

BOARD MEETING DATE: January 10, 2020

Agenda No. 19

PROPOSAL: Determine That Proposed Amendment to Rule 1100 – Implementation Schedule for NOx Facilities, Is Exempt from CEQA and Amend Rule 1100

SYNOPSIS: Rule 1100 establishes the implementation schedule for some NOx source-specific rules for RECLAIM and former RECLAIM facilities. Rule 1100 includes specific provisions for facilities with equipment that are in an “industry-specific category.” Proposed Amended Rule 1100 will modify the definition of industry-specific category to clarify the applicability as originally intended.

COMMITTEE: No Committee Review

RECOMMENDED ACTIONS:

Adopt the attached Resolution:

1. Determining that the proposed amendment to Rule 1100 – Implementation Schedule for NOx Facilities, is exempt from the California Environmental Quality Act; and
2. Amending Rule 1100 – Implementation Schedule for NOx Facilities

Wayne Nastri
Executive Officer

PF:SN:MK:HF:JHL

This Board letter is intended to serve as the staff report for the proposed amendment to Rule 1100.

Background

Regulation XX – Regional Clean Air Incentives Market (RECLAIM) program was adopted in October 1993 and is a market-based program for facilities with more than four tons per year of NOx or SOx emissions. Staff has been working on a series of rules that establish NOx BARCT emission limits for equipment at RECLAIM and former RECLAIM facilities. The implementation schedule for RECLAIM and former RECLAIM facilities is specified in Rule 1100 - Implementation Schedule for NOx Facilities for three source-specific rules: Rule 1110.2 – Emissions from Gaseous- and Liquid-Fueled Engines; Rule 1146 – Emissions of Oxides of Nitrogen from Industrial,

Institutional, and Commercial Boilers, Steam Generators, and Process Heaters; and Rule 1146.1 – Emissions of Oxides of Nitrogen from Small Industrial, Institutional, and Commercial Boilers, Steam Generators, and Process Heaters. Under Rule 1100, RECLAIM and former RECLAIM facilities that are subject to an “industry-specific category” are exempt from the NOx emission limits in Rules 1110.2, 1146, and 1146.1. The definition of industry-specific category under Rule 1100 refers to facilities subject to NOx emission limits in a rule adopted on or after November 2, 2018 for refineries or electricity generating facilities. Additional clarification is needed for the definition of industry-specific category to reflect the intent to include facilities that are, or will be, subject to a rule that is, or will be, adopted.

Proposal

Proposed Amended Rule 1100 would modify the definition of “industry specific category” to clarify the intent. Rule 1100 currently defines industry-specific category as:

INDUSTRY-SPECIFIC CATEGORY means RECLAIM or former RECLAIM facilities subject to NOx emission limits in a rule adopted on or after November 2, 2018 for refineries or electricity generating facilities.

The intent of this definition was to exempt equipment from the NOx emission limits of Rules 1110.2, 1146, and 1146.1 that will be regulated in an industry-specific rule for refineries and related industries under Proposed Rule 1109.1 – Emissions of Oxides of Nitrogen from Petroleum Refineries and Related Industries, and electrical generating facilities under Rule 1135 – Emissions of Oxides of Nitrogen from Electricity Generating Facilities. Since Rule 1135 has been amended, it is covered under the current definition of industry-specific category. When Rule 1100 was originally adopted, it was anticipated that Proposed Rule 1109.1 would be adopted in 2019. However, since Rule 1109.1 has not been adopted yet, it is not clear the equipment at those facilities are exempt from the NOx emission limits under Rules 1110.2, 1146, and 1146.1, as was intended.

Proposed Amended Rule 1100 would define an industry-specific category as:

INDUSTRY-SPECIFIC CATEGORY means RECLAIM or former RECLAIM facilities that are, or will be, subject to NOx emission limits in a rule adopted on or after November 2, 2018 for refineries or electricity generating facilities.

This amendment provides clarification to the definition of an industry-specific category to reflect the original intent of this definition. This amendment addresses the petroleum refineries and related industries that will be subject to Proposed Rule 1109.1, such as asphalt plants; biodiesel plants; hydrogen production plants fueled in part with refinery gas; sulfuric acid plants; and sulfur recovery plants.

During the process of amending Rules 1110.2, 1146, and 1146.1, equipment at petroleum refineries and electrical generating facilities was not included under these source-specific rules and was excluded from the analysis, as clearly stated in the staff reports for these rules. Since the intent was to exempt equipment at refineries from the NOx emission limits in Rules 1110.2, 1146, and 1146.1, revising the definition of industry-specific category to reflect RECLAIM or former RECLAIM facilities that are, or will be, subject to NOx emission limits in a rule adopted on or after November 2, 2018 for refineries clarifies that refineries and their associated facilities are not subject to the NOx emission limits or permit submission deadlines specified in Rule 1100 or in any of the three source-specific rules.

Public Process

This rule change is an administrative amendment to reflect original intent; therefore, no public meetings are required, however, South Coast AQMD staff held a public consultation meeting on December 18, 2019 at 10:00 a.m. in the Auditorium at the South Coast AQMD Headquarters.

Key Issues

Staff is not aware of any further outstanding issues.

California Environmental Quality Act

The proposed amendment to Rule 1100 has been reviewed pursuant to California Environmental Quality Act (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. The proposed amendment to Rule 1100 is exempt from CEQA pursuant to CEQA Guidelines Section 15061(b)(3) – Common Sense Exemption. A Notice of Exemption has been prepared pursuant to CEQA Guidelines Section 15062 – Notice of Exemption and is included as Attachment C to this Board letter. If the 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 amendment to Rule 1100 is administrative in nature and has no adverse socioeconomic impacts.

Comparative Analysis

Health & Safety Code Section 40727.2 (g) is applicable and a comparative analysis is not required 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.

AQMP and Legal Mandates

The California Health and Safety Code requires the South Coast AQMD 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 South Coast AQMD to adopt rules and regulations that carry out the objectives of the AQMP but the proposed amendment is not the result of an AQMP control measure, except that is part of the process of applying command-and-control rules to RECLAIM (CMB-05) from the 2016 AQMP.

Resource Impacts

The amendment is administrative in nature, and there are no additional resource impacts to implement Proposed Amended Rule 1100.

Attachments

- A. Rule Language for Proposed Amended Rule 1100
- B. Resolution
- C. CEQA Notice of Exemption
- D. Board Meeting Presentation

ATTACHMENT A

(Adopted December 7, 2018)(Amended November 1, 2019)
(Proposed Amended Rule 1100 January 10, 2020)

PROPOSED AMENDED RULE 1100. IMPLEMENTATION SCHEDULE FOR NO_x FACILITIES

(a) Purpose

The purpose of this rule is to establish the implementation schedule for RECLAIM and former RECLAIM facilities that are transitioning to a command-and-control regulatory structure.

(b) Applicability

This rule applies to any owner or operator of a RECLAIM or former RECLAIM facility that owns or operates equipment that meets the applicability provisions specified in:

- (1) Rule 1110.2 – Emissions from Gaseous- and Liquid-Fueled Engines;
- (2) Rule 1146 – Emissions of Oxides of Nitrogen from Industrial, Institutional, and Commercial Boilers, Steam Generators, and Process Heaters; or
- (3) Rule 1146.1 – Emissions of Oxides of Nitrogen from Small Industrial, Institutional, and Commercial Boilers, Steam Generators, and Process Heaters.

(c) Definitions

- (1) ANNUAL HEAT INPUT means the total heat input to a unit during a calendar year.
- (2) COMPRESSOR GAS LEAN-BURN ENGINE means a Rule 1110.2 unit as defined in Rule 1110.2.
- (3) ENGINE means a Rule 1110.2 unit as defined in Rule 1110.2.
- (4) FORMER RECLAIM FACILITY means a facility, or any of its successors, that was in the NO_x Regional Clean Air Incentives Market (RECLAIM) as of January 5, 2018, as established in Regulation XX, that has received a final determination notification, and is no longer in the NO_x RECLAIM program.
- (5) HEAT INPUT means the chemical heat released due to assumed complete combustion of fuel in a unit, using the higher heating value of the fuel. This does not include the sensible heat of incoming combustion air.
- (6) INDUSTRY-SPECIFIC CATEGORY means RECLAIM or former RECLAIM facilities that are, or will be, subject to NO_x emission limits in a

- (c) rule adopted on or after November 2, 2018 for refineries or electricity generating facilities.
- (7) LEAN-BURN ENGINE means a Rule 1110.2 unit as defined in Rule 1110.2.
- (8) LOCATION means any single site at a building, structure, facility, or installation. For the purpose of this definition, a site is a space occupied or to be occupied by a Rule 1110.2 unit. For Rule 1110.2 units which are brought to a facility to perform maintenance on equipment at its permanent or ordinary location, each maintenance site shall be a separate location.
- (9) NO_x EMISSIONS means the sum of nitric oxides and nitrogen dioxides emitted, calculated as nitrogen dioxide.
- (10) PORTABLE ENGINE means a Rule 1110.2 unit as defined in Rule 1110.2.
- (11) RATED HEAT INPUT CAPACITY means the heat input capacity as specified by the permit issued by the Executive Officer, or if not specified on the permit, as specified on the nameplate of the combustion unit. If the combustion unit has been altered or modified such that its maximum heat input is different than the heat input capacity specified on the nameplate, the new maximum heat input shall be considered as the rated heat input capacity.
- (12) RECLAIM FACILITY means a facility, or any of its successors, that was in the NO_x Regional Clean Air Incentives Market as of January 5, 2018, as established in Regulation XX.
- (13) RULE 1110.2 UNIT means any stationary and portable engine over 50 rated brake horsepower (bhp) subject to Rule 1110.2.
- (14) RULE 1146 UNIT means any boiler, steam generator, water heater, or process heater subject to Rule 1146 with a rated heat input capacity that is equal to or greater than 5 million Btu per hour, excluding units specified in Rule 1146 exemptions.
- (15) RULE 1146.1 UNIT means any boiler, steam generator, or process heater subject to Rule 1146.1 with a rated heat input capacity that is greater than 2 million Btu per hour and less than 5 million Btu per hour, excluding units specified in Rule 1146.1 exemptions.
- (16) STATIONARY ENGINE means a Rule 1110.2 unit as defined in Rule 1110.2.
- (17) TITLE V FACILITY means any facility that meets the criteria set forth in Rule 3001 – Applicability.

(d) Rule 1110.2 Implementation Schedule

- (1) An owner or operator of a RECLAIM or former RECLAIM facility subject to Rule 1110.2 with a stationary engine that before November 1, 2019 does not meet the NO_x concentration limit specified in Rule 1110.2 paragraph (d)(1) shall:
 - (A) On or before July 1, 2021, submit a permit application for each stationary engine that does not meet the NO_x concentration limit specified in Rule 1110.2 paragraph (d)(1); and
 - (B) On or before December 31, 2023, meet the emission limits specified in Rule 1110.2 paragraph (d)(1).
- (2) An owner or operator of a RECLAIM or former RECLAIM facility with a portable engine subject to Rule 1110.2 shall meet the requirements specified in Rule 1110.2 paragraph (d)(2).
- (3) An owner or operator of a RECLAIM or former RECLAIM facility subject to Rule 1110.2 with a compressor gas lean-burn engine that before November 1, 2019 does not meet the NO_x concentration limit specified in Rule 1110.2 paragraph (d)(1) shall:
 - (A) On or before July 1, 2021, submit a permit application for each compressor gas lean-burn engine to meet the applicable NO_x concentration limit specified in Rule 1110.2 paragraph (d)(1);
 - (B) No later than 24 months after a permit to construct is issued by the Executive Officer, meet the emission limits specified in Rule 1110.2 paragraph (d)(1); and
 - (C) Provide quarterly reports to the Executive Officer that include NO_x continuous emissions monitoring system (CEMS) minute data, source test data, and identification of applicable engine and control equipment parameters necessary to maintain pollutant concentrations within the permit limits. Detailed increments of progress or measures that have been taken to meet the NO_x emission limit specified in Rule 1110.2 paragraph (d)(1), why the NO_x emission limit cannot be met, the number of occurrences that the NO_x emission limit was exceeded, and the duration and NO_x concentrations that exceeded the limit in Rule 1110.2 paragraph (d)(1) are also required. Other applicable parameters, as well as any corrective actions shall include, but not be limited to, those specified in Attachment 1 of Rule 1110.2.

- (d) (4) Retirement Plan for Compressor Gas Lean-Burn Engine Replacement with Compressor Gas Turbines
 - (A) An owner or operator of compressor gas lean-burn engines not being retrofitted pursuant to the requirements of paragraph (d)(3) and subject to replacement with equipment subject to Rule 1134 shall submit a detailed retirement plan no later than July 1, 2021, with a filing fee payment pursuant to Rule 306 – Plan Fees, for the permanent shutdown of the engines. The owner or operator shall permanently remove the engines from service either by December 31, 2023 or pursuant to the implementation schedule in Rule 1134 paragraph (d)(4), whichever is later. Installation of CEMS is not required for engines that are subject to replacement.
- (5) Time Extension for Meeting Rule 1110.2 Emission Limits for Compressor Gas Lean-Burn Engines
 - (A) An owner or operator of a RECLAIM or former RECLAIM facility subject to Rule 1110.2 with a compressor gas lean-burn engine that elects to request an extension of up to 24 months to meet the emission limits specified in Rule 1110.2 paragraph (d)(1), shall:
 - (i) Submit an application for a compliance plan, with a filing fee payment pursuant to Rule 306 – Plan Fees, no later than 22 months after the permit to construct is issued by the Executive Officer, as specified in subparagraph (d)(3)(B);
 - (ii) Provide reason(s) for the time extension; and
 - (iii) Provide all quarterly report data since the startup of the retrofitted equipment, pursuant to subparagraph (d)(3)(C).
 - (B) A compliance plan shall be approved for a time extension of up to 24 months if:
 - (i) The information provided in subparagraph (d)(5)(A) is complete and accurate;
 - (ii) The air pollution controls specified in the permit to construct issued by the Executive Officer, pursuant to subparagraph (d)(3)(B), are installed and operational; and
 - (iii) The owner or operator provides in detail, the steps that will be taken to demonstrate to the satisfaction of the Executive Officer that additional and appropriate steps have been taken

- (d) to meet the emission limits specified in Rule 1110.2 paragraph (d)(1).
- (C) If the compliance plan is approved, an owner or operator of a RECLAIM or former RECLAIM facility shall meet the emission limits specified in Rule 1110.2 paragraph (d)(1) no later than the time specified by the Executive Officer in the compliance plan and until that date, shall continue with efforts to achieve the emission limits specified in Rule 1110.2 paragraph (d)(1), but shall not exceed the following interim emission limits:
 - (i) NO_x concentration of 45 ppm, corrected to 15% oxygen on a dry basis, averaged over fixed-interval averaging time of three hours; and
 - (ii) Volatile organic compounds concentration specified in Rule 1110.2 paragraph (d)(1), including any previously approved alternate emission limits.
- (D) If the compliance plan is not approved, the owner or operator of a RECLAIM or former RECLAIM facility with a Rule 1110.2 compressor gas lean-burn engine shall meet the emission limits specified in Rule 1110.2 paragraph (d)(1) no later than 60 days after the owner or operator is notified by the Executive Officer that the compliance plan is not approved.
- (6) Revised Compliance Plan for Alternative Emission Limits for Compressor Gas Lean-Burn Engines
 - (A) An owner or operator of a RECLAIM or former RECLAIM facility subject to Rule 1110.2 with a compressor gas lean-burn engine that demonstrates the emission limits specified in Rule 1110.2 paragraph (d)(1) are not achievable shall:
 - (i) Submit an application for a revised compliance plan, with a filing fee payment pursuant to Rule 306 – Plan Fees, no later than four months prior to the compliance date specified in subparagraph (d)(5)(C) to notify the Executive Officer of a proposed alternative NO_x emission limit with supporting information as required by clause (d)(6)(A)(ii); and
 - (ii) Provide all quarterly report data since the startup of any retrofitted equipment, pursuant to subparagraph (d)(3)(C), including, but not limited to:

- (d)
 - (I) At least two years of NO_x CEMS data for each compressor gas lean-burn engine including exhaust gas concentrations, both uncorrected and corrected to 15 percent oxygen on a dry basis;
 - (II) All source test data and/or portable analyzer data for the previous two years for volatile organic compounds, carbon monoxide, and ammonia;
 - (III) All operating logs maintained pursuant to Rule 1110.2 paragraph (f)(3); and
 - (IV) Detailed increments of progress or measures that have been taken to meet the NO_x emission limit specified in Rule 1110.2 paragraph (d)(1), why the NO_x emission limit cannot be met, the number of occurrences that the NO_x emission limit specified in Rule 1110.2 paragraph (d)(1) was exceeded, an averaging period in which the NO_x concentration limit specified in Rule 1110.2 paragraph (d)(1) can be achieved 95% of the time the engine is operated, and the duration and NO_x concentrations that exceeded the limit in Rule 1110.2 paragraph (d)(1).
- (B) The Executive Officer shall review the information provided pursuant to subparagraph (d)(6)(A) and either approve or disapprove the application and require that the NO_x emission limits specified in Rule 1110.2 paragraph (d)(1) be met, or establish as part of the revised compliance plan, technologically achievable case-by-case emission limits with a corresponding averaging period.
- (C) An owner or operator of a RECLAIM or former RECLAIM facility shall meet the emission limits specified in clause (d)(5)(C)(i) until one of the following is achieved:
 - (i) Meet the emission limits specified by the Executive Officer pursuant to subparagraph (d)(6)(B) under the compliance plan no later than 30 days after notification of the emission limits; or
 - (ii) No later than 12 months after receiving notification of the emission limits pursuant to subparagraph (d)(6)(B), submit an application for a new engine to meet the applicable NO_x

- (d) emission limits specified in Rule 1110.2 paragraph (d)(1) and remove from service any compressor gas lean-burn engines that do not meet the emission limits of Rule 1110.2 paragraph (d)(1). A mitigation fee of \$100,000 shall be paid per facility per year or prorated portion thereof.
- (7) Facility-Wide Engine Modernization Compliance Plan
 - (A) The owner or operator of a RECLAIM or former RECLAIM facility subject to Rule 1110.2 with a compressor gas lean-burn engine that elects to reduce NOx emissions to meet the emission limits specified in Rule 1110.2 paragraph (d)(1) through the replacement or removal of all existing compressor gas lean-burn engines subject to Rule 1110.2 located at a single RECLAIM or former RECLAIM facility, shall:
 - (i) On or before January 1, 2021, submit a Facility-Wide Engine Modernization Compliance Plan to the Executive Officer, pursuant to Rule 306 – Plan Fees, for approval that:
 - (I) Lists each existing engine subject to Rule 1110.2 and provides a description of the control approach that will be used for each engine; and
 - (II) Provides a replacement or removal schedule for each engine that includes submittal of permit applications, other agency approvals, estimated delivery, and installation of equipment.
 - (ii) On or before July 1, 2022, submit a permit application for any equipment in the approved Facility-Wide Engine Modernization Compliance Plan.
 - (iii) On or before 36 months after the permit to construct is issued by the Executive Officer, replace or remove engines identified in the approved Facility-Wide Engine Modernization Compliance Plan, but no later than six months from commencement of operation of the replacement equipment.
 - (B) The Executive Officer will review a Facility-Wide Engine Modernization Compliance Plan and approve it if:
 - (i) Information provided in clause (d)(7)(A)(i) is complete and accurate;

- (d)
 - (ii) All compressor gas lean-burn engines that do not meet the emission limits specified in Rule 1110.2 paragraph (d)(1) will be replaced or removed; and
 - (iii) 20% of the total horsepower, represented by all Rule 1110.2 engines replaced or removed, use a zero-emission technology such as an electric motor or fuel cell technology.
- (C) Time Extension for Implementation of a Facility-Wide Engine Modernization Compliance Plan
 - (i) An owner or operator of a RECLAIM or former RECLAIM facility with an approved Facility-Wide Engine Modernization Compliance Plan that elects to request an extension of up to 36 months to replace or remove engines, shall:
 - (I) Notify the Executive Officer on or before 32 months after the permit to construct is issued by the Executive Officer; and
 - (II) Provide an explanation for the reason(s) there is a delay in the replacement or removal of equipment.
 - (ii) The Executive Officer will approve a time extension to the Facility-Wide Engine Modernization Compliance Plan if:
 - (I) Information provided in clause (d)(7)(C)(i) is complete and accurate;
 - (II) All permit applications for engines in the approved Facility-Wide Engine Modernization Compliance Plan were submitted by July 1, 2022; and
 - (II) Documentation demonstrates that the equipment has been ordered and submittals, applications, and requests for other agency approvals have been initiated.
 - (iii) An owner or operator of a RECLAIM or former RECLAIM facility shall implement the approved Facility-Wide Engine Modernization Compliance Plan:
 - (I) No later than 36 months after the permit to construct is issued by the Executive Officer if the request for a time extension is not approved; or
 - (II) No later than the time specified by the Executive Officer in the approval for the time extension, not to exceed 72 months after the permit to construct is

- (d) issued by the Executive Officer, if the request for a time extension is approved. Any engines that are subject to the Facility-Wide Engine Modernization Compliance Plan pursuant to paragraph (d)(7) shall be replaced or removed from service no later than six months from commencement of operation of the replacement equipment.
- (D) For engines that will be replaced with units that will be subject to the provisions of a different Regulation XI rule, an owner or operator of a RECLAIM or former RECLAIM facility shall permanently shut down the engines and shall require the surrendering of the permits no later than six months from commencement of operation of the replacement units.
- (8) An owner or operator of a RECLAIM or former RECLAIM facility subject to Rule 1110.2 with a compressor gas lean-burn engine that has an approved time extension pursuant to paragraph (d)(5) or subparagraph (d)(7)(C) shall pay a mitigation fee within 30 days of the date of approval of the time extension. The mitigation fee shall be \$100,000 per facility per year or prorated portion thereof.
- (9) Alternative Compliance Approach for Diesel-Fired Electrical Generators at Ski Resorts
- (A) Low-Use
- An owner or operator of a ski resort that operates Rule 1110.2 units that are diesel-fired electrical generators that were installed prior to November 1, 2019 shall not be subject to the NO_x emission limits specified in Rule 1110.2 paragraph (d)(1) provided that:
- (i) Each unit operates no more than 500 hours per year or uses less than 1×10^9 Btu per year (higher heating value) of fuel;
 - (ii) Each unit retains the NO_x and ammonia limits, as well as the monitoring and source testing requirements specified on the South Coast AQMD permit to operate;
 - (iii) Permit applications for each unit requesting the change of South Coast AQMD permit conditions to incorporate the low-use exemption are submitted by July 1, 2021; and

- (d)
 - (iv) The South Coast AQMD permit to operate limits use of each unit consistent with the low-use requirements of this subparagraph.
- (B) Exceedance of Low-Use

If a Rule 1110.2 unit with a low-use exemption pursuant to subparagraph (d)(9)(A) exceeds the annual hours or fuel usage requirements, the owner or operator shall submit complete South Coast AQMD applications to repower, retrofit, or retire that unit within six months from the date of the reported exceedance of subparagraph (d)(9)(A). The Rule 1110.2 unit must be removed from service or meet the applicable emission limits in Rule 1110.2 paragraph (d)(1) within two years of the exceedance.
- (e) Rule 1146 and Rule 1146.1 Implementation Schedule
 - (1) An owner or operator of a RECLAIM or former RECLAIM facility with any Rule 1146 or Rule 1146.1 unit shall:
 - (A) On or before December 7, 2019, submit complete South Coast AQMD permit applications for any Rule 1146 and Rule 1146.1 units that currently do not meet the applicable NOx concentration limit specified in paragraph (e)(3);
 - (B) On or before January 1, 2021 meet the applicable NOx concentration limit for a minimum of 75% of the cumulative total rated heat input capacity of all Rule 1146 and Rule 1146.1 units at the facility; and
 - (C) On or before January 1, 2022 meet the applicable NOx concentration limit of 100% of Rule 1146 and Rule 1146.1 units at the facility.
 - (2) An owner or operator that elects to replace an existing Rule 1146 or Rule 1146.1 unit at a RECLAIM or former RECLAIM facility with a new unit may use the rated heat input capacity of the unit being replaced to meet the required percentage of the cumulative total rated heat input capacity for all Rule 1146 and Rule 1146.1 units at the facility specified under subparagraphs (e)(1)(B) and (e)(1)(C) provided the owner or operator:
 - (A) On or before December 7, 2019, submits complete South Coast AQMD permit applications for any applicable new Rule 1146 and Rule 1146.1 units, as well as accepts a permit condition that identifies

- (e) which unit(s) will be replaced and no longer operated when the new units are installed or after January 1, 2023, whichever is earlier; and
 - (B) Replaces the existing unit on or before January 1, 2023.
- (3) The applicable NOx concentration limits specified in subparagraphs (e)(1)(B) and (e)(1)(C) are as follows:
 - (A) Rule 1146 units shall meet the NOx concentration limit for the category of equipment specified in Rule 1146, Table 1146-1 – NOx Emission Limits and Compliance Schedule;
 - (B) Rule 1146 units that meet the applicability provisions specified in Rule 1146 paragraph (c)(2) shall meet the ammonia emission limit specified in Rule 1146 paragraph (c)(2); and
 - (C) Rule 1146.1 units shall meet the NOx concentration limit for the category of equipment specified in Rule 1146.1, Table 1146.1-1 – NOx Emission Limits and Compliance Schedule.
- (4) In lieu of complying with the applicable emission limits specified in paragraph (e)(3), the owner or operator of the following unit(s) in operation prior to December 7, 2019 with an annual heat input less than or equal to as specified below, shall retain and comply with the unit's NOx emission limit and source testing requirements specified in the South Coast AQMD Permit to Operate as of December 7, 2018.
 - (A) 90,000 therms per year and complying with the requirements specified in Rule 1146 paragraph (c)(5); or
 - (B) 18,000 therms per year and complying with the requirements specified in Rule 1146.1 paragraph (c)(4).
- (5) Notwithstanding paragraph (e)(1), an owner or operator of a RECLAIM or former RECLAIM facility that has installed, modified, or has been issued a South Coast AQMD Permit to Construct or Permit to Operate for the following Rule 1146 or Rule 1146.1 units prior to December 7, 2018 shall meet the NOx emission limit specified in paragraph (e)(3) by December 7, 2033 or when 50 percent or more of the unit's burners are replaced, whichever is earlier:
 - (A) Fire-tube boilers, as defined in Rule 1146 paragraph (b)(7), subject to Rule 1146 subparagraph (c)(1)(G) or (c)(1)(J) complying with a previous NOx emission limit that is less than or equal to 9 ppm and greater than 5 ppm;

- (e)
 - (B) Units subject to Rule 1146 subparagraph (c)(1)(H) or (c)(1)(K) complying with a previous NOx emission limit that is less than or equal to 12 ppm and greater than 5 ppm;
 - (C) Units subject to Rule 1146.1 subparagraph (c)(1)(E) complying with a previous NOx emission limit that is less than or equal to 12 ppm and greater than 9 ppm;
 - (D) Fire-tube boilers, as defined in Rule 1146.1 paragraph (b)(7), fired on natural gas subject to Rule 1146.1 subparagraph (c)(1)(F) complying with a previous NOx emission limit that is less than or equal to 9 ppm;
 - (E) Thermal fluid heaters, as defined in Rule 1146 paragraph (b)(26), subject to Rule 1146 subparagraph (c)(1)(L) complying with a previous NOx emission limit that is less than or equal to 20 ppm; or
 - (F) Thermal fluid heaters, as defined in Rule 1146.1 paragraph (b)(22), subject to Rule 1146.1 subparagraph (c)(1)(G) complying with a previous NOx emission limit that is less than or equal to 20 ppm.
- (6) Notwithstanding paragraph (e)(1), by December 7, 2033 or when 50 percent or more of the unit's burners are replaced, whichever is earlier, the owner or operator that has installed, modified, or has been issued a South Coast AQMD Permit to Construct or Permit to Operate prior to December 7, 2018 for the following units shall not operate in a manner that discharges NOx emissions (reference at 3 percent volume stack gas oxygen on a dry basis averaged over a period of 15 consecutive minutes) in excess of:
 - (A) 7 ppm for Rule 1146 Group I units operating without air pollution control equipment for the after treatment of the emissions in the exhaust complying with a previous NOx emission limit of 7 ppm or less and greater than 5 ppm; or
 - (B) 9 ppm for Rule 1146 Group III or Rule 1146.1 natural gas fired units complying with a previous NOx emission limit of 12 ppm or less and greater than 9 ppm.
- (7) The owner or operator of any Rule 1146 Group I unit complying with the requirements specified in subparagraph (e)(6)(A) that exceeds 300,000 therms of annual heat input from all fuels used shall:
 - (A) Within four months after exceeding 300,000 therms of annual heat input, submit complete South Coast AQMD permit applications for

- (e) the unit that does not meet the applicable NO_x concentration limit specified in paragraph (e)(3); and
 - (B) Within 18 months after exceeding 300,000 therms of annual heat input, demonstrate and maintain compliance with the applicable NO_x concentration limit specified in paragraph (e)(3) for the life of the unit.
- (8) Any unit at a RECLAIM or former RECLAIM facility that is subject to a NO_x emission limit in a different rule for an industry-specific category is not subject to the requirements contained in this subdivision.
- (f) The applicable monitoring, reporting, and recordkeeping requirements are as follows:
 - (1) For Title V facilities, an owner or operator of a RECLAIM facility shall comply with the monitoring, reporting, and recordkeeping requirements specified in Rule 2012.
 - (2) Except for Title V facilities, an owner or operator of a RECLAIM facility that becomes a former RECLAIM facility shall comply with the monitoring, reporting, and recordkeeping requirements in the applicable rule(s) as specified in subdivision (b) upon the date the facility becomes a former RECLAIM facility.

ATTACHMENT B

RESOLUTION NO. 20-_____

A Resolution of the Governing Board of the South Coast Air Quality Management District (South Coast AQMD) determining that Proposed Amended Rule 1100 – Implementation Schedule for NO_x Facilities is exempt from the requirements of the California Environmental Quality Act (CEQA).

A Resolution of the South Coast AQMD Governing Board amending Rule 1100 – Implementation Schedule for NO_x Facilities.

WHEREAS, the South Coast AQMD Governing Board has determined that Rule 1100 should be amended to modify the definition “industry-specific category” to clarify the applicability as originally intended; and

WHEREAS, the South Coast AQMD Governing Board finds and determines that Proposed Amended Rule 1100 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 South Coast AQMD 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 1100 pursuant to such program (South Coast AQMD Rule 110); and

WHEREAS, the South Coast AQMD 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 1100 is exempt from CEQA; and

WHEREAS, the South Coast AQMD Governing Board finds and determines that, because the proposed project is administrative and procedural in nature and would not cause any physical changes that would affect any environmental topic area, it can be seen with certainty that there is no possibility that Proposed Amended Rule 1100 may have any significant effects on the environment, and is therefore, exempt from CEQA pursuant to CEQA Guidelines Section 15061(b)(3) – Common Sense Exemption; and

WHEREAS, the South Coast AQMD 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, the South Coast AQMD staff conducted a public consultation meeting on December 18, 2019 regarding Proposed Amended Rule 1100; and

WHEREAS, Proposed Amended Rule 1100 and the January 10, 2020 South Coast AQMD Governing Board letter, including the Notice of Exemption and other supporting documentation, were presented to the South Coast AQMD Governing Board and the South Coast AQMD 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 South Coast AQMD 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 there were no modifications to Proposed Amended Rule 1100 since the notice of public hearing was published; and

WHEREAS, Proposed Amended Rule 1100 will be submitted for inclusion into the State Implementation Plan; and

WHEREAS, Health and Safety Code Section 40727 requires that prior to adopting, amending or repealing a rule or regulation, the South Coast AQMD 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 Board Letter (that serves as the Staff Report); and

WHEREAS, the South Coast AQMD Governing Board has determined that a need exists to amend Rule 1100 – Implementation Schedule for NO_x Facilities to further clarify the definition of industry-specific category to reflect the original intent of Rule 1100 that that category will apply to refineries even though a command and control rule that will be adopted has not yet been adopted; and

WHEREAS, the South Coast AQMD Governing Board obtains its authority to adopt, amend, or repeal rules and regulations from Sections 39002, 40000, 40001, 40440, 40702, 40725 through 40728, 41508, and 41700 of the Health and Safety Code; and

WHEREAS, the South Coast AQMD Governing Board has determined that Rule 1100, 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 South Coast AQMD Governing Board has determined that Rule 1100, 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 South Coast AQMD Governing Board has determined that Rule 1100, 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 South Coast AQMD; and

WHEREAS, the South Coast AQMD Governing Board, in amending the regulation, references the following statute which the South Coast AQMD hereby implements, interprets or makes specific: Health and Safety Code Section 40440 (a) (rules to carry out the plan); Health and Safety Code Section 40440 (c) (adoption of rules and regulations to assure efficiency of administrative practice); and

WHEREAS, the South Coast AQMD 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 1100 is administrative in nature and will not have a significant impact on air quality or emissions limitations and no known cost impact; and

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

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

WHEREAS, the South Coast AQMD specifies that the Planning and Rules Manager of Rule 1100 is the custodian of the documents or other materials which constitute the record of proceedings upon which the adoption of the proposed amendments is 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 South Coast AQMD Governing Board does hereby determine, pursuant to the authority granted by law, that Proposed Amended Rule 1100 is exempt from CEQA pursuant to CEQA Guidelines Section 15061(b)(3) – Common Sense Exemption. This information has been presented to the South Coast AQMD Governing Board, whose members exercised their independent judgment and reviewed, considered and approved the information therein prior to acting on Proposed Amended Rule 1100; and

BE IT FURTHER RESOLVED, that the South Coast AQMD Governing Board does hereby adopt, pursuant to the authority granted by law, Proposed Amended Rule 1100 as set forth in the attached, and incorporated herein by this reference.

BE IT FURTHER RESOLVED, that the Executive Officer is hereby directed to forward a copy of this Resolution and Proposed Amended Rule 1100 to the California Air Resources Board for approval and subsequently submitted to the U.S. Environmental Protection Agency for inclusion into the State Implementation Plan.

DATE: _____

CLERK OF THE BOARDS

ATTACHMENT C



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 1100 – IMPLEMENTATION SCHEDULE FOR NOX FACILITIES

Pursuant to the California Environmental Quality Act (CEQA) Guidelines, the South Coast Air Quality Management District (South Coast AQMD), as Lead Agency, has prepared a Notice of Exemption pursuant to CEQA Guidelines Section 15062 – Notice of Exemption for the project identified above.

South Coast AQMD staff is proposing to amend Rule 1100 to clarify the definition of “industry-specific category” to reflect the original intent for this definition which was to include refineries and related industries that will be subject to Proposed Rule 1109.1 – Refinery Equipment, even though Rule 1109.1 has not yet been adopted. Both the adoption of Rule 1100 in December 2018 and the amendment in November 2019 were based on the assumption that the development and adoption of Rule 1109.1 would be completed in 2019. The proposed amendments to Rule 1100 will affirm that refineries and related industries within the industry-specific category are exempt from the NOx emission limits in the following three source-specific South Coast AQMD rules: Rule 1110.2 – Emissions from Gaseous- and Liquid-Fueled Engines; Rule 1146 – Emissions of Oxides of Nitrogen from Industrial, Institutional, and Commercial Boilers, Steam Generators, and Process Heaters; and Rule 1146.1 – Emissions of Oxides of Nitrogen from Small Industrial, Institutional, and Commercial Boilers, Steam Generators, and Process Heaters.

The proposed project has been reviewed 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. Since clarifying the rule’s original intent is administrative and procedural in nature and would not cause any physical changes that would affect any environmental topic area, it can be seen with certainty that there is no possibility that Proposed Amended Rule 1100 may have any significant adverse effects on the environment. Therefore, the proposed project is exempt from CEQA pursuant to CEQA Guidelines Section 15061(b)(3) – Common Sense Exemption. If the proposed project is approved, this 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 directed 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. Mr. Jong Hoon Lee is also available at (909) 396-3903 to answer any questions regarding Proposed Amended Rule 1100.

Date: December 17, 2019

Signature: 

Barbara Radlein
Program Supervisor, CEQA
Planning, Rule Development, and Area Sources

**NOTICE OF EXEMPTION FROM THE
CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)**

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
--	---

Project Title: Proposed Amended Rule 1100 – Implementation Schedule for NOx Facilities

Project Location: The project is located within the South Coast Air Quality Management District (South Coast AQMD) jurisdiction which includes 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: South Coast AQMD staff is proposing to amend Rule 1100 to clarify the definition of “industry-specific category” to reflect the original intent for this definition which was to include refineries and related industries that will be subject to Proposed Rule 1109.1 – Refinery Equipment, even though Rule 1109.1 has not yet been adopted. Both the adoption of Rule 1100 in December 2018 and the amendment in November 2019 were based on the assumption that the development and adoption of Rule 1109.1 would be completed in 2019. The proposed amendments to Rule 1100 will affirm that refineries and related industries within the industry-specific category are exempt from the NOx emission limits in the following three source-specific South Coast AQMD rules: Rule 1110.2 – Emissions from Gaseous- and Liquid-Fueled Engines; Rule 1146 – Emissions of Oxides of Nitrogen from Industrial, Institutional, and Commercial Boilers, Steam Generators, and Process Heaters; and Rule 1146.1 – Emissions of Oxides of Nitrogen from Small Industrial, Institutional, and Commercial Boilers, Steam Generators, and Process Heaters.

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

Exempt Status:
CEQA Guidelines Section 15061(b)(3) – Common Sense Exemption

Reasons why project is exempt: Pursuant to the California Environmental Quality Act (CEQA), South Coast AQMD, as Lead Agency, has reviewed Proposed Amended Rule 1100 in accordance with: 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. Since clarifying the rule’s original intent is administrative and procedural in nature and would not cause any physical changes that would affect any environmental topic area, it can be seen with certainty that there is no possibility that the Proposed Amended Rule 1100 may have any significant adverse effects on the environment. Therefore, the proposed project is exempt from CEQA pursuant to CEQA Guidelines Section 15061(b)(3) – Common Sense Exemption.

Date When Project Will Be Considered for Approval (subject to change):
South Coast AQMD Governing Board Hearing: January 10, 2020; South Coast AQMD Headquarters

CEQA Contact Person: Mr. Luke Eisenhardt	Phone Number: (909) 396-2324	Email: leisenhardt@aqmd.gov	Fax: (909) 396-3982
--	--	---	-------------------------------

Rule Contact Person: Mr. Jong Hoon Lee	Phone Number: (909) 396-3903	Email: jhlee@aqmd.gov	Fax: (909) 396-3807
--	--	---	-------------------------------

Date Received for Filing: _____ **Signature:** _____ *(Signed Upon Board Approval)*
Barbara Radlein
Program Supervisor, CEQA
Planning, Rule Development, and Area Sources

Proposed Amended Rule 1100: Implementation Schedule for NOx Facilities

Governing Board Meeting
January 10, 2020

Background

- Adopted in 2018; last amended in November 2019
- Establishes implementation schedule for three NO_x source-specific rules for RECLAIM and former RECLAIM facilities
 - Rule 1110.2 – Emissions from Gaseous- and Liquid-Fueled Engines
 - 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

Applicability

- Under Rule 1100, “Industry-Specific Category” is defined:
 - RECLAIM or former RECLAIM facilities subject to NO_x emission limits in a rule adopted on or after November 2, 2018 for refineries or electricity generating facilities
- Intent was to exempt equipment from NO_x emission limits of Rules 1110.2, 1146, 1146.1 that will be regulated in industry-specific rule:
 - Proposed Rule (PR) 1109.1 – Emissions of Oxides of Nitrogen from Petroleum Refineries and Related Industries
 - Rule 1135 – Emissions of Oxides of Nitrogen from Electricity Generating Facilities

Need for Amending Rule 1100

Rule 1135

Amended in 2018

Covered in “industry-specific category”

PR 1109.1

Has not been adopted yet

Clarification needed that equipment at PR 1109.1 facilities are exempt from the NOx emission limits under Rules 1110.2, 1146, and 1146.1 or permit submission deadlines specified in Rule 1100

Proposed Rule Amendment

Revise the definition of “industry-specific category” to clarify the applicability as originally intended:

RECLAIM or former RECLAIM facilities **that are, or will be,** subject to NOx emission limits in a rule adopted on or after November 2, 2018 for refineries or electricity generating facilities

Staff Recommendations



Determine that proposed amendment to Rule 1100 – Implementation Schedule for NOx Facilities, are exempt from CEQA

Adopt the Resolution

Amend Rule 1100 – Implementation Schedule for NOx Facilities