

BOARD MEETING DATE: April 3, 2020

AGENDA NO. 10

**PROPOSAL:** Approve Transfer of Funds to Conduct Rule 1118.1 Technical Assessment

**SYNOPSIS:** On January 4, 2019, Rule 1118.1 – Non-Refinery Flares was adopted. Rule 1118.1 establishes requirements to reduce NOx and VOC emissions from non-refinery flares and encourages alternatives to flaring such as beneficial use of gas such as energy generation, transportation fuels, or pipeline injection. The Board Resolution for the adoption of Rule 1118.1 directed staff to conduct a technical assessment to further investigate beneficial uses of gas as an alternative to flaring at non-refinery facilities. Funding is needed to contract with an engineering consultant that will be selected through a competitive bidding process to conduct this technical assessment for an amount not to exceed \$75,000. This action is to transfer funds from the General Fund Undesignated (Unassigned) to Planning, Rule Development and Area Sources' FY 2020-21 Professional and Special Services Account.

**COMMITTEE:** No Committee Review

**RECOMMENDED ACTION:**

Authorize transfer of \$75,000 from the General Fund Undesignated (Unassigned) Fund Balance into Planning, Rule Development and Area Sources' FY 2020-21 Professional and Special Services Account, for Board required technical assessment of beneficial uses from non-refinery flaring.

Wayne Nastri  
Executive Officer

BB:SN:MK:HF

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**Background**

On January 4, 2019, the South Coast AQMD adopted Rule 1118.1 – Control of Emissions from Non-Refinery Flares. Rule 1118.1 applies to facilities that operate non-refinery flares located at landfills, wastewater treatment plants, oil and gas production facilities, organic liquid loading stations, and tank farms. Rule 1118.1 establishes

requirements to reduce NOx and VOC emissions from non-refinery flares and to encourage alternatives to flaring (e.g., increase beneficial use of gas), such as energy generation, transportation fuels, or pipeline injection.

Upon adoption of the rule, the Board directed staff to conduct a technology assessment of various technologies, techniques, approaches, and associated costs to beneficially use gas to reduce flaring and to provide a summary of the technology assessment to the Stationary Source Committee within 24 months of rule adoption and amend the requirements for flaring produced gas, if deemed appropriate.

A working group was established to assist in the development of the goals, scope, and cost associated with the technology assessment. Staff held several stakeholder meetings and three formal working group meetings to develop an outline and a Request for Proposals for the technology assessment. The RFP will obtain proposals from potential qualified consultants with technical expertise and experience in alternative technologies to reduce flaring from oil and gas sites, landfills, and wastewater treatment plants and prepare a technical assessment to examine the emission reduction benefits, the cost impacts, potential revenue, hurdles, system problems, and incentives of using gas that would be otherwise flared. The assessment will focus on sites not currently utilizing a large percentage of gas beneficially and shall include four sites (either actual sites or representative facilities): a large landfill, a small wastewater treatment plant, and two oil and gas sites (one remote and one either urban or an aggregate of existing facilities). The working group concluded the technology assessment would best be performed by a third-party engineering consultant.

### **Proposal**

Staff is proposing that the Board authorize the transfer of \$75,000 from the General Fund Undesignated (Unassigned) to Planning, Rule Development and Area Sources' FY 2020-21 Professional and Special Services Account. These monies will be used to fund a technology assessment on the beneficial use of flare gas as directed in the Rule 1118.1 Board Resolution.

### **Resource Impacts**

Funds are available from the General Fund, Unreserved (Unassigned) Fund Balance.