

BOARD MEETING DATE: February 5, 2021

AGENDA NO. 20

REPORT: Stationary Source Committee

SYNOPSIS: The Stationary Source Committee held a meeting remotely on Friday, January 22, 2021. 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: Mayor Pro Tem Ben Benoit (Chair)  
Senator Vanessa Delgado (Ret.)  
Board Member Gideon Kracov  
Council Member Judith Mitchell  
Supervisor Janice Rutherford

Absent: None

**Call to Order**

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

Chair Benoit asked the Committee to take Item #2 out of order.

**INFORMATIONAL ITEM:**

**2. Summary of Proposed Amended Rule 218 – Continuous Emission Monitoring; Proposed Rule 218.2 – Continuous Emission Monitoring System: General Provisions; and Proposed Rule 218.3 – Continuous Emission Monitoring System: Performance Specifications**

Michael Krause, Planning and Rules Manager, presented a summary of Proposed Amended Rule 218, highlighted new requirements in Proposed Rules 218.2 and 218.3, and addressed key remaining issues.

Board Member Kracov asked which implementation pathway would be utilized the most, and if the timelines are achievable. Mr. Krause responded that the pathway would vary for each facility.

David Rothbart, Southern California Alliance of Publicly Owned Treatment Works (SCAP), Patty Senecal, Western States Petroleum Association (WSPA), and Greg Busch, Marathon Petroleum Corporation expressed appreciation to staff for working with stakeholders and will continue discussions with staff regarding the proposed rules. Mr. Rothbart suggested that staff consider the uniqueness of essential public services with regards to the operation, resources, and current monitoring practices.

Board Member Krakov asked staff if the timeline was achievable, and Mr. Krause responded affirmatively.

### **ACTION ITEM:**

#### **1. Determine Proposed Amendments to BACT Guidelines Are Exempt from CEQA and Amend BACT Guidelines**

Bahareh Farahani, Senior Air Quality Engineer/ Science and Technology Advancement, presented the proposed updates to South Coast AQMD BACT Guidelines.

Rita Loof, RadTech International, expressed her support for the proposed amendments to the BACT Guidelines.

Moved by Mitchell; seconded by Delgado; unanimously approved.

Ayes: Benoit, Delgado, Kracov, Mitchell, Rutherford

Noes: None

Absent: None

### **INFORMATIONAL ITEMS:**

#### **3. RECLAIM Quarterly Report**

Susan Nakamura, Assistant Deputy Executive Officer/ Planning, Rule Development, and Area Sources, provided the quarterly update regarding transitioning the NOx RECLAM program to a command-and-control regulatory structure.

Council Member Mitchell asked about U.S. EPA's approval process for the proposed Large Source Bank and further clarifications about the use of orphan shutdowns and RECLAIM Trading Credits. She asked how this works towards progress reducing the 108 tons per day of NOx needed to meet ozone air quality standards by 2023. She mentioned the importance of the previously Board-

approved NOx shave of 12 tons per day and the additional five tons per day by 2025 for AQMP control measure CMB-05.

Ms. Nakamura replied that U.S. EPA is supportive of staff's proposed approach to divert new reductions to the Large Source Bank and clarified that after facilities transition out of RECLAIM, RTCs cannot be used for compliance with command-and-control requirements. Ms. Nakamura provided additional information regarding U.S. EPA guidance to seed the Large Source Bank and expected increases to Open Market ERCs as a result of the RECLAIM transition. She explained that under Regulation XIII, new and modified sources must meet BACT in addition to offsetting requirements. She added that the RECLAIM facilities are on a path to achieve the NOx shave on time. Amir Dejbakhsh, Deputy Executive Officer/Office of Engineering and Permitting, added that applications are being received from facilities to install additional controls, but it remains to be seen if all the applications filed for the proposed equipment will be enough to meet the shave requirements.

Scott Weaver, Ramboll, spoke on behalf of Western States Petroleum Association (WSPA). He stated that most of the estimated emission reductions presented were likely submitted into the State Implementation Plan already. There has been progress, but there are remaining issues to work on related to NSR and the RECLAIM transition.

Mike Carroll, Latham and Watkins, representing the Regulatory Flexibility Group and WSPA, emphasized that there is a lot of work to be done and issues that have yet to be resolved.

Senator Delgado expressed concern about the timeline for the public hearing and stated that she would rather have a well thought out plan even if it took additional time.

Supervisor Rutherford stated that a lot of work is being put into this but that there is not an adequate understanding of the economic impacts for the RECLAIM participants. She highlighted a meeting she had with a RECLAIM participant and said that the amount of money they will need to spend to comply with this new program is outrageous. Supervisor Rutherford emphasized that RECLAIM was working and the shave was working. She expressed concern about transitioning out of the program.

Executive Officer Wayne Nastri responded that depending on where you live you may have a different opinion about RECLAIM. He stated that over time it was more difficult to show RECLAIM was equivalent to command-and-control regulations. The legislature acted to put time requirements to sunset the program

because of impacts on local communities. Mr. Natri agreed that significant investments are going to be requested because for the last 30 years significant investments were not made by some facilities. Emissions reductions have been realized; however, the localized impacts have not been addressed and environmental groups see this as environmental justice issue. Mr. Natri acknowledged that this is a difficult challenge to get the NO<sub>x</sub> reductions that Council Member Mitchell mentioned earlier. He acknowledged the concerns but stated that it is the intent to resolve these concerns with all stakeholders. Staff will be meeting with each refinery and Mr. Natri suggested that staff provide a status update to the Committee next month.

Chair Benoit requested that if there are options available, that staff present those opportunities to the Board in June. He also expressed his approval that staff return next month to the Committee and reporting on discussions with refineries.

Board Member Kracov expressed concerns of having a public hearing for Proposed Rule 1109.1 for refinery controls prior to the amendment of Regulation XIII– New Source Review. Ms. Nakamura replied that U.S. EPA has indicated that amendments to source-specific landing rules, New Source Review, and RECLAIM need to be completed and approved prior to facilities exiting RECLAIM. She added that until that time, RECLAIM facilities remain subject to Rule 2005 which is New Source Review for RECLAIM. Facility operators should consider the benefits of making equipment changes while subject to Rule 2005.

**4. Status Report on Reg. XIII – New Source Review**

Jason Aspell, Assistant Deputy Executive Officer/Office of Engineering and Permitting, gave a status report on Regulation XIII, New Source Review (NSR) Equivalency for calendar year (CY) 2019. The preliminary determination for South Coast AQMD's NSR program is equivalent to federal and state NSR requirements on an aggregate basis and is projected to maintain equivalency for CY 2020 and 2021.

There were no Committee member or public comments.

**WRITTEN REPORTS:**

**5. Twelve-month and Three-month Rolling Average Price of Compliance Years 2020 and 2021 NO<sub>x</sub> and SO<sub>x</sub> RTCs (October – December 2020)**

The report was acknowledged by the Committee.

**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 Stationary Source Committee meeting is scheduled for Friday, February 19, 2021 at 10:30 a.m.

**Adjournment**

The meeting was adjourned at 11:58 a.m.

**Attachments**

1. Attendance Record
2. Twelve-month and Three-month Rolling Average Price of Compliance Years 2020 and 2021 NOx and SOx RTCs (October – December 2020)
3. Notice of Violation Penalty Summary

# **ATTACHMENT 1**

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

**Attendance –January 22, 2021**

Mayor Pro Tem 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 Janice Rutherford.....	South Coast AQMD Governing Board
Ruthanne Taylor Berger.....	Board Consultant (Benoit)
Thomas Gross.....	Board Consultant (Benoit)
Fred Minassian .....	Board Consultant (Mitchell)
Marisa Perez.....	Board Consultant (Mitchell)
Mark Taylor .....	Board Consultant (Rutherford)
Ross Zelen.....	Board Consultant (Kracov)
Greg Busch.....	Marathon Petroleum Corporation
Michael Carroll.....	Latham & Watkins LLP
Curtis Coleman.....	Southern California Air Quality Alliance
Frances Keeler .....	CCEEB
Bill LaMarr.....	California Small Business Alliance
Rita Loof .....	RadTech International
Dan McGivney .....	Southern California Gas Co
Noel Muyco.....	Southern California Gas Co
David Rothbart .....	SCAP
Patty Senecal .....	WSPA
Marshall Waller .....	Phillips 66 Company
Scott Weaver .....	Ramboll
Peter Whittingham.....	Whittingham Public Affairs Advisors
Jason Aspell .....	South Coast AQMD staff
Barbara Baird .....	South Coast AQMD staff
Naveen Berry.....	South Coast AQMD staff
Amir Dejbakhsh .....	South Coast AQMD staff
Bahareh Farahani.....	South Coast AQMD staff
Daniel Garcia.....	South Coast AQMD staff
Jo Kay Ghosh .....	South Coast AQMD staff
Bayron Gilchrist .....	South Coast AQMD staff
Sheri Hanizavareh .....	South Coast AQMD staff

## **ATTACHMENT 1**

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

**Attendance –January 22, 2021**

Anissa (Cessa) Heard-Johnson.....	South Coast AQMD staff
Mark Henninger .....	South Coast AQMD staff
Michael Krause.....	South Coast AQMD staff
Jason Low .....	South Coast AQMD staff
Terrence Mann .....	South Coast AQMD staff
Matt Miyasato .....	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
Anthony Tang.....	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

21865 Copley Drive, Diamond Bar, CA 91765-4178  
(909) 396-2000 • [www.aqmd.gov](http://www.aqmd.gov)

## Twelve-Month and Three-Month Rolling Average Price of Compliance Years 2020 and 2021 NOx and SOx RTCs (October – December 2020)

January 2021 Report to Stationary Source Committee

**Table I**

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)

Twelve-Month Rolling Average Price Data for Compliance Year 2020 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-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
May-20	May-19 to Apr-20	221.7	\$1,755,883	26	\$7,921
Jun-20	Jun-19 to May-20	227.6	\$1,815,483	27	\$7,975
Jul-20	Jul-19 to Jun-20	313.6	\$3,016,787	33	\$9,620
Aug-20	Aug-19 to Jul-20	326.4	\$3,192,582	36	\$9,781
Sep-20	Sep-19 to Aug-20	343.4	\$3,350,824	48	\$9,758
Oct-20	Oct-19 to Sep-20	344.4	\$3,359,824	49	\$9,755
Nov-20	Nov-19 to Oct-20	419.5	\$3,963,013	69	\$9,447
Dec-20	Dec-19 to Nov-20	396.8	\$3,812,488	65	\$9,607
Jan-21	Jan-20 to Dec-20	404.9	\$3,370,270	69	\$8,323

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 2021 NOx RTCs  
(Report to Governing Board if rolling average price greater than \$22,500/ton)

Twelve-Month Rolling Average Price Data for Compliance Year 2021 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-21	Jan-20 to Dec-20	76.2	\$717,162	15	\$9,418

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 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	131.4	\$791,886	10	\$6,024
May-20	Feb-20 to Apr-20	110.5	\$558,341	12	\$5,054
Jun-20	Mar-20 to May-20	27.3	\$168,561	8	\$6,179
Jul-20	Apr-20 to Jun-20	111.2	\$1,359,687	12	\$12,232
Aug-20	May-20 to Jul-20	104.7	\$1,436,699	10	\$13,720
Sep-20	Jun-20 to Aug-20	115.8	\$1,535,341	21	\$13,261
Oct-20	Jul-20 to Sep-20	30.8	\$343,036	16	\$11,128
Nov-20	Aug-20 to Oct-20	98.7	\$817,811	34	\$8,286
Dec-20	Sep-20 to Nov-20	86.2	\$694,369	24	\$8,057
Jan-21	Oct-20 to Dec-20	131.5	\$875,661	31	\$6,659

**Table IV**

Three-Month Rolling Average Price Data for Compliance Year 2021 NOx RTCs  
(Report to Governing Board if rolling average price greater than \$35,000/ton)

Three-Month Rolling Average Price Data for Compliance Year 2021 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-21	Oct-20 to Dec-20	1.3	\$16,750	3	\$13,400

**Table V**

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)

Twelve-Month Rolling Average Price Data for Compliance Year 2020 SOx RTC <sup>1</sup>					
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>2</sup> (\$/ton)
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	-	-	-
May-20	May-19 to Apr-20	None	-	-	-
Jun-20	Jun-19 to May-20	None	-	-	-
Jul-20	Jul-19 to Jun-20	None	-	-	-
Aug-20	Aug-19 to Jul-20	None	-	-	-
Sep-20	Sep-19 to Aug-20	None	-	-	-
Oct-20	Oct-19 to Sep-20	None	-	-	-
Nov-20	Nov-19 to Oct-20	None	-	-	-
Dec-20	Dec-19 to Nov-20	None	-	-	-
Jan-21	Jan-20 to Dec-20	2.7	\$6,095	1	\$2,300

1. Pursuant to District Rule 2002(f)(1)(Q), the requirement to report 12-month rolling average SOx RTC price ended February 1, 2020. This table is provided as a courtesy.
2. 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 2021 SOx RTCs  
(Report to Governing Board if rolling average price greater than \$50,000/ton)

Twelve-Month Rolling Average Price Data for Compliance Year 2021 SOx RTC <sup>1</sup>					
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>2</sup> (\$/ton)
Jan-21	Jan-20 to Dec-20	None	-	-	-

1. Pursuant to District Rule 2002(f)(1)(Q), the requirement to report 12-month rolling average SOx RTC price ended February 1, 2020. This table is provided as a courtesy.
2. 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.

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

**Settlement Penalty Report (12/01/2020 - 12/31/2020)**

**Total Penalties**

Civil Settlement:       \$35,900.00  
Hearing Board Settlement:   \$50,000.00  
MSPAP Settlement:       \$6,225.00

**Total Cash Settlements:**       \$92,125.00

**Fiscal Year through 12/31/2020 Cash Total:**   \$3,614,752.59

Fac ID	Company Name	Rule Number	Settled Date	Init	Notice Nbrs	Total Settlement
<b>Civil</b>						
129498	CASTLEROCK ENVIRONMENTAL, INC	1403	12/09/2020	BT	P64584, P65919	\$4,700.00
148925	CHERRY AEROSPACE	2004(f)(1)	12/10/2020	VT	P66162	\$1,500.00
190002	KB HOME	403	12/16/2020	WW	P67113, P68623	\$15,000.00
186888	KB HOME COASTAL INC.	403	12/09/2020	WW	P64766	\$10,000.00
172755	MARTIN ENTERPRISES	3002	12/09/2020	VT	P68351	\$2,500.00
15793	RIV CO, WASTE RESOURCES MGMT DIST, LAMB	203(b), 3002	12/18/2020	TB	P67425, P72906	\$2,200.00
<b>Total Civil Settlements: \$35,900.00</b>						
<b>Hearing Board</b>						
104234	SCAQMD v. Mission Foods	202, 203(b), 1153.1, 1303	12/09/2020	KCM	5400-4	\$25,000.00
104234	SCAQMD v. Mission Foods	202, 203(b), 1153.1, 1303	12/18/2020	KCM	5400-4	\$25,000.00
<b>Total Hearing Board Settlements: \$50,000.00</b>						

Fac ID	Company Name	Rule Number	Settled Date	Init	Notice Nbrs	Total Settlement
<b>MSPAP</b>						
153367	ARCO AM/PM, KARNAIL CHAND	461	12/16/2020	GC	P68125, P69018	\$725.00
22390	LA CO CIVIC CENTER	203(b), 1146	12/16/2020	TCF	P63944	\$1,600.00
167111	METRO GAS COMPANY, INC.	461, H&S 41960.2	12/10/2020	TCF	P69049	\$500.00
43415	REDLANDS CITY	403	12/03/2020	TCF	P69105	\$2,000.00
179084	RJM MINI MARKET INC, MARTIN VALLEJO	461(c)(3)(Q)	12/03/2020	TCF	P69029	\$300.00
123718	SUN WEST AUTO BODY	203	12/18/2020	GC	P65154	\$800.00
85964	SUNLAND MOBIL, MARK KELISHADI	461	12/03/2020	TCF	P70056	\$300.00
<b>Total MSPAP Settlements: \$6,225.00</b>						

## SOUTH COAST AQMD'S RULES AND REGULATIONS INDEX FOR DECEMBER 2020 PENALTY REPORT

## REGULATION II - PERMITS

## Rule 202 Temporary Permit to Operate

Rule 203      Permit to Operate

## REGULATION IV - PROHIBITIONS

Rule 403 Fugitive Dust

Rule 461 Gasoline Transfer and Dispensing

## REGULATION XI - SOURCE SPECIFIC STANDARDS

Rule 1146 Emissions of Oxides of Nitrogen from Industrial, Institutional and Commercial Boilers, Steam Generators, and Process Heaters

## Rule 1153.1 Emissions of Oxides of Nitrogen from Commercial Food Ovens

## REGULATION XIII - NEW SOURCE REVIEW

## Rule 1303 Requirements

## REGULATION XIV - TOXICS

## Rule 1403 Asbestos Emissions from Demolition/Renovation Activities

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

## Rule 2004 Requirements

## REGULATION XXX - TITLE V PERMITS

## Rule 3002 Requirements for Title V Permits

# CALIFORNIA HEALTH AND SAFETY CODE

41960.2 Gasoline Vapor Recovery