

BOARD MEETING DATE: March 5, 2021

AGENDA NO. 26

REPORT: Stationary Source Committee

SYNOPSIS: The Stationary Source Committee held a meeting remotely on Friday, February 19, 2021. The following is a summary of the meeting.

RECOMMENDED ACTION:
Receive and file.

Ben Benoit, Chair
Stationary Source Committee

AD:cr

Committee Members

Present: Mayor Pro Tem Ben Benoit (Chair)
Supervisor Sheila Kuehl (Vice Chair)
Senator Vanessa Delgado (Ret.)
Board Member Gideon Kracov
Vice Mayor Rex Richardson
Supervisor Janice Rutherford

Absent: None

Call to Order

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

INFORMATIONAL ITEMS:

1. Update on the Development of Proposed Rule 1109.1

Susan Nakamura, Assistant Deputy Executive Officer/Planning, Rule Development and Area Sources, presented an update on the development of Proposed Rule (PR) 1109.1 which establishes NOx BARCT limits for combustion equipment at refineries and associated facilities, and highlighted key remaining issues. Supervisor Rutherford asked when the cost data was collected, what limit was being evaluated at that time, and suggested a third-party review since there seems to be

different costs from staff and the refineries. Ms. Nakamura responded that the cost data was collected in the 2018-2019 timeframe, staff was evaluating a 2 ppm limit, and the data was reviewed by our third-party consultant. Executive Officer Wayne Nastri added that staff will continue to evaluate the costs and highlighted that costs would decrease if the proposed limit goes to 5 ppm.

Board Member Kracov asked if BARCT is a number and a limit. Staff confirmed that BARCT is a numerical limit.

Board Member Kracov asked whether AB 617 allows for consideration of alternative approaches. Ms. Nakamura responded that an alternative approach could be used to establish an emission target based on a proposed BARCT limit and to achieve the target through averaging emissions over several units in that category. Mayor Pro Tem Benoit asked whether a facility-cap could be an alternative to achieve localized emissions. Ms. Nakamura agreed that both approaches are feasible as long as the approach is approvable by U.S. EPA since PR 1109.1 will be submitted into the SIP. Mr. Nastri confirmed that AB 617 currently allows for alternative approaches.

Supervisor Kuehl highlighted the use of ultra low NOx burners in old combustion units in the Bay Area in a command and control approach and asked whether their equipment was challenged by safety concerns. Ms. Nakamura noted the Bay Area AQMD refinery rule has a different regulatory structure than PR 1109.1 because it of limits talk with the NOx emissions through a refinery-wide approach. Staff will talk with Bay Area AQMD staff. Supervisor Kuehl expressed concern that refinery workers are being told the rule will result in job losses when there is potential for more work to install and operate control equipment. She asked whether an evaluation of PR 1109.1 impacts on job gain/loss was conducted. Ms. Nakamura added that staff will provide an assessment of job impacts.

Vice Mayor Richardson encouraged staff to continue working on the remaining concerns to meet the environmental goals considering the cost factors and asked about the feedback received in the last AB 617 Community Steering Committee meeting in Carson, Wilmington and West Long Beach. Ms. Nakamura explained that at the August 2020 meeting comments were made on the need for the rule, timeframe and averaging time to meet the limits as well as requests to achieve maximum emission reductions.

Vice Mayor Richardson highlighted criticism that RECLAIM did not provide local benefits to the communities adjacent to the refineries. He requested updated outreach to these communities and inquired about industry's investments in control technologies over the past three years. Ms. Nakamura responded that 10 percent of the projects have been initiated and implemented to comply with the 2015

RECLAIM amendment. Vice Mayor Richardson added that cost and socioeconomic data from any implemented project could bring insight into the process.

Board Member Kracov acknowledged that PR 1109.1 is facing significant challenges regarding the technological and cost-effectiveness of the 2 ppm BARCT level, but the rule is headed in a good direction to achieve the limits required by the law.

Supervisor Rutherford stated the rulemaking process will require more time. She raised concerns regarding cost and expressed the need for a third-party independent analysis and a socioeconomic assessment. Mr. Nastri replied that the rulemaking process is following the approved timeline for Board approval consideration in June 2021. Staff is actively engaged in discussions with refineries can use existing datasets for the socioeconomic analysis. Staff will provide an update to the Stationary Source Committee in March 2021.

Senator Delgado acknowledged the fear of cost impacts to businesses and expressed support for rule progress to achieve improved air quality. She also emphasized the importance of spending more time on rulemaking.

Public comments were provided by the following:

Yvonne Watson, East Yard Communities for Environmental Justice
Alicia Rivera, Community Organizer for Wilmington
Chris Chavez, Communities for a Better Environment
Harvey Eder, Solar Power Coalition
Greg Busch, Marathon Petroleum Corporation
Byron Chan, Earthjustice,
Whitney Amaya, East Yard Communities for Environmental Justice
Al Sattler, Sierra Club
Florence Gharibian, Del Amo Action Committee
Michael Carroll, Latham & Watkins
Julia May, Communities for a Better Environment
David Pettit, Natural Resources Defense Council

Comments from community representatives included the need for facilities to implement BARCT by 2023 in accordance with AB617; that those limits are requirements and not an option; the failure to pass PR 1109.1 would be a violation of AB 617; new jobs would be created due to installation of new control technologies; and concerns with delayed NOx reduction projects, flexible and long delayed implementation schedules, long averaging times, higher NOx BARCT limits, and the inefficiency of RECLAIM over the past decade.

Mr. Busch offered to provide updated cost data since the initial cost data occurred when the limits were not defined, expressed concerns with data and methodology for the cost-effectiveness analysis including the incremental cost-effectiveness assessment not yet provided, and concerns that the new proposed 5 ppm NOx limit would not resolve the issues for units for which Selective Catalytic Reduction is not feasible. Mr. Nastri asked the refinery to submit updated cost data.

Board Member Kracov inquired whether the new proposed 5 ppm NOx limit would eliminate refineries' concern regarding the incremental cost-effectiveness assessment. Barbara Baird, Chief Deputy Counsel, referenced the California Health and Safety Code to clarify the incremental cost-effectiveness requirement.

Board Member Kracov acknowledged the briefings and letters from stakeholders and asked whether refineries were cooperative in meeting with staff and were providing adequate details. Ms. Nakamura replied that staff has been meeting and will continue to hold individual meetings with refineries.

Senator Delgado, Supervisor Kuehl, Vice Mayor Richardson, and Supervisor Rutherford left the meeting at [12:00 p.m.]

2. Summary of Proposed Amended Rule 1426 and Rule 1469

Dr. Jillian Wong, Planning and Rules Manager, presented a summary of Proposed Amended Rule 1426 – Emissions from Metal Finishing Operations and Proposed Amended Rule 1469 – Hexavalent Chromium Emissions from Chromium Electroplating and Chromic Acid Anodizing Operations.

Board Member Kracov stated that the cost numbers seemed reasonable. He asked how many facilities have fence-line monitoring, the cost and feasibility of conducting monitoring at facilities for hexavalent chromium and other toxic emissions. Ms. Nakamura responded that ambient air monitoring is expensive and the recently adopted Rule 1480 provides a process to require a facility to conduct ambient air monitoring after the South Coast AQMD has initiated monitoring.

Board Member Kracov asked how many of the more than 300 facilities are conducting monitoring. Ms. Nakamura explained that since rule adoption, no facilities have been required to conduct monitoring under Rule 1480. Board Member Kracov asked if monitoring was getting less expensive over time with technology improvements. Ms. Nakamura will get back to him with that information.

In response to a question from Board Member Kracov regarding enforcement, Mr. Nastri stated that he has confidence in the agency's enforcement team and the rigor that they approach enforcement. Board Member Kracov stated that he is hopeful

that both staff and industry are on board with the rule, which makes facilities located in low-income communities of color or close to sensitive receptors as clean as possible.

Ms. Gharibian commented that when DTSC calculates penalties for violations, they are based on the deviation from the requirements of the regulations and potential for harm because the potential for harm is greater when there are people living near a facility.

Ms. Gharibian and Ms. Robina Suwol, California Safe Schools, appreciated the 1,000-foot buffer for schools and residents and emphasized the importance of enforcement and oversight of these facilities.

Mr. Sattler asked if real-time fenceline monitors can be used. Mayor Pro Tem Benoit responded that fenceline monitoring can be quite expensive as it requires a technician to retrieve a sample and that materials need to be replaced. Mr. Nastri added that paper filters are not typically used, but rather glass deposition plates which have their limitations as well as other considerations for influences on the results at the fenceline. Mr. Nastri added that it is different from Rule 1180 monitoring, which does not focus on metals.

Mr. Jerry Desmond, Metal Finishing Association of Southern California, commented that they have been engaged with rule development and acknowledged that a number of issues have been addressed. He indicated that the current situation with the economy and COVID has impacted their industry. However, they understand the value of housekeeping and best management practices and that they are comfortable with this rulemaking. Board Member Kracov expressed appreciation for trade associations being active participants in the rulemaking process and for bringing their members up to speed on the requirements to help make the rule successful.

3. Annual RECLAIM Audit Report for 2019 Compliance Year

The presentation was waived. There were no Committee member or public comments.

WRITTEN REPORTS:

4. Monthly Update of Staff's Work with U.S. EPA and CARB 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.

5. Notice of Violation Penalty Summary

The report was acknowledged by the Committee.

OTHER MATTERS:

6. Other Business

There was no other business.

7. Public Comment Period

Mr. Eder expressed concerns about the time allotted for public comments, overlapping of Committee meetings, additional commenting time for environmental group and the COVID-19 pandemic.

8. Next Meeting Date

The next Stationary Source Committee meeting is scheduled for Friday, March 19, 2021 at 10:30 a.m.

Adjournment

The meeting was adjourned at 12:39 p.m.

Attachments

1. Attendance Record
2. Monthly Update of Staff's Work with U.S. EPA and CARB on New Source Review Issues for the Transition of RECLAIM Facilities to a Command and Control Regulatory Program
3. Notice of Violation Penalty Summary

ATTACHMENT 1

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT STATIONARY SOURCE COMMITTEE

Attendance –February 19, 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
Supervisor Sheila Kuehl	South Coast AQMD Governing Board
Vice Mayor Rex Richardson	South Coast AQMD Governing Board
Supervisor Janice Rutherford	South Coast AQMD Governing Board
Tricia Almiron	Board Consultant (Benoit)
Ruthanne Taylor Berger	Board Consultant (Benoit)
Thomas Gross	Board Consultant (Benoit)
Matthew Hamlett	Board Consultant (Richardson)
Loraine Lundquist	Board Consultant (Kuehl)
Debra Mendelsohn.....	Board Consultant (Rutherford)
Mark Taylor.....	Board Consultant (Rutherford)
Ross Zelen	Board Consultant (Kracov)
Whitney Amaya.....	East Yard Communities for Environmental Justice
Greg Busch	Marathon Petroleum Corporation
Michael Carroll.....	Latham & Watkins
Byron Chan.....	Earthjustice
Chris Chavez	Communities for a Better Environment
Curtis Coleman	Southern California Air Quality Alliance
Harvey Eder.....	Solar Power Coalition
Florence Gharibian	Del Amo Action Committee
Frances Keeler	CCEEB
Bill LaMarr	California Small Business Alliance
Rita Loof.....	RadTech International
Julia May	Communities for a Better Environment
Noel Muyco	Southern California Gas Co
David Petit	Natural Resources Defense Council
David Rothbart	SCAP
Patty Senecal	WSPA
Al Sattler.....	Sierra Club
Robina Suwol	California Safe Schools
Marshall Waller	Phillips 66 Company
Yvonne Watson	East Yard Communities for Environmental Justice
Scott Weaver	Ramboll
Peter Whittingham.....	Whittingham Public Affairs Advisors

ATTACHMENT 1

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT STATIONARY SOURCE COMMITTEE

Attendance –February 19, 2021

Jason Aspell.....	South Coast AQMD staff
Derrick Alatorre.....	South Coast AQMD staff
Barbara Baird.....	South Coast AQMD staff
Naveen Berry.....	South Coast AQMD staff
Amir Dejbakhsh.....	South Coast AQMD staff
Jo Kay Ghosh	South Coast AQMD staff
Bayron Gilchrist	South Coast AQMD staff
Sheri Hanizavareh	South Coast AQMD staff
Anissa (Cessa) Heard-Johnson	South Coast AQMD staff
Mark Henninger.....	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
Jillian Wong.....	South Coast AQMD staff
William Wong	South Coast AQMD staff
Paul Wright.....	South Coast AQMD staff
Victor Yip.....	South Coast AQMD staff

February 2021 Update on Work with U.S. EPA and California Air Resources Board 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 with U.S. EPA and California Air Resources Board (CARB) since the last report.

Item	Discussion
Video Conference with U.S. EPA – January 14, 2021	<ul style="list-style-type: none"> Reviewed presentations for the January RECLAIM and Regulation XIII Working Group Meetings
Video Conference with CARB – January 15, 2021	<ul style="list-style-type: none"> Reviewed presentations for the January RECLAIM and Regulation XIII Working Group Meetings
RECLAIM and Regulation XIII (New Source Review) Working Group Meeting – January 21, 2021	<ul style="list-style-type: none"> Provided updates on rulemakings for the RECLAIM transition Discussed Capacity Utilization for quantification of offsets without records Proposed a BACT exemption to address co-pollutant emissions for installation of air pollution controls to comply with NOx BARCT standards Staff responded to stakeholder comment letters
Video Conference with U.S. EPA – January 25, 2021	<ul style="list-style-type: none"> Discussed Startup, Shutdown, and Malfunction (SSM) guidance published by U.S. EPA on October 9, 2020
Video Conference with CARB – February 9, 2021	<ul style="list-style-type: none"> Follow-up discussion on proposed BACT exemption for co-pollutant emission increases associated with air pollution control equipment installations to comply with NOx BARCT standards
Video Conference with U.S. EPA and CARB – February 10, 2021	<ul style="list-style-type: none"> Reviewed presentations for the February RECLAIM and Regulation XIII Working Group Meetings
RECLAIM and Regulation XIII (New Source Review) Working Group Meeting – February 18, 2021	<ul style="list-style-type: none"> Provided updates on rulemakings for the RECLAIM transition Discussed proposed Rule 1304 amendments for co-pollutant BACT exemption Proposed concepts to establish a Minor Source Bank and Major Source Bank instead of the previously proposed Large Source Bank

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

Settlement Penalty Report (01/01/2021 - 01/31/2021)

Penalties

Civil Settlement: \$17,550.00
Hearing Board Settlement: \$25,000.00
MSPAP Settlement: \$4,575.00

Total Cash Settlements: \$47,125.00

Fiscal Year through 01/31/2021 Cash Total : \$3,661,877.59

Fac ID	Company Name	Rule Number	Settled Date	Init	Notice Nbrs	Total Settlement
Civil						
109939	ARROW CONCRETE CUTTING CO, INC	203(a), 1403	01/06/2021	KER	P63776, P65927, P66416	\$2,500.00
191119	E&B NATURAL RESOURCES MANAGEMENT CORP	203(b), 1148.1, 1173	01/06/2021	JL	P66850	\$7,000.00
113873	MM WEST COVINA LLC	218, 3002	01/28/2021	SH	P66460	\$3,750.00
15793	RIV CO, WASTE RESOURCES MGMT DIST, LAMB	203(b), 3002	01/26/2021	TB	P67425, P72906	\$3,800.00
64093	S & C OIL CO INC	1148.1	01/26/2021	MR	P66542	\$500.00
Total Civil Settlements : \$17,550.00						
Hearing Board						
104234	SCAQMD v. Mission Foods	202, 203(b), 1153.1, 1303	01/14/2021	KCM	5400-4	\$25,000.00
Total Hearing Board Settlements : \$25,000.00						
MSPAP						
141435	CAL COAST INC	203(b), 461, H&S 41960.2	01/06/2021	GC	P68123	\$1,500.00
173981	HOLLYWOOD RIVIERA CARWASH, INC., STEVE S	461	01/06/2021	GC	P68425	\$300.00

Fac ID	Company Name	Rule Number	Settled Date	Init	Notice Nbrs	Total Settlement
172198	JACOS & CO INC/7-ELEVEN STORE 39682A	461	01/07/2021	TCF	P69858	\$375.00
190671	KOUROSH YASHAR	1403, 40 CFR 61.145	01/07/2021	TCF	P67480, P67481	\$1,600.00
176848	SOUTH CITY CIRCLE K AND 76	461	01/07/2021	TCF	P69031	\$800.00
Total MSPAP Settlements : \$4,575.00						

**SOUTH COAST AQMD'S RULES AND REGULATIONS INDEX
FOR JANUARY 2021 PENALTY REPORT**

REGULATION II - PERMITS

Rule 202 Temporary Permit to Operate
Rule 203 Permit to Operate
Rule 218 Continuous Emission Monitoring

REGULATION IV - PROHIBITIONS

Rule 461 Gasoline Transfer and Dispensing

REGULATION XI - SOURCE SPECIFIC STANDARDS

Rule 1148.1 Oil and Gas Production Wells
Rule 1153.1 Emissions of Oxides of Nitrogen from Commercial Food Ovens
Rule 1173 Fugitive Emissions of Volatile Organic Compounds

REGULATION XIII - NEW SOURCE REVIEW

Rule 1303 Requirements

REGULATION XIV - TOXICS

Rule 1403 Asbestos Emissions from Demolition/Renovation Activities

REGULATION XXX - TITLE V PERMITS

Rule 3002 Requirements for Title V Permits

CALIFORNIA HEALTH AND SAFETY CODE

41960.2 Gasoline Vapor Recovery

CODE OF FEDERAL REGULATIONS

40 CFR 61.145 Standard for demolition and renovation