

BOARD MEETING DATE: September 4, 2020

AGENDA NO. 25

REPORT: Stationary Source Committee

SYNOPSIS: The Stationary Source Committee held a meeting remotely on Friday, August 21, 2020. The following is a summary of the meeting.

RECOMMENDED ACTION:
Receive and file.

Ben Benoit, Chair
Stationary Source Committee

AD:cr

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:

1. Summary of Proposed Amended Rule 1111 – Reduction of NOx Emissions from Natural-Gas-Fired, Fan-Type Central Furnaces

Michael Krause, Planning and Rules Manager, presented updates to Proposed Amended Rule (PAR) 1111 and addressed specific issues raised by Board Members during the June Stationary Source Committee meeting including extension of compliance dates, potential sell-through provision, use of non-compliant furnaces in a dual fuel configuration, and incentives for early deployment of compliant units.

Supervisor Rutherford and Council Member Mitchell expressed support for staff's recommendations and requested staff to report back with status updates next year. Council Member Mitchell also asked about staff's predictions on the expected duration of the proposed rebate funding. Ms. Susan Nakamura, Assistant Deputy Executive Officer/Planning, Rule Development and Area Sources, stated that staff expects the funding to be exhausted similar to the previous furnace rebate program that ended in April 2020.

Dave Winningham, Lennox, expressed support for the staff proposal and highlighted that Lennox currently offers a full portfolio of compliant 14 ng/J furnaces that are high efficiency and compatible in dual fuel configurations.

Jeff Small and Bruce Fuhrman, US Air Conditioning, and Chris Forth and Dr. David Stephens, Johnson Controls, also supported the staff recommendations, but requested a 60-day sell-through period for weatherized furnaces beyond the one-year extension of the compliance date as well as increasing furnace rebate amounts. Mr. Forth and Dr. Stephens additionally requested allowing installation of dual fuel systems with 40 ng/J for entire South Coast AQMD.

Representatives from Johnson Controls, Cody Novini and Mark Ramirez, HVAC contractors, and Tom Kennedy and Kelly Lindenmoyer, Trane Technologies, requested approval to operate dual fuel systems with non-compliant 40 ng/J furnaces throughout the Basin.

Jeff Winter, Howard Industries, noted the emission benefit from the operation of dual fuel systems and electric heat pumps.

Miguel, HVAC contractor, was concerned about the longevity of the new compliant 14 ng/J furnaces.

Nelson Dichter (UC Davis), acknowledged during certain extreme weather conditions a 14 ng/J standalone furnace could be lower emitting than a dual fuel system with 14 ng/J furnace. Mr. Dichter also requested clarification on the differences between a concentration limit and a mass emissions regulatory program. Mr. Krause and Ms. Nakamura clarified that PAR 1111 establishes a NO_x limit on the furnace and does not regulate the use of the unit. A mass emission approach would establish a NO_x emission limit and the use of the unit. Unlike industrial permitted sources, equipment regulated under PAR 1111 are consumer products and the usage of the furnace is not regulated.

Senator Delgado and Council Member Mitchell asked about the difference between extending the mitigation fee alternate compliance option and providing a sell-through period. Dr. Phillip Fine, Deputy Executive Officer/Planning, Rule Development and Area Sources, clarified that the original proposal was to end the

mitigation fee option on March 30, 2021, but the recommendation is to extend the date to September 30, 2021 to provide additional time for furnace manufacturers to develop compliant furnaces and manage associated supply chains. This approach does not require additional recordkeeping that a traditional sell-through provision would require. Senator Delgado commented that staff's approach to the sell-through is efficient and she can support staff's recommendation.

Senator Delgado requested consideration of increasing the per unit rebate amounts for dual fuel systems with a 14 ng/J furnace and heat pumps. Executive Officer Wayne Nastri responded that there needs to be a balance between providing more incentive to each unit purchase and issuing more rebates that result in more emission reductions.

Senator Delgado and Council Member Benoit asked staff to explore potential pathways allowing dual fuel systems with non-compliant 40 ng/J furnaces at least for a period of time, and report back at the September 2020 public hearing.

2. 2019 Annual Report on AB 2588 Program

Due to time constraints, this item was deferred to the next Stationary Source Committee meeting.

3. Summary of Proposed Rule 1179.1 – NO_x Emission Reductions from Combustion Equipment at Publicly Owned Treatment Works Facilities

Michael Morris, Planning and Rules Manager, provided a summary of Proposed Rule (PR) 1179.1.

Mr. David Rothbart and Mr. Steve Jepsen, Southern California Alliance of Publicly Owned Treatment Works (SCAP), expressed appreciation for staff's efforts to work with stakeholders. They do not see any significant problems with the proposed rule language or rule schedule.

Leslie Witherspoon, Solar Turbines, appreciates staff's efforts to work with stakeholders. She is currently reviewing rule language, particularly the weighted limit calculation for co-fired natural gas and digester gas turbines and will be consulting with other manufacturers on the NO_x concentration limits.

4. RECLAIM Quarterly Report – 8th Update

Due to time constraints, this item was deferred to the next Stationary Source Committee meeting.

5. Status Report on Regulation XIII – New Source Review

Due to time constraints, this item will go to the Board with no committee review.

WRITTEN REPORT:

6. Notice of Violation Penalty Summary

The report was acknowledged by the Committee.

OTHER MATTERS:

7. Other Business

There was no other business.

8. Public Comment Period

There were no public comments.

9. Next Meeting Date

The next regular Stationary Source Committee meeting is scheduled for Friday, September 18, 2020.

Adjournment

The meeting was adjourned at 12:00 p.m.

Attachments

1. Attendance Record
2. Draft Notice of Violation Penalty Summary

ATTACHMENT 1

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT STATIONARY SOURCE COMMITTEE

Attendance –August 21, 2020

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
Tom Gross.....	Board Consultant (Benoit)
Fred Minassian	Board Consultant (Mitchell)
Marisa Perez.....	Board Consultant (Mitchell)
Andy Silva.....	Board Consultant (Rutherford)
Mark Taylor.....	Board Consultant (Rutherford)
Ross Zelen.....	Board Consultant (Gideon)
Howard Berman.....	E4 Strategic Solutions
Curtis Coleman.....	Southern California Air Quality Alliance
Nelson Dichter.....	UC Davis
Kris Flaig.....	Los Angeles County Sanitation Districts
Chris Forth.....	Johnson Controls
Bruce Fuhrmann	US Air Conditioning
Stephen Jepsen.....	SCAP
Tom Kennedy	Trane Technologies
Bill Lamarr	California Small Business Alliance
Kellie Lindenmoyer	Trane Technologies
Dan McGivney	Southern California Gas Co
Doug McLeish.....	Johnson Controls
Cody Novini	HVAC contractor
Mark Ramirez.....	HVAC contractor
David Rothbart	SCAP
Patty Senecal	Western States Petroleum Association
Jeff Small	US Air Conditioning
David Stephens.....	Johnson Controls
Dave Winningham	Lennox
Jeff Winter.....	Howard Industries
Leslie Witherspoon.....	Solar Turbines
Peter Whittingham	Whittingham Public Affairs Advisors

ATTACHMENT 1

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

Attendance –August 21, 2020

Jason Aspell..... South Coast AQMD staff
Barbara Baird South Coast AQMD staff
Naveen Berry..... South Coast AQMD staff
Amir Dejbakhsh..... South Coast AQMD staff
Philip Fine South Coast AQMD staff
Bayron Gilchrist South Coast AQMD staff
Tracy Goss..... South Coast AQMD staff
Sheri Hanizavareh..... South Coast AQMD staff
Mark Henninger..... South Coast AQMD staff
Michael Krause..... 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
David Ono 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
Victor Yip..... South Coast AQMD staff

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
General Counsel's Office
DRAFT
Settlement Penalties Report (06/01/2020 - 06/30/2020)

Total Penalties

Civil Settlement : \$48,500.00
Criminal Settlement : \$8,451.51
Hearing Board Settlement : \$10,000.00
MSPAP Settlement : \$12,000.00

Total Cash Settlements: \$78,951.51

Fiscal Year through 06/30/2020 Cash Total : \$12,314,045.87

Fac ID	Company Name	Rule Number	Settled Date	Init	Notice Nbrs	Total Settlement
Civil						
50098	D&D DISPOSAL INC, WEST COAST RENDERING CO	415, 2004, 2012, H&S 42401	06/19/2020	DH	P66165, P67311, P67314, P67320, P72858	\$23,000.00
45938	E.M.E. INC/ELECTRO MACHINE & ENGINEERING	201, 1469.1, 3002	06/18/2020	NS	P33597, P66002, P66008	\$25,000.00
174540	PELLISSIER SHELL	461	06/19/2020	KER	P68158, P68161	\$500.00
Total Civil Settlements : \$48,500.00						
Criminal						
184421	ANCHOR PROJECT SERVICES, LLC	1403	06/24/2020	GV	P65410	\$8,451.51
Total Criminal Settlements : \$8,451.51						

Fac ID	Company Name	Rule Number	Settled Date	Init	Notice Nbrs	Total Settlement
Hearing Board						
10966	WEBER METALS INC	1430	08/27/2019	DH	6136-1	\$10,000.00
Total Hearing Board Settlements : \$10,000.00						
MSPAP						
149443	CTS CEMENT MANUFACTURING CORP.	203(a), 13 CCR 2460	06/24/2020	GC	P68901	\$1,600.00
188807	CURCIO ENTERPRISES INC.	201, 203(a)	06/25/2020	GC	P66792	\$1,000.00
159798	ECOLOGY AUTO PARTS, INC.	13 CCR 2460	06/24/2020	GC	P69001	\$800.00
122549	G & M OIL CO, LLC #93	201, 203, 461, H&S 41960.2	06/24/2020	GC	P67218, P69616	\$1,600.00
127037	GIULIANOS' SPECIALTY FOODS	1146.2	06/24/2020	GC	P63887	\$1,200.00
176408	GOLDEN STATE ENTERPRISES, LLC	461	06/24/2020	GC	P68134	\$300.00
189469	J & P OIL COMPANY INC	461, H&S 41960.2	06/24/2020	GC	P68133	\$600.00
127975	MECCA TRAVEL CENTER	203(a), 461	06/10/2020	TCF	P66389	\$900.00
33572	ORANGE UNI SCH DIST	461(c)(3)(Q)	06/24/2020	TCF	P68761	\$300.00
188266	PACIFIC ELITE COLLISION CENTERS SANTA AN	203(b)	06/25/2020	TCF	P68561	\$800.00
188791	QUALITY COLLISION CENTER	1171(c)(1)	06/24/2020	TCF	P69351	\$500.00
171563	TESORO (USA) 63273	461, H&S 41960.2	06/24/2020	TCF	P69005	\$1,600.00
171712	TESORO 63022	461, H&S 41960.2	06/24/2020	TCF	P69014	\$800.00
Total MSPAP Settlements : \$12,000.00						

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
General Counsel's Office
DRAFT
Settlement Penalties Report (07/01/2020 - 07/31/2020)

Total Penalties

Civil Settlement : \$1,955,817.00

Hearing Board Settlement : \$50,000.00

MSPAP Settlement : \$29,890.00

Total Cash Settlements: \$2,035,707.00

Fiscal Year through 07/31/2020 Cash Total : \$2,035,707.00

Fac ID	Company Name	Rule Number	Settled Date	Init	Notice Nbrs	Total Settlement
Civil						
21665	A & A READY MIXED CONCRETE INC	403, 1403	07/17/2020	NS	P65888, P65889, P65919, P65920, P69518, P69521, P69525, P69526, P69527, P69578	\$5,000.00
115394	AES ALAMITOS, LLC	401(b)(1), 402, 3002(c)(1), H&S 41700, H&S 41701	07/30/2020	KCM	P67928, P67929	\$10,000.00
115389	AES HUNTINGTON BEACH, LLC	401, 402, 3002, H&S 41700, H&S 41701	07/30/2020	KCM	P67930, P69259	\$10,000.00
177658	BURNS ENVIRONMENTAL SERVICES	1403	07/30/2020	BT	P65924, P65928, P65933, P65937, P65941, P65942, P69422, P69429, P69446	\$30,000.00
800181	CALIFORNIA PORTLAND CEMENT CO	2004, 3002	7/16/2020	BT	P63805	\$20,500.00
162526	FLINTRIDGE TREE CARE	203(a)	07/08/2020	KER	P44878, P44880, P57560	\$20,000.00
160208	LONG BEACH ARCO, JAY GANESH PETRO, INC	461, H&S 41960.2	07/30/2020	DH	P67658, P67666	\$7,500.00
188012	MOOREFIELD CONSTRUCTION INC	403(d)(2)	07/30/2020	TB	P66772, P66780	\$1,500.00

Fac ID	Company Name	Rule Number	Settled Date	Init	Notice Nbrs	Total Settlement
136913	MORRELL'S ELECTRO PLATING, INC	201, 203, 1469.1	07/17/2020	NSF	P33598, P63559, P66003, P66004, P66017	\$25,000.00
172288	NIELSEN CONSTRUCTION GROUP, INC	203, 1403	07/02/2020	BT	P65930	\$3,900.00
158075	NORTH AMERICAN POLYMER COMPANY LTD.	314	7/17/2020	SP	P64816	\$20,000.00
156902	PROVIDENCE TARZANA MEDICAL CENTER	203(b)	7/8/2020	TB	P66795	\$22,000.00
157676	THE SHERWIN-WILLIAMS COMPANY	1113, 1143, 1168	07/30/2020	WW	P55313, P61803, P64805, P64808	\$1,765,417.00
187358	UNION PACIFIC RAILROAD	1466	07/30/2020	TB	P64576, P64577, P64578	\$15,000.00

Total Civil Settlements : \$1,955,817.00

Hearing Board

104234	SCAQMD v. Mission Foods	202, 203(b), 1153.1, 1303	07/17/2020	KCM	5400-4	\$50,000.00
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Total Hearing Board Settlements : \$50,000.00

MSPAP

175360	AGOURA HILLS ALIANCE, INC.	203	07/22/2020	GC	P64942	\$552.00
188796	ALEX FRESNARES	1403	07/22/2020	GC	P66474	\$600.00
167625	ALTAMED HEALTH SVCS CORP	203(b)	07/02/2020	GC	P68065	\$800.00
158014	ARTESIA 5220, INC.	461	07/22/2020	GC	P68423	\$300.00
154539	BLVD 5 INC	461, H&S 41960	07/22/2020	GC	P68410	\$1,658.00
112427	CARTEL ELECTRONICS INC	203	07/22/2020	GC	P65192	\$2,400.00
151160	COLLARS & CUFFS CLEANERS, HONG GOO KIM	1146.2	07/02/2020	GC	P65191	\$800.00
158390	H&S ENERGY, LLC. H&S 21	461, H&S 41960.2	07/28/2020	GC	P68164	\$1,200.00
170032	H&S ENERGY, LLC. H&S 27	461	07/28/2020	GC	P68116	\$600.00

Fac ID	Company Name	Rule Number	Settled Date	Init	Notice Nbrs	Total Settlement
125366	H&S ENERGY, LLC. H&S 7	461(E)(2)(A)	07/28/2020	GC	P67685	\$180.00
180385	HYBRID 911	1151, 1171	07/23/2020	GC	P64097	\$960.00
180258	INLAND EMPIRE SATELLITE REGIONAL REFEREN	203(b), 1146.1	07/23/2020	GC	P65388	\$4,000.00
186295	MAIN STREET PETROLEUM	203(a)	07/09/2020	TCF	P67699	\$800.00
2619	MARTIN LUTHER KING JR MEDICAL CAMPUS	3002(c)(1)	07/09/2020	TCF	P65278	\$500.00
183123	MAS CONSTRUCTION GROUP INC	403	07/08/2020	TCF	P69574	\$3,200.00
176952	MERCEDES_BENZ WEST COAST CAMPUS 461		07/23/2020	TCF	P66924	\$300.00
149935	MJM VALLEJO MINI MARKET, INC.	461, H&S 41960.2	07/23/2020	TCF	P69622	\$800.00
180076	MY GOODS MARKET #5614	461	07/23/2020	TCF	P69039	\$800.00
144380	PENSKE TRUCK LEASING	461	07/09/2020	TCF	P68757	\$500.00
165000	PILOT TRAVEL CENTERS LLC	461(c)(3)(Q)	07/09/2020	TCF	P66399	\$300.00
141231	PRO_MART, INC	203	07/02/2020	TCF	P70204, P70211	\$3,400.00
127432	RANCHO CLEANERS, M & M ANGEL, DBA	1421	07/10/2020	TCF	P68707	\$250.00
181181	RESEDA RANCH SERVICE STATION	203(b), 461	07/10/2020	TCF	P67231	\$800.00
151544	SUPERPRINT LITHOGRAPHICS INC	201, 203(a)	07/10/2020	TCF	P70251	\$1,000.00
167870	THE IRVINE COMPANY LLC	203(b)	07/08/2020	GC	P68554	\$850.00
138401	VENICE ARCO - MAYA EL-KHOURY	461	07/10/2020	GC	P68414	\$850.00
107668	WEBB'S CHEVRON/WEBB'S AUTO & TRUCK SERVI	461, H&S 41960.2	07/10/2020	GC	P67682	\$690.00
8443	WORLD OIL MARKETING CO #13	461, H&S 41960	07/10/2020	TCF	P68436	\$800.00
Total MSPAP Settlements : \$29,890.00						

**SOUTH COAST AQMD'S RULES AND REGULATIONS INDEX
FOR JUNE AND JULY 2020 PENALTY REPORTS**

REGULATION II - PERMITS

- Rule 201 Permit to Construct
- Rule 202 Temporary Permit to Operate
- Rule 203 Permit to Operate

REGULATION III - FEES

- Rule 314 Fees for Architectural Coatings

REGULATION IV - PROHIBITIONS

- Rule 401 Visible Emissions
- Rule 402 Nuisance
- Rule 403 Fugitive Dust
- Rule 415 Odors from Rendering Facilities
- Rule 461 Gasoline Transfer and Dispensing

REGULATION XI - SOURCE SPECIFIC STANDARDS

- Rule 1113 Architectural Coatings
- Rule 1143 Consumer Paint Thinners & Multi-Purpose Solvents
- Rule 1146.1 Emissions of Oxides of Nitrogen from Small Industrial, Institutional, and Commercial Boilers, Steam Generators, and Process Heaters
- Rule 1146.2 Emissions of Oxides of Nitrogen from Large Water Heaters and Small Boilers
- Rule 1151 Motor Vehicle and Mobile Equipment Non-Assembly Line Coating Operations
- Rule 1153.1 Emissions of Oxides of Nitrogen from Commercial Food Ovens
- Rule 1168 Adhesive and Sealant Applications
- Rule 1171 Solvent Cleaning Operations

REGULATION XIII - NEW SOURCE REVIEW

- Rule 1303 Requirements

REGULATION XIV - TOXICS

- Rule 1403 Asbestos Emissions from Demolition/Renovation Activities
- Rule 1421 Control of Perchloroethylene Emissions from Dry Cleaning Operations
- Rule 1430 Control of Emissions from Metal Grinding Operations at Metal Forging Facilities
- Rule 1466 Control of Particulate Emissions From Soils With Toxic Air Contaminants
- Rule 1469.1. Spraying Operations Using Coatings Containing Chromium

REGULATION XX - REGIONAL CLEAN AIR INCENTIVES MARKET (RECLAIM)

Rule 2004 RECLAIM Program Requirements

Rule 2012 Requirements for Monitoring, Reporting, and Recordkeeping for Oxides of Nitrogen (NOx) Emissions

REGULATION XXX - TITLE V PERMITS

Rule 3002 Requirements for Title V Permits

CALIFORNIA CODE OF REGULATIONS

13 CCR 2460 Portable Equipment Testing Requirements

CALIFORNIA HEALTH AND SAFETY CODE

41700 Violation of General Limitations

41701 Violation of General Limitations

41960 Certification of Gasoline Vapor Recovery System

41960.2 Gasoline Vapor Recovery

42401 Violation of Order for Abatement