construction status from 770 to 1,163, including 72 Permits to Construct issued in February. Staff must wait for construction of the equipment to be completed prior to moving forward on these applications.

The rate of incoming applications is unpredictable and is dependent on business demands and the economic climate, as well as South Coast AQMD rule requirements. Maintaining the average production rate of outgoing applications greater than average rate of incoming applications is key to reducing the pending application inventory until a manageable working inventory is established. As stated above, the spike in incoming applications occurred in June as expected, and this typically results in a swell in the inventory as time is needed to address the surge of permit applications.

Maintaining a low vacancy rate with trained and experienced permitting staff is the biggest factor in maintaining high production and reducing the pending application inventory. In addition, data and analysis showed that addressing vacancies at the Senior and Supervising AQ Engineers was vital since these positions are the review and approval stages of the permitting process.

Production

Prior to staff retirements, permit production levels in 2020 were typically above 500 completions per month. Prior to PEP implementation, high vacancy rates resulted in decreased permit completions. Lower production rates nearing 400 completions per month occurred as the vacancy rate peaked. As the vacancies have been reduced and staff have been trained, production has increased. Figure 2 below shows a rolling 12-month average of application completions and the monthly production for the last six months. For most of the last year, increased monthly production levels (orange circles) are raising the rolling 12-month production averages (black line) in the chart below as compared to the period before PEP. The rolling 12-month average includes the monthly totals from the last year to visualize the trend over time, as production in individual months often fluctuates (in addition to fluctuations in incoming application submittals). The current rolling 12-month average production rate decreased slightly to 486 completions per month. This dip was anticipated due to an ongoing strategic initiative in January and February to focus on more complex aged applications (refer to Key Activities section), as well as a large production number from February 2024 dropping from the average. A higher rolling 12-month average will indicate sustained higher production levels.

These higher production levels will begin to reduce the pending application inventory and improve permit processing times. A new fiscal year (FY) goal was set to increase production by 500 completions as compared to 2023. This equates to a soft target of 489 completions per month. The red line in Figure 2 shows this new fiscal year goal. Staff will continue to balance production to meet the FY goal as well as address aged applications awaiting Permits to Construct.

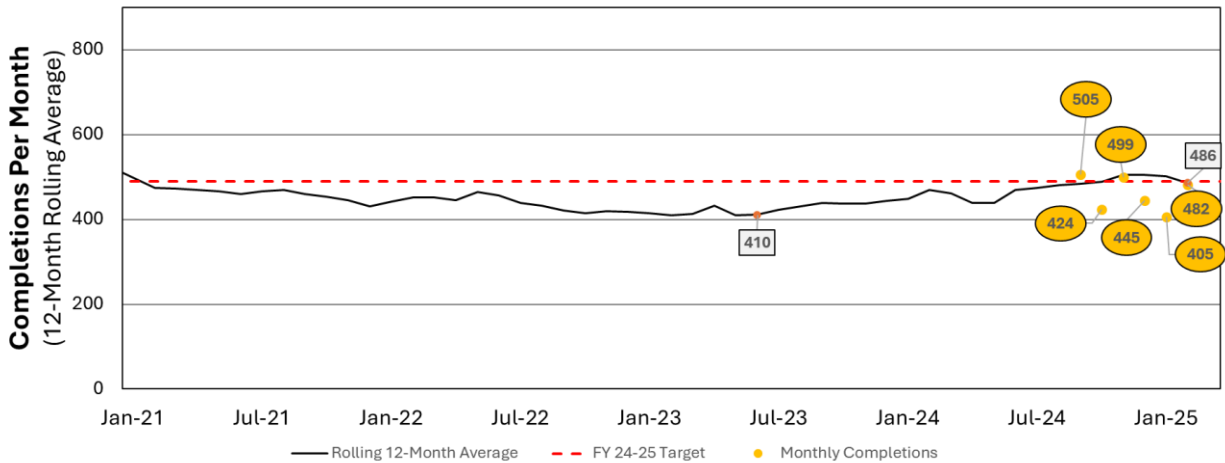


Figure 2: Application Completions - Rolling 12-Month Average and Recent Six Months

Production began to increase in the second half of 2023 as substantial promotions and hiring occurred. New engineering staff were trained and production increased over several months. As staff becomes more experienced in their duties, they can process more complex projects and become more efficient.

Engineering & Permitting (E&P) Vacancy Rate

The current E&P vacancy rate is at 10.8%. The minimum target vacancy rate for PEP is 10%. When PEP was first announced, the E&P vacancy rate was greater than 20%. Promotions for two engineering staff and two administrative staff were completed, and the interview process was initiated for an external engineer recruitment. New engineers are expected to onboard in 2Q 2025. Although there are anticipated retirements in March, it is expected to reduce the vacancy rate.

Key Activities

- Engineering staff conducted outreach and recruitment efforts for engineering students at Cal State Long Beach and Cal Poly Pomona. About 50 students participated in both events in total.
- Staff completed the second aged application initiative under PEP. Staff acted on 233 aged applications in January and February that were awaiting Permits to Construct. This is approximately 20% of the December 2024 aged application inventory awaiting Permits to Construct.

- Staff hosted a Permitting Working Group Meeting on March 13 to introduce new electronic application forms and related training videos.

Upcoming Meetings:

- Staff will conduct a hybrid format Permitting Working Group meeting tentatively scheduled for April 23, 2025 to discuss the Certified Permitting Professional (CPP) program and potential enhancements under PEP.
- Staff is targeting to conduct at least six public meetings regarding permitting in Fiscal Year 2024-2025. Staff has reached 83% of this target.

Attachment 1

Explanation of Non-Workable Application Statuses

Workable applications are those applications where staff have the required information to process the permit application.

Non-workable applications are those applications where the application process has been paused while staff are awaiting the resolution of one or more related tasks or where the permit cannot be issued.

Description of Non-Workable/Awaiting Action Terms

Additional Information from Facility

During permit processing staff may need additional information from a facility that was not included in the original permit application package or a change of scope of the proposed project. Additional information may include items regarding materials used in the equipment (such as toxics), equipment information, or other items to perform emission calculations or determine compliance for the proposal in the application.

CEQA Completion

Prior to issuing permits, CEQA requirements are required to be evaluated and completed. South Coast AQMD can either be the Lead Agency that certifies or approves the CEQA document or the Responsible Agency that consults with the Lead Agency (typically a land use agency) on the CEQA document.

Completion of Construction

After a Permit to Construct is issued, the permit application file remains in the pending application inventory. Staff must wait for the facility to complete construction prior to completing other compliance determination steps before the permitting process can continue. Typically, a Permit to Construct is valid for one year, but it may be extended for various reasons if the facility demonstrates they are making increments of progress. For some large projects, construction may take years while the permit application remains in the pending application inventory.

Facility Compliance Resolution

Prior to issuing permits the affected facility must demonstrate compliance with all rules and regulations [Rule 1303(b)(4)]. Prior to the issuance of a Permit to Construct, all major stationary sources that are owned or operated by, controlled by, or under common control in the State of California are subject to emission limitations must demonstrate that they are in compliance or on a schedule for compliance with all applicable emission limitations and standards under the Clean Air Act. [Rule 1303(b)(2)(5)].

Facility Draft Permit Review

If a facility requests to review their draft permit, staff provides the facility a review period prior to proceeding with issuance. During the review period, staff do not perform any additional evaluation until feedback from the facility is received. Some projects include several permits or large facility permit documents which may take a substantial time to review.

Fee Payment Resolution

Prior to issuing permits, all fees must be remitted, including any outstanding fees from associated facility activities including, but not limited to, annual operating and emission fees, modeling or source testing fees, and permit reinstatement fees.

Other Agency Review

The Title V permitting program requires a 45-day review of proposed permitting actions by U.S. EPA prior to many permitting actions. During the review period, staff are unable to proceed with permit issuance. If U.S. EPA has comments or requests additional information, the review stage may add weeks or months to the process before staff can proceed with the project.

For Electricity Generating Facilities (Power Plants), CEC may provide a review of proposed permits prior to issuance.

Other Facility Action

Prior to issuing a permit, a facility may need to take action to address deficiencies or take steps to meet regulatory requirements. This may include acquiring Emission Reduction Credits after staff notifies a facility the project requires emissions to be offset, performing an analysis for Best Available Control Technology requirements, or conducting air dispersion modeling.

Other South Coast AQMD Review

Prior to proceeding with a permit evaluation, permit engineering staff may require assistance and support from other South Coast AQMD departments. For example, IM support for electronic processing due to unique or long-term project considerations or to complete concurrent review of separate phases or integrated processes for multi-phase projects is routinely needed.

Public Notice Completion

There are several South Coast AQMD requirements that may require public noticing and a public participation process prior to permit issuance. Rule 212 and Regulation XXX both detail public noticing thresholds and requirements which include equipment located near schools, high-emitting equipment, equipment above certain health risk thresholds, or significant projects or permit renewals in the Title V program. The public notice period is typically 30 days, and staff are required to respond to all public comments in writing prior to proceeding with the permitting process. Other delays in the public notice process may include delays in distribution of the notice by the facility, incomplete distribution which may require restarting the 30-day period, or requests for extension from the public.

Source Test Completion

Many rules require source testing prior to permit issuance. Source testing is the measurement of actual emissions from a source that may be used to determine compliance with emission limits, or measurements of toxic emissions may be used to perform a health risk assessment. Lab analysis of an air sample is often required as part of the process. The testing is performed by third party contractors who prepare a source test protocol to detail the testing program, and a source test report with the results of the testing and equipment operation. Both the protocol and report need to be reviewed and approved by South Coast AQMD staff.

Attachment 2

Links to Previous Monthly PEP Updates

2024

[April 19, 2024](#) – First Monthly PEP Update

[May 17, 2024](#)

[June 21, 2024](#)

July 2024 – No Stationary Source Committee meeting

[August 16, 2024](#)

[September 20, 2024 - canceled](#)

[October 18, 2024](#)

[November 15, 2024](#)

[December 20, 2024](#)

2025

[January 24, 2025](#)

[February 21, 2025](#)

March 2025 Update on Work with U.S. EPA and California Air Resources Board on New Source Review Issues for the RECLAIM Transition

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 NSR issues for the transition of facilities from RECLAIM to a command-and-control regulatory structure. Key activities with U.S. EPA and CARB since the last report are summarized below.

- RECLAIM/NSR Working Group meeting is not planned for March
- The RECLAIM/NSR Working Group will be reconvened when there is information to report

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
General Counsel's Office**

Settlement Penalty Report (02/01/2025 - 02/28/2025)

Total Penalties

Civil Settlement: \$305,181.36
 Hearing Board Settlement: \$311,366.50
 MSPAP Settlement: \$149,631.80

Total Cash Settlements: \$766,179.66
Total SEP Value: \$0.00

Fiscal Year through 02/28/2025 Cash Total: \$6,518,326.26

Fiscal Year through 02/28/2025 SEP Value Only Total: \$0.00

Fac ID	Company Name	Rule Number	Settled Date	Init	Notice Nbrs	Total Settlement
Civil						
199744	5496 LINDBERGH LANE	2305	02/06/2025	JJ	O15049	\$19,800.00
800016	BAKER COMMODITIES INC	415, 2004, 3002	02/05/2025	DH	P63824, P65291, P65293, P67318, P67319, P67321, P72855, P72866, P72871, P72872	\$15,000.00
800030	CHEVRON PRODUCTS CO.	401, 1118, 3002, 40 CFR 60.102, H&S 41701	02/20/2025	DH	P75076, P75077, P75078	\$26,760.00
172077	CITY OF COLTON	2004, 3002	02/21/2025	KCM	P79468	\$15,000.00
202359	DURAVENT GROUP	2305	02/12/2025	JL	O15151	\$3,500.00
186519	EMBEE PROCESSING	1469	02/20/2025	DH	P77571, P79554	\$72,760.00
197565	ETIWANDA	2305	02/06/2025	JL	O15034, SRV2022-00045, SRV2022-00047	\$26,500.00
194181	FLEET YARDS INC - GREENSTONE	403	02/04/2025	RM	P73228, P74459, P74460, P74461, P74463, P74467	\$29,300.00
202574	HAWTHORNE HYDROPONICS LLC	2305	02/19/2025	JL	O15183	\$4,000.00
140017	LA HABRA PLATING COMPANY	203, 1469	02/07/2025	SH	P64596, P75804, P75805, P78056	\$12,000.00

Fac ID	Company Name	Rule Number	Settled Date	Init	Notice Nbrs	Total Settlement
202575	LINZER PRODUCTS CORP	2305	02/12/2025	ND	O15186	\$2,500.00
14213	LONG BEACH MEMORIAL MEDICAL CENTER	222, 1146, 1415, 3002	02/19/2025	KER	P63896, P69911, P73825, P73835	\$9,672.00
74413	REDLANDS CITY (CALIFORNIA ST LANDFILL)	203, 1150.1	02/12/2025	NS	P69214, P70147, P76116, P80313	\$16,500.00
201775	SERTA	2305	02/21/2025	RM	O15075	\$5,000.00
201070	TRI POINT HOMES	403	02/11/2025	EC	P75880	\$7,000.00
180854	VILLEGAS POWDER COATING	109, 203, 1147	02/20/2025	MR	P73569, P73882	\$1,950.00
130101	VOLKSWAGEN OF AMERICA	2305	02/12/2025	JL	O15022	\$21,500.00
201770	WHEEL PROS	2305	02/05/2025	DH	O15139	\$13,000.00
154445	WILMINGTON PARK INC	461, H&S 41960.2	02/18/2025	VB	P78667	\$939.36
195245	ZOHRABIANS CONSTRUCTION COMPANY	1403	02/07/2025	RM	P74570, P74571	\$2,500.00

Total Civil Settlements: \$305,181.36

Hearing Board

140373	AMERESCO CHIQUITA ENERGY LLC	203, 431.1, 3002	02/04/2025	KER	6143-4	\$2,600.00
119219	CHIQUITA CANYON LLC	431.1, 3002	02/04/2025	KER/MR	6177-4	\$307,766.50
146536	WALNUT CREEK ENERGY LLC	203, 2004, 3002	02/20/2025	KCM	6230-6	\$1,000.00

Total Hearing Board Settlements: \$311,366.50

MSPAP

137144	7-ELEVEN INC	461, H&S 41960	02/14/2025	VB	P80637	\$1,211.00
84659	BIXBY KNOLLS TOWERS	222	02/14/2025	VB	P69927	\$1,813.00
184919	BLACK GOLD BUILDERS GROUP INC	403	02/14/2025	VB	P79343	\$1,513.00
202488	BLUE RIDGE HOME FASHIONS INC	2305	02/07/2025	CL	O15131	\$5,000.00
144422	BLUETRITON BRANDS	203, 1146	02/07/2025	CM	P78444	\$4,231.00
205230	BRIDGEVIEW CONSTRUCTION SERVICES	403	02/07/2025	CM	P78465	\$3,027.00
197248	CIRCLE K STORES INC (#2704596)	203	02/21/2025	CL	P69886, P69888	\$4,836.00
167499	CSM BAKERY PRODUCTS NA INC	1146, 1146.1	02/21/2025	VB	P74668	\$16,782.00
200648	DALJIT SINGH BATH	1403, 40 CFR 61.145	02/07/2025	CL	P77563	\$14,270.00
198427	DJ FOOD INC	461, H&S 41960.2	02/07/2025	CM	P79383	\$2,522.00
172210	DT-14 INC	461	02/21/2025	VB	P74697	\$2,118.00
115663	EL SEGUNDO ENERGY CENTER LLC	2004, 3002	02/07/2025	CL	P73514	\$2,000.00
189091	FOUR STAR MANUFACTURING	203	02/21/2025	VB	P80414	\$12,108.00
185509	GLENDALE MEMORIAL HOSPITAL	203	02/21/2025	VB	P75472	\$4,036.00
203619	GONZALEZ BROS INC	13 CCR 2485	02/21/2025	CL	P76293	\$1,438.00
102158	HEARTWELL GOLF COURSE (#143)	203, 461	02/07/2025	CL	P69930	\$1,916.00

Fac ID	Company Name	Rule Number	Settled Date	Init	Notice Nbrs	Total Settlement
195032	JAEYONG ILC	461, H&S 41960.2	02/21/2025	SW	P79097	\$1,732.00
60547	LADPW-ROAD MAINTENANCE DIVISION	461	02/07/2025	CM	P73185	\$1,818.00
188687	LIBERTY PROPERTY LP	203	02/14/2025	VB	P79712	\$2,725.00
71074	LONG BEACH USD-WOODROW WILSON	1146	02/14/2025	VB	P76298	\$10,035.00
45095	OLTMANS CONSTRUCTION CO	403	02/07/2025	CL	P78054	\$4,836.00
189107	PIONEER GAS INC	461	02/21/2025	CL	P73130, P73145	\$5,246.00
105903	PRIME WHEEL	2004, 3002	02/07/2025	CL	P78436	\$6,936.00
115011	S.V. HOLDING INC (DBA "SANTA CLARITA MOBIL")	461, H&S 41960.2	02/14/2025	VB	P76197	\$4,765.00
142727	SEGERSTROM HIGH SCHOOL	203, 1470	02/14/2025	VB	P66305	\$1,109.00
74648	SEPULVEDA WEST CAR WASH	461, H&S 41960.2	02/21/2025	VB	P74689	\$1,588.00
204595	SKANSKA USA	403	02/07/2025	CM	P78912, P78914	\$9,019.80
45583	SKYLINKS GOLF COURSE AMERICAN GOLF CORP	461	02/07/2025	CL	P69929	\$503.00
65981	SO CAL EDISON CO	461	02/14/2025	CM	P78460	\$1,009.00
105086	ST VINCENT MEDICAL CENTER	203	02/07/2025	CL	P76516	\$971.00
184510	STANDARD DEMOLITION INC	1403, 40 CFR 61.145	02/07/2025	CL	P75760	\$2,418.00
187062	THE HOME DEPOT STORE (#2304)	203	02/14/2025	VB	P80107	\$3,027.00
195283	THREE PEAKS CORP	403	02/07/2025	CM	P79347	\$4,036.00
113234	TORRANCE CAR WASH & GASOLINE	203	02/21/2025	SW	P79385	\$2,883.00
196268	V-RED	461, H&S 41960.2	02/14/2025	VB	P77663	\$5,145.00
205691	VELADOR - PRIMARY RESIDENCE	1403	02/14/2025	VB	P79960	\$1,009.00
Total MSPAP Settlements: \$149,631.80						

**SOUTH COAST AQMD'S RULES AND REGULATIONS INDEX
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REGULATION I - GENERAL PROVISIONS

Rule 109 Recordkeeping for Volatile Organic Compound Emissions

REGULATION II - PERMITS

Rule 203 Permit to Operate

Rule 222 Filing Requirements for Specific Emission Sources Not Requiring a Written Permit Pursuant to Regulation II

REGULATION IV - PROHIBITIONS

Rule 401 Visible Emissions

Rule 403 Fugitive Dust

Rule 415 Odors from Rendering Facilities

Rule 431.1 Sulfur Content of Gaseous Fuels

Rule 461 Gasoline Transfer and Dispensing

REGULATION XI - SOURCE SPECIFIC STANDARDS

Rule 1118 Emissions from Refinery Flares

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

Rule 1147 NOx Reductions from Miscellaneous Sources

Rule 1150.1 Control of Gaseous Emissions from Active Landfills

REGULATION XIV - TOXICS

Rule 1403 Asbestos Emissions from Demolition/Renovation Activities

Rule 1415 Reduction of Refrigerant Emissions from Stationary Air Conditioning Systems

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

REGULATION XX - REGIONAL CLEAN AIR INCENTIVES MARKET (RECLAIM)

Rule 2004 Requirements

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REGULATION XXIII - FACILITY BASED MOBILE SOURCE MEASURES

Rule 2305 Warehouse Indirect Source Rule – Warehouse Actions and Investments to Reduce Emissions (Waive) Program

REGULATION XXX - TITLE V PERMITS

Rule 3002 Requirements

CODE OF FEDERAL REGULATIONS

40 CFR 60.102 Standards for Particulate Matter

40 CFR 61.145 Standards for Demolition and Renovation

CALIFORNIA HEALTH AND SAFETY CODE

41701 Restricted Discharges

41960 Certification of Gasoline Vapor Recovery System

41960.2 Gasoline Vapor Recovery

42402 Violation of Emission Limitations – Civil Penalty

CALIFORNIA CODE OF REGULATIONS

13 CCR 2485 Airborne Toxic Control Measure to Limit Diesel-Fueled Commercial Motor Vehicle Idling