

BOARD MEETING DATE: May 1, 2020

AGENDA NO. 19

REPORT: Stationary Source Committee

SYNOPSIS: The Stationary Source Committee held a meeting on Friday, April 17, 2020. The following is a summary of the meeting.

RECOMMENDED ACTION:  
Receive and file.

Ben Benoit, Chair  
Stationary Source Committee

AD:cr

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### **Committee Members**

Present: Council Member Ben Benoit (Chair)  
Senator Vanessa Delgado (Ret)  
Board Member Gideon Kracov  
Council Member Judith Mitchell  
Supervisor V. Manuel Perez  
Supervisor Janice Rutherford

### **Call to Order**

Chair Benoit called the meeting to order at 10:30 a.m.

### **INFORMATIONAL ITEMS:**

#### **Summary of Proposed Amended Rules 1117 – Emissions from Container Glass Melting and Sodium Silicate Furnaces**

Michael Morris, Planning and Rules Manager, provided a summary on Proposed Amended Rule (PAR) 1117.

Council Member Mitchell asked what level of NO<sub>x</sub> reductions are required for federal attainment. Mr. Morris replied that for the AQMP, a level of 5 tons of NO<sub>x</sub> per day is targeted. Dr. Phillip Fine, Deputy Executive Officer/Planning, Rule Development, and Area Sources, stated that approximately 100 – 130 tons per day of NO<sub>x</sub> reduction are needed for federal attainment, but he noted that about 80% of these emissions reductions would be needed from mobile sources. Dr. Fine commented that the

RECLAIM universe represents about 18-20 tons per day and is expected to lower to 9-9.5 tons per day through the RECLAIM transition process. Dr. Fine also added that the 0.5 tons of NO<sub>x</sub> per day from the two facilities regulated by PAR 1117 is a significant reduction towards achieving emission reduction targets.

Council Member Benoit asked where the two facilities affected by PAR 1117 are located. Mr. Morris replied that they were located near the City of Los Angeles in the Vernon area.

**WRITTEN REPORTS:**

**1. Notice of Violation Penalty Summary**

The report was acknowledged by the Committee.

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

The report was acknowledged by the Committee.

**3. Twelve-month and Three-month Rolling Price of RTCs for Compliance Years 2019-2020**

The report was acknowledged by the Committee.

**OTHER MATTERS:**

**4. Other Business**

There was no other business.

**5. Public Comment Period**

There were no public comments.

**6. Next Meeting Date**

The next regular Stationary Source Committee meeting is scheduled for Friday, May 15, 2020.

**Adjournment**

The meeting was adjourned at 10:46 a.m.

**Attachments**

1. Attendance Record
2. Draft Notice of Violation Penalty Summary
3. Monthly Update of Staff's Work with U.S. EPA on New Source Review Issues for the RECLAIM Transition
4. Twelve-month and Three-month Rolling Price of RTCs for Compliance Years 2019-2020

**ATTACHMENT 1**

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

**Attendance –April 17, 2020**

**All participants attended the meeting remotely pursuant to Executive Orders N-25-20 and N-29-20**

Council Member Ben Benoit .....	South Coast AQMD Governing Board
Senator Vanessa Delgado (Ret.) .....	South Coast AQMD Governing Board
Board Member Gideon Kracov .....	South Coast AQMD Governing Board
Council Member Judith Mitchell .....	South Coast AQMD Governing Board
Supervisor V. Manuel Perez.....	South Coast AQMD Governing Board
Supervisor Janice Rutherford .....	South Coast AQMD Governing Board
Thomas Gross .....	(Board Consultant) Benoit
Fred Minassian.....	(Board Consultant) Mitchell
Andy Silva .....	(Board Consultant) Rutherford
Mark Taylor.....	(Board Consultant) Rutherford
Howard Berman.....	E4 Strategic Solutions
Michael Carroll.....	Latham & Watkins
Bill LaMarr.....	California Small Business Alliance
Dan McGivney.....	Southern California Gas Company
David Rothbart.....	SCAP
Peter Whittingham .....	Whittingham Public Affairs Advisors
Derrick Alatorre.....	South Coast AQMD staff
Jason Aspell.....	South Coast AQMD staff
Barbara Baird.....	South Coast AQMD staff
Marian Coleman .....	South Coast AQMD staff
Amir Dejbakhsh.....	South Coast AQMD staff
Philip Fine .....	South Coast AQMD staff
Bayron Gilchrist.....	South Coast AQMD staff
Sheri Hanizavareh.....	South Coast AQMD staff
Mark Henninger .....	South Coast AQMD staff
Christian Hynes .....	South Coast AQMD staff
Terrence Mann.....	South Coast AQMD staff
Matt Miyasato.....	South Coast AQMD staff
Michael Morris .....	South Coast AQMD staff
Ron Moskowitz.....	South Coast AQMD staff
Susan Nakamura .....	South Coast AQMD staff
Wayne Nastri .....	South Coast AQMD staff
Sarah Rees .....	South Coast AQMD staff
Jill Whynot .....	South Coast AQMD staff
William Wong .....	South Coast AQMD staff
Paul Wright.....	South Coast AQMD staff

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT  
 General Counsel's Office  
 DRAFT  
 March 2020 Settlement Penalty Report**

**Total Penalties**

Civil Settlements:	\$103,300.00
MSPAP Settlements:	\$11,055.00
Hearing Board Settlements:	\$27,000.00

**Total Cash Settlements: \$141,355.00**

**Total SEP Value: \$0.00**

Fiscal Year through 3 / 2020 Cash Total:	<b>\$11,741,610.36</b>
Fiscal Year through 3 / 2020 SEP Value Only Total:	<b>\$0.00</b>

Fac ID	Company Name	Rule Number	Settled Date	Init	Notice Nbr	Total Settlement
<b>Civil Settlements</b>						
148236	AIR LIQUIDE LARGE INDUSTRIES U.S., LP	2004 2005 3002	3/4/2020	TRB	P64038 P67310	\$25,000.00
800016	BAKER COMMODITIES INC	2004 3002(c)(1)	3/26/2020	TRB	P67305 P67306 P67307	\$6,000.00
40034	BENTLEY PRINCE STREET INC	2004(f)(1) 2012	3/4/2020	VKT	P63686 P63693	\$4,500.00
143596	C & S CAR WASH SHELL	203 461 H&S 41960	3/12/2020	ML	P64918	\$500.00
8309	CAMBRO MANUFACTURING CO	3002(c)(1)	3/26/2020	TRB	P63871	\$1,000.00

**DRAFT**

<b>Fac ID</b>	<b>Company Name</b>	<b>Rule Number</b>	<b>Settled Date</b>	<b>Init</b>	<b>Notice Nbr</b>	<b>Total Settlement</b>
142513	CRIMSON RESOURCE MANAGEMENT	1173	3/5/2020	NAS	P61524 P61525 P65306 P65307	\$5,500.00
63180	DARLING INGREDIENTS INC.	2004 2012	3/26/2020	TRB	P67304 P67309	\$5,000.00
189122	DELOS SHIPPING - NAVE PHOTON IMO 9371608	1142	3/26/2020	DH	P65116	\$22,000.00
189898	EMERALD TEXTILES, LLC	203(a)	3/4/2020	DH	P66917	\$1,200.00
2912	HOLLIDAY ROCK CO INC	2004 2012	3/12/2020	ML	P65370	\$4,000.00
40483	NELCO PROD. INC	2004	3/18/2020	ML	P64139	\$4,000.00
12428	NEW NGC, INC.	2012 2012 Appendix A	3/18/2020	VKT	P66902	\$8,500.00
174704	TESORO LOGISTICS, EAST HYNES TERMINAL	3002	3/26/2020	NSF	P66504	\$2,500.00
181667	TORRANCE REFINING COMPANY LLC	461	3/4/2020	DH	P68207	\$2,000.00
169995	VINYL COATING SOLUTIONS	1145 1171	3/18/2020	BT	P68633	\$1,600.00
146536	WALNUT CREEK ENERGY, LLC	2004	3/12/2020	ML	P64413	\$10,000.00
<b>Total Civil Settlements: \$103,300.00</b>						

**DRAFT**

<b>Fac ID</b>	<b>Company Name</b>	<b>Rule Number</b>	<b>Settled Date</b>	<b>Init</b>	<b>Notice Nbr</b>	<b>Total Settlement</b>
<b>MSPAP Settlements</b>						
163436	ABC LIOVIN DRILLING INC	13 CCR 2460	3/25/2020	GC	P68511	\$400.00
155446	AHMED UNION 76	461 H&S 41960.2	3/25/2020	TF	P69013	\$800.00
84659	BIXBY KNOLLS TOWERS	222	3/25/2020	GC	P65777 P65790	\$1,560.00
178478	COPPER WASH, LLC	203 461	3/25/2020	GC	P67660	\$2,310.00
177415	EL DORADO GOLF COURSE/AMERICAN GOLF	222 461	3/25/2020	GC	P65788	\$935.00
148920	ENCINO LAND ROVER	461(c)(3)(Q)	3/25/2020	GV	P76927	\$600.00
188027	EVERGREEN MEMORIAL SERVICES, INC.	203	3/25/2020	GC	P62764	\$1,200.00
188899	MALIBU GRANITE	403	3/4/2020	TF	P65860	\$800.00
67705	O'CONNOR LAGUNA HILLS MORTUARY	203(b)	3/4/2020	TF	P56747	\$800.00
142730	SANG HAN ENTERPRISE INC	461	3/4/2020	TF	P67676	\$800.00
143205	US PETRO, INC/CHEVRON FONTANA	203	3/4/2020	TF	P66375	\$850.00

**Total MSPAP Settlements: \$11,055.00**

# DRAFT

Fac ID	Company Name	Rule Number	Settled Date	Init	Notice Nbr	Total Settlement
<b>Hearing Board Settlements</b>						
104234	MISSION FOODS CORPORATION	202 203(b) 1153.1 1303	3/13/2020	KCM	5400-4	\$25,000.00
181758	RUDOLPH FOODS WEST, INC.	202	3/13/2020	KCM	6168-1	\$2,000.00
<b>Total Hearing Board Settlements: \$27,000.00</b>						

**SOUTH COAST AQMD'S RULES AND REGULATIONS INDEX  
FOR MARCH 2020 PENALTY REPORT**

**REGULATION II - PERMITS**

- Rule 202 Temporary Permit to Operate
- 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 403 Fugitive Dust - Pertains to solid particulate matter emitted from man-made activities
- Rule 461 Gasoline Transfer and Dispensing

**REGULATION XI - SOURCE SPECIFIC STANDARDS**

- Rule 1142 Marine Tank Vessel Operations
- Rule 1145 Plastic, Rubber and Glass Coatings
- Rule 1153.1 Emissions of Oxides of Nitrogen from Commercial Food Ovens
- Rule 1171 Solvent Cleaning Operations
- Rule 1173 Fugitive Emissions of Volatile Organic Compounds

**REGULATION XIII - NEW SOURCE REVIEW**

- Rule 1303 Requirements

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

- Rule 2004 RECLAIM Program Requirements
- Rule 2005 New Source Review for RECLAIM
- Rule 2012 Requirements for Monitoring, Reporting, and Recordkeeping for Oxides of Nitrogen (NOx) Emissions
- Appendix A
- Rule 2012 Protocol for Monitoring, Reporting, and Recordkeeping for Oxides of Nitrogen (NOx) Emissions

**REGULATION XXX - TITLE V PERMITS**

- Rule 3002 Requirements for Title V Permits

**CALIFORNIA HEALTH AND SAFETY CODE**

- 41960 Certification of Gasoline Vapor Recovery System
- 41960.2 Gasoline Vapor Recovery

**CALIFORNIA CODE OF REGULATIONS**

- 13 CCR 2460 Portable Equipment Testing Requirements

## **April 2020 Update on Work with U.S. EPA 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. The table below summarizes key activities over the past month.

<b>Item</b>	<b>Discussion</b>
Teleconference with U.S. EPA – March 31, 2020	<ul style="list-style-type: none"><li>• Discussed with U.S. EPA concepts for a new Large Source Bank</li></ul>
Teleconference with U.S. EPA – April 15, 2020	<ul style="list-style-type: none"><li>• Follow-up discussion with U.S. EPA regarding offsets for a new Large Source Bank</li><li>• Discussed NSR amendments to address the extreme nonattainment requirements for Coachella Valley</li></ul>



# South Coast Air Quality Management District

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## Twelve-Month and Three-Month Rolling Average Price of Compliance Years 2019 and 2020 NOx and SOx RTCs

April 2020 Quarterly Report to Stationary Source Committee

**Table I**

Twelve-Month Rolling Average Price Data for Compliance Year 2019 NOx RTCs  
(Report to Governing Board if rolling average price greater than \$22,500/ton)

Twelve-Month Rolling Average Price Data for Compliance Year 2019 NOx RTC					
Reporting Month	12-Month Period	Total Volume Traded with Price During Past 12-month (tons)	Total Price of Volume Traded During Past 12-month (\$)	Number of Trades with Price	Rolling Average Price <sup>1</sup> (\$/ton)
Jan-19	Jan-18 to Dec-18	18.2	\$103,000	5	\$5,646
Feb-19	Feb-18 to Jan-19	19.0	\$108,200	6	\$5,682
Mar-19	Mar-18 to Feb-19	19.0	\$108,200	6	\$5,682
Apr-19	Apr-18 to Mar-19	29.6	\$181,921	8	\$6,153
May-19	May-18 to Apr-19	30.2	\$186,852	9	\$6,182
Jun-19	Jun-18 to May-19	31.2	\$195,323	10	\$6,256
Jul-19	Jul-18 to Jun-19	44.3	\$278,708	14	\$6,288
Aug-19	Aug-18 to Jul-19	54.2	\$336,213	18	\$6,200
Sep-19	Sep-18 to Aug-19	57.0	\$352,313	22	\$6,184
Oct-19	Oct-18 to Sep-19	121.2	\$648,018	29	\$5,348
Nov-19	Nov-18 to Oct-19	223.6	\$1,156,517	55	\$5,171
Dec-19	Dec-18 to Nov-19	241.4	\$1,243,747	59	\$5,153
Jan-20	Jan-19 to Dec-19	254.1	\$1,374,563	61	\$5,410
Feb-20	Feb-19 to Jan-20	627.3	\$3,051,736	101	\$4,865
Mar-20	Mar-19 to Feb-20	763.8	\$3,657,124	117	\$4,788
Apr-20	Apr-19 to Mar-20	806.6	\$3,891,993	121	\$4,825

1. District Rule 2015(b)(6) - Backstop Provisions provides additional "evaluation and review of the compliance and enforcement aspects of the RECLAIM program" if the average RTC price exceeds \$15,000 per ton.

**Table II**

Twelve-Month Rolling Average Price Data for Compliance Year 2020 NOx RTCs  
(Report to Governing Board if rolling average price greater than \$22,500/ton)

<b>Twelve-Month Rolling Average Price Data for Compliance Year 2020 NOx RTC</b>					
<b>Reporting Month</b>	<b>12-Month Period</b>	<b>Total Volume Traded with Price During Past 12-month (tons)</b>	<b>Total Price of Volume Traded During Past 12-month (\$)</b>	<b>Number of Trades with Price</b>	<b>Rolling Average Price<sup>1</sup> (\$/ton)</b>
Jan-20	Jan-19 to Dec-19	71.0	\$865,215	11	\$12,190
Feb-20	Feb-19 to Jan-20	111.2	\$1,197,542	14	\$10,770
Mar-20	Mar-19 to Feb-20	200.4	\$1,646,922	19	\$8,220
Apr-20	Apr-19 to Mar-20	202.4	\$1,657,101	21	\$8,186

1. District Rule 2015(b)(6) - Backstop Provisions provides additional "evaluation and review of the compliance and enforcement aspects of the RECLAIM program" if the average RTC price exceeds \$15,000 per ton.

**Table III**

Three-Month Rolling Average Price Data for Compliance Year 2019 NOx RTCs  
(Report to Governing Board if rolling average price greater than \$35,000/ton)

<b>Three-Month Rolling Average Price Data for Compliance Year 2019 NOx RTC</b>					
<b>Reporting Month</b>	<b>3-Month Period</b>	<b>Total Volume Traded with Price During Past 3-month (tons)</b>	<b>Total Price of Volume Traded During Past 3-month (\$)</b>	<b>Number of Trades with Price</b>	<b>Rolling Average Price (\$/ton)</b>
Jan-19	Oct-18 to Dec-18	18.2	\$102,300	4	\$5,621
Feb-19	Nov-18 to Jan-19	19.0	\$107,500	5	\$5,658
Mar-19	Dec-18 to Feb-19	14.0	\$80,000	4	\$5,714
Apr-19	Jan-19 to Mar-19	11.3	\$78,922	3	\$6,969
May-19	Feb-19 to Apr-19	11.2	\$78,653	3	\$7,034
Jun-19	Mar-19 to May-19	12.2	\$87,123	4	\$7,154
Jul-19	Apr-19 to Jun-19	14.8	\$96,787	6	\$6,560
Aug-19	May-19 to Jul-19	24.0	\$150,060	10	\$6,241
Sep-19	Jun-19 to Aug-19	25.8	\$157,690	13	\$6,113
Oct-19	Jul-19 to Sep-19	76.9	\$370,010	16	\$4,812
Nov-19	Aug-19 to Oct-19	169.4	\$820,304	37	\$4,842
Dec-19	Sep-19 to Nov-19	189.4	\$918,934	38	\$4,852
Jan-20	Oct-19 to Dec-19	151.1	\$828,845	36	\$5,485
Feb-20	Nov-19 to Jan-20	422.7	\$2,002,719	51	\$4,738
Mar-20	Dec-19 to Feb-20	536.5	\$2,493,378	62	\$4,648
Apr-20	Jan-20 to Mar-20	563.9	\$2,596,352	63	\$4,605

**Table IV**

Three-Month Rolling Average Price Data for Compliance Year 2020 NOx RTCs  
(Report to Governing Board if rolling average price greater than \$35,000/ton)

Three-Month Rolling Average Price Data for Compliance Year 2020 NOx RTC					
Reporting Month	3-Month Period	Total Volume Traded with Price During Past 3-month (tons)	Total Price of Volume Traded During Past 3-month (\$)	Number of Trades with Price	Rolling Average Price (\$/ton)
Jan-20	Oct-19 to Dec-19	71.0	\$865,215	11	\$12,190
Feb-20	Nov-19 to Jan-20	105.6	\$1,150,163	13	\$10,890
Mar-20	Dec-19 to Feb-20	167.6	\$1,414,218	12	\$8,438
Apr-20	Jan-20 to Mar-20	132.9	\$799,386	10	\$6,013

**Table V**

Twelve-Month Rolling Average Price Data for Compliance Year 2019 SOx RTCs  
(Report to Governing Board if rolling average price greater than \$50,000/ton)

Twelve-Month Rolling Average Price Data for Compliance Year 2019 SOx RTC					
Reporting Month	12-Month Period	Total Volume Traded with Price During Past 12-month (tons)	Total Price of Volume Traded During Past 12-month (\$)	Number of Trades with Price	Rolling Average Price <sup>1</sup> (\$/ton)
Jan-19	Jan-18 to Dec-18	None	-	-	-
Feb-19	Feb-18 to Jan-19	None	-	-	-
Mar-19	Mar-18 to Feb-19	25.0	\$50,000	1	\$2,000
Apr-19	Apr-18 to Mar-19	25.0	\$50,000	1	\$2,000
May-19	May-18 to Apr-19	25.0	\$50,000	1	\$2,000
Jun-19	Jun-18 to May-19	26.4	\$53,376	2	\$2,021
Jul-19	Jul-18 to Jun-19	26.4	\$53,376	2	\$2,021
Aug-19	Aug-18 to Jul-19	78.9	\$263,384	5	\$3,338
Sep-19	Sep-18 to Aug-19	88.9	\$315,130	7	\$3,544
Oct-19	Oct-18 to Sep-19	88.9	\$315,130	7	\$3,544
Nov-19	Nov-18 to Oct-19	125.7	\$1,003,808	9	\$7,985
Dec-19	Dec-18 to Nov-19	125.7	\$1,003,808	9	\$7,985
Jan-20	Jan-19 to Dec-19	125.7	\$1,003,808	9	\$7,985
Feb-20	Feb-19 to Jan-20	160.7	\$1,191,808	11	\$7,416
Mar-20	Mar-19 to Feb-20	150.2	\$1,170,958	12	\$7,795
Apr-20	Apr-19 to Mar-20	150.2	\$1,170,958	12	\$7,795

1. District Rule 2015(b)(6) - Backstop Provisions provides additional "evaluation and review of the compliance and enforcement aspects of the RECLAIM program" if the average RTC price exceeds \$15,000 per ton.

**Table VI**

Twelve-Month Rolling Average Price Data for Compliance Year 2020 SOx RTCs  
(Report to Governing Board if rolling average price greater than \$50,000/ton)

<b>Twelve-Month Rolling Average Price Data for Compliance Year 2020 SOx RTC</b>					
<b>Reporting Month</b>	<b>12-Month Period</b>	<b>Total Volume Traded with Price During Past 12-month (tons)</b>	<b>Total Price of Volume Traded During Past 12-month (\$)</b>	<b>Number of Trades with Price</b>	<b>Rolling Average Price<sup>1</sup> (\$/ton)</b>
Jan-20	Jan-19 to Dec-19	None	-	-	-
Feb-20	Feb-19 to Jan-20	None	-	-	-
Mar-20	Mar-19 to Feb-20	None	-	-	-
Apr-20	Apr-19 to Mar-20	None	-	-	-

1. District Rule 2015(b)(6) - Backstop Provisions provides additional "evaluation and review of the compliance and enforcement aspects of the RECLAIM program" if the average RTC price exceeds \$15,000 per ton.