

BOARD MEETING DATE: August 7, 2026

AGENDA NO. 32

PROPOSAL: Determine That Proposed Amended Rule 1302 – Definitions, Is Exempt from CEQA; Amend Rule 1302; and Submit for Inclusion Into State Implementation Plan

SYNOPSIS: Rule 1302 defines terms used in Regulation XIII – New Source Review, which sets forth the federal and state mandated pre-construction review program for new, modified, or relocated sources for non-RECLAIM air contaminants. Proposed Amended Rule 1302 will amend the definition of Essential Public Service to include composting operations under specific circumstances, thus allowing qualified operations to draw from credits in the Priority Reserve.

COMMITTEE: Stationary Source Committee, June 26, 2026, Reviewed

RECOMMENDED ACTIONS:

Adopt the attached Resolution:

1. Determining that Proposed Amended Rule 1302 – Definitions, is exempt from the requirements of the California Environmental Quality Act;
2. Amending Rule 1302 - Definitions; and
3. Directing staff to submit Proposed Amended Rule 1302 – Definitions to CARB and U.S. EPA for inclusion into the State Implementation Plan.

Wayne Natri
Executive Officer

SR:MK:MM

Background

California Senate Bill 1383 (SB 1383) requires organic waste diversion from landfills. The law aims to reduce methane emissions by reducing organic waste in landfills by 75 percent. It mandates statewide residential and commercial organic waste collection to compost or recycle food scraps, yard waste, and paper. These materials would otherwise

continue to be deposited in landfills, ultimately generating methane, which is a greenhouse gas. Much of the diverted organic waste may go to composting operations. Composting facilities are considering switching from windrow composting to aeration systems. Benefits of controlled aeration systems, as compared to windrow composting, include reduced VOC and ammonia emissions, less handling, smaller area required to compost similar tonnage, and a faster composting process; composting with aeration systems is roughly twice as fast as windrow composting. Emissions of short-lived climate pollutants, such as methane, are expected to decrease.

Windrow composting piles are not “equipment” and thus does not require a permit under Rule 203 – Permit to Operate. Sources of pollution that are associated with equipment (i.e. aeration systems) and equipment that controls air pollution require air permits to ensure emission reductions are occurring. Equipment requiring air permits are subject to Regulation XIII – New Source Review (Regulation XIII) which implements the federal and state mandated pre-construction review program for new, modified, or relocated sources. Under Regulation XIII, a permit action that results in an emission increase must install Best Available Control Technology (BACT), conduct a modeling analysis, and must provide Emission Offsets for any emission increases.

Regulation XIII establishes applicability requirements and provisions for generating and using emission offsets. Under Regulation XIII there are two types of offsets: Open Market Emission Reduction Credits (ERCs) and the Internal Account. Under the Open Market, individual entities hold, buy, sell, and transfer ERCs that can be used for offsetting requirements for new and modified sources. The price of the ERCs in the Open Market, depending on the pollutant, can be high.

Emission Offsets in the Internal Account are primarily provided by facility shutdowns where an operator did not claim the emission offsets. Emission Offsets from the Internal Account are available to sources that are exempted from South Coast AQMD offset requirements such as facilities that have annual emissions less than four tons per year or are defined as an Essential Public Service under Rule 1302 – Definitions (Rule 1302). There is no fee to operators for using offsets from the Internal Account.

In general, no emissions offsets are required when there is an emissions decrease between two permitted sources. However, since windrow composting does not require an air permit it would have a zero baseline under New Source Review. Despite an aeration system being less emissive than windrow composting, under New Source Review, the aeration system starts with a zero baseline and emissions associated with the aeration process must be fully offset.

Proposal

Proposed Amended Rule 1302 (PAR 1302) will amend the definition of Essential Public Service to include composting operations subject to Rule 1133.3 – Emission Reductions from Composting Operations (Rule 1133.3) that reduce VOC and ammonia emissions by 80 percent or greater. This will allow facilities that utilize an aeration system with emission controls or another composting process with equal or better emission reductions to qualify for Emission Offsets from the Internal Account.

Rule 1133.3 defines composting operations and includes provisions on how to determine control efficiency for composting operations. Rule 1133.3 is to be utilized when determining applicability for Rule 1302. Rule 1133.3 also contains the methodology for determining control efficiency.

Public Process

PAR 1302 was developed through a public process. Staff held a Working Group meeting on February 25, 2026 and a Public Workshop for PAR 1302 on June 2, 2026. As part of this rule development process, staff also met with individual stakeholders and conducted site visits at facilities with composting operations.

Key Issues

Throughout the rulemaking process, staff worked with stakeholders to resolve key issues. There are two remaining key issues: (1) Broaden the definition of Essential Public Service to include the entire composting operation and organics processing operations, including all supporting mechanical and biological processes; and (2) Inclusion of publicly-owned co-composting facilities. If any of these two key issues were incorporated into PAR 1302, current amendments would be delayed approximately four months to allow for a full public process, revisions to the Draft Rule and Staff Report, Public Workshop, and public noticing requirements.

Key Issue #1: Broaden Definition to Include Entire Composting Operation and Organics Processing Equipment

One stakeholder requested that the Essential Public Service definition be expanded to include the entire composting operation, encompassing both direct emissions and the full suite of processing equipment. The stakeholder commented that excluding all necessary composting and organic processing equipment could unintentionally hinder future investment in organics infrastructure, undermining the state's Short-Lived Climate Pollutant Reduction Strategy.

Staff recommends that PAR 1302 not be further expanded. Staff initiated amendments to Rule 1302 in response to the stakeholder's original request to consider composting emissions due to organic waste diversion, required by SB 1383's Short-Lived Climate Pollutant Reduction Strategy, as an Essential Public Service and recognizing that all

emissions from aerated composting would need to be offset since open windrow composting was a non-permitted source.

An initial assessment of the request to broaden the definition to include the entire composting operation and organics processing equipment estimates that approximately 0.5 tons per day of NO_x, 0.3 tons per day of PM, 0.5 tons per day of VOC, and 0.7 tons per day of SO_x Emission Offsets would potentially be drawn from the Internal Account. This represents nearly 80 percent of the available SO_x Emission Offsets in the Priority Reserve. This could jeopardize future projects that rely on the Priority Reserve including other Essential Public Service facilities such as hospitals, water delivery, and transit.

Key Issue #2: Inclusion of Publicly-Owned Co-Composting Facilities

Stakeholders requested that co-composting facilities subject to Rule 1133.2 – Emission Reductions from Co-Composting Operations (Rule 1133.2) also be included in the proposed Essential Public Service definition. Stakeholders commented that these facilities are required to process biosolids generated by wastewater treatment plants, making them an extension of the overall wastewater treatment process and because they can accept food waste, they should be incentivized to support SB 1383 goals.

Staff is recommending that the definition of Essential Public Service not be further expanded. SB 1383 requires diversion of organic waste away from landfills. Landfills have options of where to redirect the waste including biomass conversion, digestion, and composting. Of those options, landfills are expected to divert much of their organic waste to composting operations subject to Rule 1133.3.

Co-composting is associated with wastewater treatment rather than landfills. While co-composting operations may wish to augment their portfolio by taking additional food waste that would otherwise be sent to a landfill, the objective of the proposed amendments are not designed to incentivize that business opportunity by providing offsets through the Essential Public Service provision.

Additionally, co-composting operations with emission control systems required by Rule 1133.2 are already subject to permitting. Therefore, unlike windrow composting, existing co-composting operations which accept organic waste to support SB 1383 goals would not be starting from a zero baseline when determining the amount of required offsets.

California Environmental Quality Act (CEQA)

Pursuant to CEQA Guidelines Sections 15002(k) and 15061, the proposed project (PAR 1302) is exempt from CEQA pursuant to CEQA Guidelines Section 15061(b)(3). A Notice of Exemption has been prepared pursuant to CEQA Guidelines Section 15062 and is included as Attachment H of this Board Letter. If the proposed project is

approved, the Notice of Exemption will be filed with the county clerks of Los Angeles, Orange, Riverside, and San Bernardino counties, and with the State Clearinghouse of the Governor's Office of Land Use and Climate Innovation.

Socioeconomic Impact Assessment

A socioeconomic impact assessment is not required by Health and Safety Code Sections 40440.8 and 40728.5 because PAR 1302 contains administrative changes that will not significantly affect air quality or emission limitations, and thus, will not result in significant socioeconomic impacts.

Comparative Analysis

PAR 1302 does not impose a new or more stringent emissions limit or standard, or a new or more stringent monitoring, reporting, or recordkeeping requirement. Therefore, consistent with Health and Safety Code Section 40727.2(g), no comparative analysis is required.

AQMP and Legal Mandates

The 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 Health and Safety Code requires the South Coast AQMD to adopt rules and regulations that carry out the objectives of the AQMP. PAR 1302 is not part of any control measure in the 2022 AQMP.

Resource Impacts

Existing staff resources are adequate to implement the recommended actions.

Attachments

- A. Summary of Proposal
- B. Key Issues and Responses
- C. Rule Development Process
- D. Key Contacts List
- E. Resolution
- F. Proposed Amended Rule 1302
- G. Final Staff Report
- H. Notice of Exemption from CEQA
- I. Board Presentation

ATTACHMENT A
SUMMARY OF PROPOSAL

Proposed Amended Rule 1302 – Definitions

- Revises the definition of Essential Public Service to include composting operations
 - o Must reduce VOC and ammonia emissions by 80 percent or greater by weight
 - o Must be subject to Rule 1133.3 – Emission Reductions from Composting Operations

ATTACHMENT B
KEY ISSUES AND RESPONSES

Proposed Amended Rule 1302 – Definitions

Throughout the rulemaking process, staff worked with stakeholders to resolve key issues. There are two remaining key issues: (1) Broaden definition to include the entire composting operation and any organics processing facilities including all supporting mechanical and biological processes; and (2) Inclusion of publicly-owned co-composting facilities.

Key Issue #1: Broaden Definition to Include Entire Composting Operation and Organics Processing Equipment

One stakeholder requested that the Essential Public Service definition clearly include the entire composting operation, encompassing both direct emissions and the full suite of processing equipment. The stakeholder asserts that failure to broaden the Essential Public Service definition to include all necessary composting and organic processing equipment could unintentionally hinder future investment in organics infrastructure, undermining the state’s Short-Lived Climate Pollutant Reduction Strategy.

Staff does not support the request. By way of background, the current proposed amendments to Rule 1302 are in response to the stakeholder’s original request to consider composting emissions due to organic waste diversion, required by SB 1383’s Short-Lived Climate Pollutant Reduction Strategy, as an Essential Public Service. Pursuant to Rule 201 – Permit to Construct and Rule 203, use of equipment which may cause the issuance of air contaminants (e.g. aerated static pile composting) or may reduce or control the issuance of air contaminants (e.g. biofilter) require air permits for construction and operation. These sources are subject to New Source Review Rule 1303 – Requirements, which include requirements for BACT, modeling, and offsets. If the equipment is determined to be an Essential Public Service, it may qualify to utilize Priority Reserve emission credits instead of requiring procurement of ERCs available in the Open Market. The proposed addition of “composting operations subject to Rule 1133.3 that are vented to an emission control system that reduces VOC and ammonia equal to or greater than 80 percent by weight” to the Essential Public Service definition would allow the stakeholder’s composting projects, which have been proposed to control VOC and ammonia emissions ranging from 80% to 95%, to qualify for Priority Reserve emission credits assuming Rule 1309.1(a)(3) requirements are met.

The South Coast AQMD recognizes every operation has upstream and downstream processes that are chosen to provide results one might be seeking (e.g., generating compost or mulch). However, these choices are business decisions. Prior to the passage of SB 1383, organic waste was sent to landfills. The current Essential Public Service definition includes construction and operation of landfill gas control or processing, which may qualify for access to Priority Reserve emission credits. Therefore, as proposed, composting operations may qualify to use Priority Reserve emission credits, consistent with the current Essential Public Service allowance for landfill gas processing equipment. Since windrow composting does not require a permit, any project requiring a permit starts with zero emission baseline under New Source Review. Therefore, even if the applicant is installing a less emissive composting process, all emissions from the less emissive composting process, such as aerated static pile composting, would be required to be offset. Recognizing the need for waste diversion combined with the need to offset all composting emissions, staff agreed to define these operations as Essential Public Service.

However, it should be noted that landfills have other equipment (e.g., engines driving landfill tippers, which “tip” refuse into the landfill) that do not meet the Essential Public Service definition. An initial assessment of the request to broaden the definition to include the entire composting operation and organics processing equipment estimates that approximately 0.5 tons per day of NO_x, 0.3 tons per day of PM, 0.5 tons per day of VOC, and 0.7 tons per day of SO_x Emission Offsets would potentially be drawn from the Internal Account. This represents nearly 80 percent of the available SO_x Emission Offsets in the Priority Reserve. This could jeopardize future projects that rely on the Priority Reserve including other Essential Public Service facilities such as hospitals, water delivery, and transit. Additionally, by broadening the Essential Public Service definition to include the entire composting operation and any organics processing facilities without guardrails or criteria, there would be no incentive for these operations to reduce their emissions and this request has the potential to drain the emission credits in the Priority Reserve and affect the permitting of other future Essential Public Service projects in our region. Given that the region fails to attain multiple health-based federal air quality standards, it is critical to not only implement all feasible measures to reduce air pollution, but to safeguard existing regulation by properly enforcing and not backsliding from any achievements.

The stakeholder has been engaged in the rulemaking process and had been supportive of the current approach staff has taken with the proposed amendments to Rule 1302. As recently as the Rule 1302 Public Workshop on June 2, 2026, the stakeholder voiced support for the current rule amendments and did not identify additional concerns. The recent comment letter is a substantial departure from the stakeholder’s feedback during this public process and would require restarting the

rulemaking process to further identify, define, and evaluate the scope of such a change, further delaying any changes to the rule.

Key Issue #2: Inclusion of Publicly-Owned Co-Composting Facilities

Stakeholders requested that co-composting facilities subject to Rule 1133.2 – Emission Reductions from Co-Composting Facilities should also be included in the proposed Essential Public Service definition. Stakeholder rationale for the request included that these facilities are required to process biosolids generated by wastewater treatment plants, making them an extension of the overall wastewater treatment process and because they can accept food waste, they should be incentivized to support SB 1383 goals.

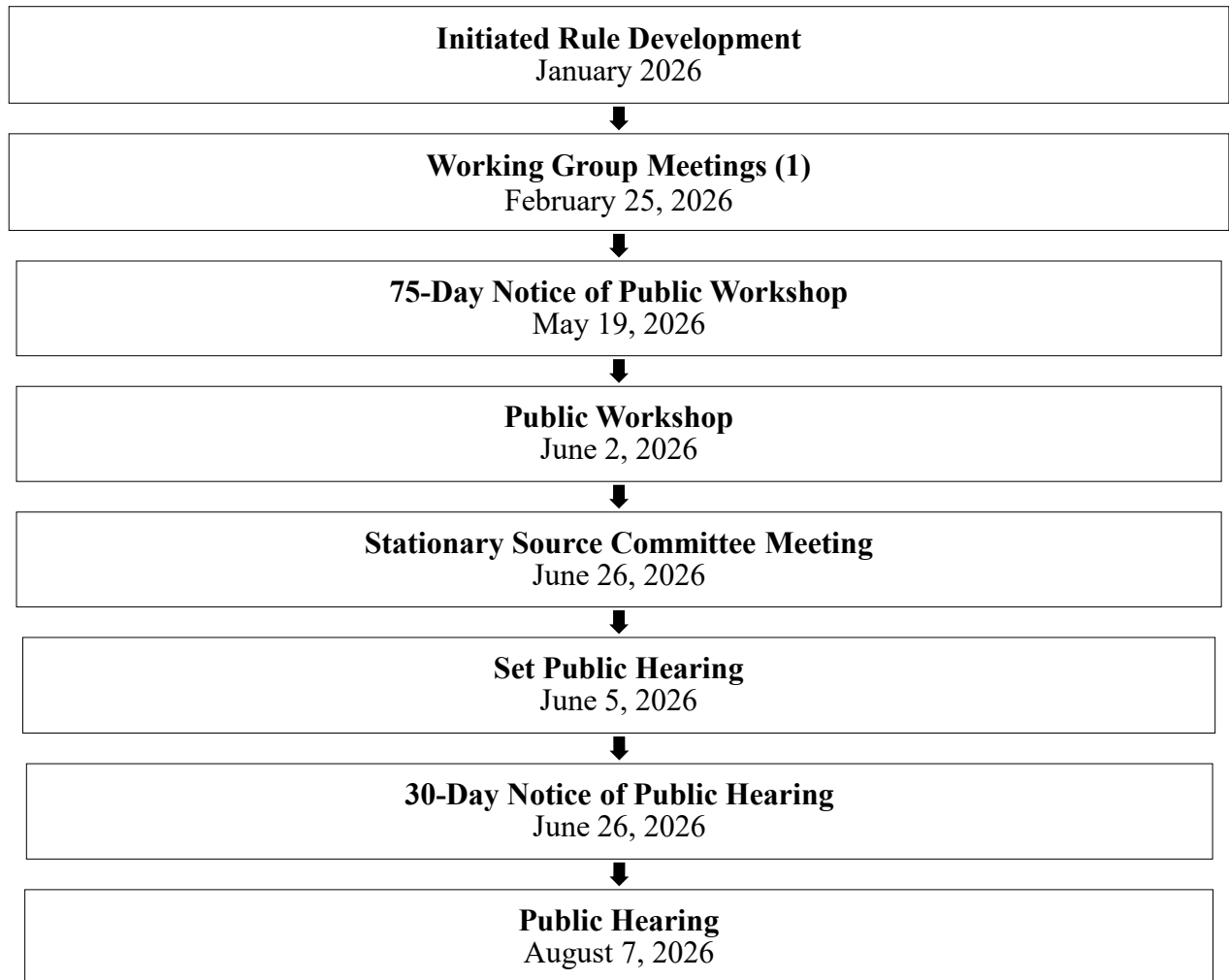
Staff does not support this request for inclusion. SB 1383 requires diversion of organic waste away from landfills. Landfills have options of where to redirect the waste including biomass conversion, digestion, and composting. Of those options, landfills are expected to divert much of their organic waste to composting operations subject to Rule 1133.3.

Co-composting is associated with wastewater treatment rather than landfills. While co-composting operations may wish to augment their portfolio by taking additional food waste that would otherwise be sent to a landfill, the proposal does not incentivize that business opportunity by providing offsets through the Essential Public Service provision.

Additionally, co-composting operations with emission control systems required by Rule 1133.2 are already subject to permitting. Therefore, unlike windrow composting, existing co-composting operations which accept organic waste to support SB 1383 goals would not be starting from a zero baseline when determining the amount of required offsets.

ATTACHMENT C
RULE DEVELOPMENT PROCESS

Proposed Amended Rule 1302 – Definitions



Seven (7) months spent in rule development

One (1) Working Group Meeting

One (1) Public Workshop

One (1) Stationary Source Committee Meeting

ATTACHMENT D
KEY CONTACTS LIST

Proposed Amended Rule 1302 – Definitions

- Agromin
- American Refuse
- Burrtec Waste Industries
- CalWaste
- Cedar Avenue Recycling and Transfer Station
- Clean Water SoCal
- CR&R Environmental Services
- Greenwaste
- Inland Empire Regional Composting Authority
- Marin Sanitary Service
- Mt. Diablo Recycling
- Monterey Regional Waste Management District
- Napa Recycling
- OC Waste & Recycling
- Pena's Disposal Service
- Pleasanton Garbage Service, Inc.
- Recology Inc.
- ReFuel
- San Joaquin Community Public Works
- Soiland
- Sonoma Compost
- Tracy Delta
- Upper Valley Disposal
- Vision Recycling
- Waste Connections
- W.L. Gore & Associates
- ZBest Composting
- ZeroWaste Energy LLC

ATTACHMENT E
RESOLUTION NO. 26-_____

A Resolution of the Governing Board of the South Coast Air Quality Management District (South Coast AQMD) determining that Proposed Amended Rule 1302 – Definitions, is exempt from the requirements of the California Environmental Quality Act (CEQA).

A Resolution of the South Coast AQMD Governing Board amending Rule 1302 – Definitions.

A Resolution of the South Coast AQMD Governing Board directing staff to submit Proposed Amended Rule 1302 – Definitions to CARB and U.S. EPA for inclusion into the State Implementation Plan.

WHEREAS, the South Coast AQMD Governing Board finds and determines that Proposed Amended Rule 1302 is considered a “project” as defined by 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 the proposed project 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 1302 is exempt from CEQA; and

WHEREAS, the South Coast AQMD Governing Board finds and determines that it can be seen with certainty that there is no possibility that Proposed Amended Rule 1302 will cause a significant adverse effect on the environment because the proposed changes are administrative in nature and will not require physical modifications. Therefore, the proposed project is 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, Proposed Amended Rule 1302 and supporting documentation, including but not limited to, the Notice of Exemption and the Final Staff Report, 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 proposed 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 (Section 30.5(4)(D)(i) of the Administrative Code), that there were no modifications to Proposed Amended Rule 1302 since the Notice of Public Hearing was published that are so substantial as to significantly affect the meaning of Proposed Amended Rule 1302 within the meaning of Health and Safety Code Section 40726 because: (a) the changes do not impact emission reductions, (b) the changes do not affect the number or type of sources regulated by the rule, (c) the changes are consistent with the information contained in the Notice of Public Hearing, and (d) the consideration of the range of CEQA alternatives is not applicable because the proposed project is exempt from CEQA; and

WHEREAS, Proposed Amended Rule 1302 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 Final Staff Report; and

WHEREAS, the South Coast AQMD Governing Board has determined that a need exists to amend Rule 1302 to address composting facilities affected by the increased diversion of organic waste from landfills mandated by California Senate Bill 1383; and

WHEREAS, the South Coast AQMD Governing Board has determined, pursuant to Health and Safety Code Section 40001(c), that there is a problem that Proposed Amended Rule 1302 will alleviate, namely by identifying qualifying composting operations as Essential Public Services and allowing them to access Priority Reserve emission offsets will benefit composting operations by reducing offset costs for facilities that choose to implement aeration systems or enhanced emission controls; and

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

WHEREAS, the South Coast AQMD Governing Board has determined that Proposed Amended Rule 1302 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 Proposed Amended Rule 1302 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 Proposed Amended Rule 1302 does not impose the same requirements as any existing state

or federal regulations, and the proposed project 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 Rule 1302, reference the following statutes which the South Coast AQMD hereby implements, interprets or makes specific: Health and Safety Code Sections 39002, 40001, 40702, 40440, 40725 through 40728.5, 40920.5, 42300 et seq. and Clean Air Act Sections 172 and 182; and

WHEREAS, Health and Safety Code Section 40727.2 requires the South Coast AQMD to prepare a written analysis of existing federal air pollution control requirements applicable to the same source type being regulated whenever it adopts, or amends a rule, and the South Coast AQMD's comparative analysis of Proposed Amended Rule 1302 is included in the Final Staff Report; and

WHEREAS, the South Coast AQMD Governing Board finds that no comparative analysis pursuant to Health and Safety Code Section 40727.2 is required because Proposed Amended Rule 1302, does not impose a new emission limit or standard, make an existing emission limit or standard more stringent, or impose new or more stringent monitoring, reporting, or recordkeeping requirements; and

WHEREAS, the South Coast AQMD Governing Board finds that no socioeconomic impact assessment for Proposed Amended Rule 1302 is required per Health and Safety Code Sections 40440.8 and 40728.5 because the proposed amendments are administrative in nature and will not significantly affect air quality or emissions limitations and thus, would not result in significant socioeconomic impacts

WHEREAS, the South Coast AQMD Governing Board finds that analyses for cost-effectiveness and incremental cost-effectiveness consistent with the Health and Safety Code Section 40920.6 are not required because Proposed Amended Rule 1302 neither includes new Best Available Retrofit Control Technology requirements nor a feasible measure pursuant to Health and Safety Code Section 40914; and

WHEREAS, the South Coast AQMD staff conducted a Public Workshop on June 2, 2026, regarding Proposed Amended Rule 1302; and

WHEREAS, the Public Hearing has been properly noticed in accordance with all provisions of Health and Safety Code Sections 40725 and 40440.5; and

WHEREAS, the South Coast AQMD Governing Board has held a Public Hearing in accordance with all provisions of state and federal law; and

WHEREAS, the South Coast AQMD specifies the Planning and Rules Manager of Proposed Amended Rule 1302 as the custodian of the documents or other materials which constitute the record of proceedings upon which the adoption of this proposed project 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 1302 is exempt from CEQA pursuant to CEQA Guidelines Sections 15061(b)(3) Common Sense Exemption. This information was 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 1302; 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 1302 as set forth in the attached, and incorporated herein by reference; and

BE IT FURTHER RESOLVED, that the South Coast AQMD Governing Board requests that Proposed Amended Rule 1302 be submitted for inclusion in the State Implementation Plan; and

BE IT FURTHER RESOLVED, that the Executive Officer is hereby directed to forward a copy of this Resolution and Proposed Amended Rule 1302 to the California Air Resources Board for approval and subsequent submittal to the United States Environmental Protection Agency for inclusion into the State Implementation Plan.

DATE: _____

Faye Thomas Clerk of the Board

ATTACHMENT F

(Adopted October 5, 1979)(Amended March 7, 1980)(Amended July 11, 1980)
(Amended September 10, 1982)(Amended July 12, 1985)(Amended August 1, 1986)
(Amended December 2, 1988)(Amended June 28, 1990)(Amended May 3, 1991)
(Amended December 7, 1995)(Amended June 13, 1997)(Amended October 20, 2000)
(Amended December 6, 2002)(Amended November 4, 2016)
(Amended December 4, 2020)(Amended TBD)

PROPOSED AMENDED RULE 1302. DEFINITIONS

[RULE INDEX TO BE ADDED AFTER RULE ADOPTION]

- (a) ACTUAL EMISSIONS means the emissions of a pollutant from an affected source determined by taking into account actual emission rates and actual or representative production rates (i.e., capacity utilization and hours of operation).
- (b) AIR CONTAMINANT means any air pollutant for which there is a national ambient air quality standard, or precursor to such air pollutant, including but not limited to: carbon monoxide, sulfur dioxide, nitrogen oxides, particulate matter, lead compounds and volatile organic compounds.
- (c) ALLOCATION means emissions offsets issued from the Priority Reserve.
- (d) ALLOWABLE EMISSIONS means the emissions rate of a stationary source calculated using the maximum rated capacity of the source, unless the source is subject to federally enforceable limits which restrict the operation rate, or hours of operation, or both, and the most stringent of the following: (1) the applicable standards set forth in 40 CFR Part 60 or 61; (2) any applicable SIP emissions limitation including those with a future compliance date; or (3) the emissions rate specified as federally enforceable permit conditions including those with a future compliance date.
- (e) AREA SOURCE EMISSIONS REDUCTION CREDIT (ASERC) means any credit for emissions reduction generated pursuant to a state and federally approved area source credit generation rule for stationary source use as an offset under Regulation XIII.
- (f) BANKING means the process of recognizing and certifying emission reductions and the registering transaction involving Emission Reduction Credits.

- (g) BASIN means the South Coast Air Basin as defined by California Code of Regulations, Section 60104 of Title 17, or the Riverside County portion of the Salton Sea Air Basin as defined by California Code of Regulations, Section 60114 of Title 17 and the non-Palo Verde, Riverside County portion of the Mojave Desert Air Basin as defined by California Code of Regulations, Section 60109 of Title 17.
- (h) BEST AVAILABLE CONTROL TECHNOLOGY (BACT) means the most stringent emission limitation or control technique which:
 - (1) has been achieved in practice for such category or class of source; or
 - (2) is contained in any state implementation plan (SIP) approved by the United States Environmental Protection Agency (EPA) for such category or class of source. A specific limitation or control technique shall not apply if the owner or operator of the proposed source demonstrates to the satisfaction of the Executive Officer or designee that such limitation or control technique is not presently achievable; or
 - (3) is any other emission limitation or control technique, found by the Executive Officer or designee to be technologically feasible for such class or category of sources or for a specific source, and cost-effective as compared to measures as listed in the Air Quality Management Plan (AQMP) or rules adopted by the District Governing Board.
- (i) BEST AVAILABLE RETROFIT CONTROL TECHNOLOGY means an emission limitation that is based on the maximum degree of reduction achievable, taking into account environmental, energy, and economic impacts by each class or category of source.
- (j) COGENERATION PROJECT means a project which:
 - (1) makes sequential use of exhaust steam, waste steam, heat or resultant energy from an industrial, commercial, or manufacturing plant or process for the generation of electricity; or
 - (2) makes sequential use of exhaust steam, waste steam, or heat from a thermal power plant, in an industrial, commercial, or manufacturing plant or process.

For the purposes of this definition, the "industrial, commercial or manufacturing plant or process" shall not be a thermal power plant or portion thereof. A cogeneration project shall not consist of steam or heat developed solely for electrical power generation. To qualify as a cogeneration project, the processes

listed in paragraphs (j)(1) and (j)(2) above must meet the conditions specified in Public Resources Code Section 25134.

- (k) EMISSION LIMITATION is a federally enforceable permit condition limiting emissions from a discrete operation, unit or other pollutant emitting source.
- (l) EMISSION REDUCTION CREDIT (ERC) means the amount of emissions reduction which is verified and determined to be eligible for credit at a facility in accordance with all District rules and regulations. An ERC represents final eligible emission reductions and may be used as such, in accordance with the provisions of Regulation XIII.
- (m) ESSENTIAL PUBLIC SERVICE includes:
 - (1) sewage treatment facilities, which are publicly owned or operated, and consistent with an approved regional growth plan;
 - (2) prisons;
 - (3) police facilities;
 - (4) fire fighting facilities;
 - (5) schools;
 - (6) hospitals;
 - (7) construction and operation of a landfill gas control or processing facility;
 - (8) water delivery operations; ~~and~~
 - (9) public transit; and
 - (10) composting operations subject to Rule 1133.3 that are vented to an emission control system that reduces VOCs and ammonia equal to or greater than 80 percent by weight.
- (n) EXEMPT COMPOUNDS are as defined in Rule 102.
- (o) EXPIRED PERMIT SOURCE SHUTDOWN CREDITS (EPSSC) means any source for which permits have expired and cannot be reactivated or re-instated, and for which the District claims the emission credits.
- (p) FACILITY means any source or group of sources or other air contaminant-emitting activities which are located on one or more contiguous properties within the District, in actual physical contact or separated solely by a public roadway or other public right-of-way, and are owned or operated by the same person (or by persons under common control), or an outer continental shelf (OCS) source as determined

in 40 CFR Section 55.2. Such above-described groups, if noncontiguous, but connected only by land carrying a pipeline, shall not be considered one facility. Sources or installations involved in crude oil and gas production in Southern California Coastal or OCS Waters and transport of such crude oil and gas in Southern California Coastal or OCS Waters shall be included in the same facility which is under the same ownership or use entitlement as the crude oil and gas production facility on-shore.

- (q) **FEDERALLY ENFORCEABLE** means all permit limitations and conditions which are enforceable by the EPA Administrator.
- (r) **MAJOR MODIFICATION** means any modification, as specified in subdivision (x), at an existing major polluting facility, as specified in subdivision (s), that will cause;
 - (1) an increase of one pound per day or more, of the facility's potential to emit oxides of nitrogen (NO_x) or volatile organic compounds (VOCs), provided the facility is located in the South Coast Air Basin or the Riverside County portion of the Salton Sea Air Basin, or
 - (2) an increase of 40 tons per year or more, of the facility's potential to emit oxides of sulfur (SO_x), or
 - (3) an increase of 15 tons per year or more, of the facility's potential to emit particulate matter with an aerodynamic diameter of less than or equal to a nominal ten microns (PM₁₀); or,
 - (4) an increase of 50 tons per year or more, of the facility's potential to emit carbon monoxide (CO).

For an existing major polluting facility located in the non-Palo Verde, Riverside County portion of the Mojave Desert Air Basin, major modification means any modification that will cause an increase of 25 tons per year or more, of the facility's potential to emit NO_x or VOCs; whereas the requirements for SO_x, PM₁₀, and CO are as specified above in paragraphs (r)(2), (r)(3), and (r)(4).

- (s) **MAJOR POLLUTING FACILITY** means any facility located in the South Coast Air Basin which emits or has the potential to emit the following amounts or more:

Volatile Organic Compounds (VOCs)	(10) tons per year
Nitrogen Oxides (NO _x)	(10) tons per year
Sulfur Oxides (SO _x)	(70) tons per year

Particulate Matter (PM ₁₀)	(70) tons per year
Carbon Monoxide (CO)	(50) tons per year

For any facility located in the Riverside County portion of the Salton Sea Air Basin, major polluting facility means any facility which emits or has the potential to emit the following amounts or more:

Volatile Organic Compounds (VOC _s)	(10) tons per year
Nitrogen Oxides (NO _x)	(10) tons per year
Sulfur Oxides (SO _x)	(70) tons per year
Particulate Matter (PM ₁₀)	(70) tons per year
Carbon Monoxide (CO)	(100) tons per year

For any facility located in the non-Palo Verde, Riverside County portion of the Mojave Desert Air Basin, major polluting facility means any facility which emits or has the potential to emit the following amounts or more:

Volatile Organic Compounds (VOC _s)	(100) tons per year
Nitrogen Oxides (NO _x)	(100) tons per year
Sulfur Oxides (SO _x)	(100) tons per year
Particulate Matter (PM ₁₀)	(100) tons per year
Carbon Monoxide (CO)	(100) tons per year

- (t) MINOR FACILITY means any facility that is not a major polluting facility.
- (u) MOBILE SOURCE means a device by which any person or property may be propelled, moved, or drawn upon a roadway, stationary rails or tracks, waterways, or through the atmosphere, and which emits air contaminants.
- (v) MOBILE SOURCE EMISSION REDUCTION CREDIT (MSERC) means any credit for emission reductions generated pursuant to a state and federally approved mobile source credit generation rule for stationary source use as an offset under Regulation XIII.
- (w) MODELING means using an air quality simulation model, based on specified assumptions and data, and which model is approved by the EPA and has been approved in writing by the Executive Officer or designee.

- (x) MODIFICATION means any physical change in equipment, change in method of operation, or an addition to an existing facility, which may cause the issuance of air contaminants. Routine maintenance and/or repair shall not be considered a physical change. A change in the method of operation of equipment, unless previously limited by an enforceable permit condition, shall not include:
 - (1) an increase in the production rate, unless such increase will cause the maximum design capacity of the equipment to be exceeded.
 - (2) an increase in the hours of operation.
 - (3) a change in operator of a facility.
- (y) NEW SOURCE REVIEW (NSR) BALANCE means the sum of the emission increases, decreases, and offsets as listed in District records, and approved by the Executive Officer or designee that has been determined at a facility pursuant to the District's New Source Review rules since October 8, 1976 to December 7, 1995. Under no circumstances shall the New Source Review Balance be greater than the facility's potential to emit or less than zero.
- (z) NONATTAINMENT AIR CONTAMINANT means any air contaminant for which there is a national or state ambient air quality standard, or precursor to such air contaminant, which:
 - (1) has been designated "nonattainment" pursuant to the California Air Resources Board in accordance with Section 39607 of California Health & Safety Code; or
 - (2) has been designated "nonattainment" pursuant to final rulemaking by the EPA as published in the Federal Register.
- (aa) OZONE DEPLETING COMPOUNDS (ODCs) are as defined in Rule 102.
- (ab) PERMANENT means that emission reductions used to offset emission increases are assured for the life of the corresponding increase, whether unlimited or limited in duration.
- (ac) PERMIT UNIT means any article, machine, equipment, or other contrivance, or combination thereof, which may cause or control the issuance of air contaminants that is not exempt from permit requirements.
- (ad) POTENTIAL TO EMIT means the amount of pollutants calculated (1) using a calendar monthly average, and, (2) on a pound-per-day basis from permit

conditions which directly limit the emissions, or, when no such conditions are imposed, from:

- (1) the maximum rated capacity; and
- (2) the maximum daily hours of operation; and
- (3) the physical characteristics of the materials processed.

Fugitive emissions associated with the source shall be included in the potential to emit.

- (ae) PM₁₀ means particulate matter with aerodynamic diameter of less than or equal to a nominal 10 microns as measured by an applicable reference test method.
- (af) PRECURSOR means a substance that, when released to the atmosphere, forms or causes to be formed or contributes to the formation of another or secondary air contaminant for which a national ambient air quality standard has been adopted, or whose presence in the atmosphere will contribute to the violation of one or more national ambient air quality standards. Precursors and secondary pollutants include:

PRECURSORS

SECONDARY POLLUTANTS

Volatile Organic Compounds (VOC_s)

- a) photochemical oxidant (ozone)
- b) the organic fraction of suspended particulate matter

Nitrogen Oxides (NO_x)

- a) nitrogen dioxide (NO₂)
- b) the nitrate fraction of suspended particulate matter

Sulfur Oxides (SO_x)

- c) photochemical oxidant (ozone)
- a) Sulfur dioxide (SO₂)
- b) sulfates (SO₄)
- c) the sulfate fraction of suspended particulate matter

- (ag) QUALIFYING FACILITY means a power generating facility which:
- (1) produces electric energy solely by the use, as a primary energy source, of biomass, waste, renewable resources, geothermal resources, or any combination thereof; and
 - (2) has a power production capacity which, together with any other facilities located at the same site, is not greater than 80 megawatts; and

- (3) is determined by the Federal Energy Regulatory Commission (FERC), by rule, to meet such requirements (including fuel use, fuel efficiency, and reliability) as the Commission may, by rule, prescribe; and
 - (4) is owned by a person not primarily engaged in the generation or sale of electric power, other than electric power solely from cogeneration facilities or facilities meeting the provisions of subparagraphs (ag)(1) and (ag)(2).
- (ah) QUANTIFIABLE EMISSIONS means that the emission reductions eligible for ERCs were calculated both before and after the reduction using the same method and averaging time
- (ai) RELOCATED MINOR FACILITY means, for the purposes of BACT applicability pursuant to Rule 1306, paragraph (d)(3), any facility, that is undergoing or has undergone a relocation of all its permitted sources and associated operations and, that has been under the same ownership for two or more years at the same location, as demonstrated to the satisfaction of the Executive Officer. A relocated minor facility shall be a minor facility at the relocated site, in accordance with the provisions of subdivisions (p) and (t).
- (aj) RELOCATION means the removal of an existing source from one parcel of land in the District and installation on another parcel of land where the two parcels are not in actual physical contact and are not separated solely by a public roadway or other public right-of-way.
- (ak) RESOURCE RECOVERY PROJECT means a project which uses municipal waste, refuse-derived, biomass-derived or other nonfossil fuels for useful energy generation within the same basin that the fuel was generated.
- (al) SHORT TERM CREDIT (STC) means any credit for emission reductions that is valid only during specific years and for specific quantities. STCs consist of Short Term ERCs (STERCs), Mobile Source ERCs (MSERCs) and Area Source ERCs (ASERCs).
- (am) SHORT TERM EMISSION REDUCTION CREDIT (STERC) means any ERC which has been divided in whole or part, for a period of no more than seven years and is issued in one year increments for use as a STC.

- (an) SMALL BUSINESS means for BACT determination purposes only, any business which meets all of the following criteria:
- (1) the number of employees is 100 or less;
 - (2) the total gross annual receipts are \$2,000,000 or less;
 - (3) be privately held and not publicly traded;
 - (4) not be a major stationary source;
 - (5) be subject to Regulation XIII and not Rule 2005(RECLAIM); and
 - (6) if legally affiliated with another business, the combined activities shall meet the above requirements.

A facility is a major stationary source if it is subject to Regulation XXX - Title V Permits based on subdivision (a) of Rule 3001 - Applicability or is a major polluting facility as determined in this regulation.

- (ao) SOURCE means any permitted individual unit, piece of equipment, article, machine, process, contrivance, or combination thereof, which may emit or control an air contaminant. This includes any permit unit at any non-RECLAIM facility and any device at a RECLAIM facility.
- (ap) VOLATILE ORGANIC COMPOUNDS (VOCs) are as defined in Rule 102.

ATTACHMENT G

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

Final Staff Report

Proposed Amended Rule 1302 – Definitions

August 2026

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EXECUTIVE SUMMARY

California Senate Bill 1383 (SB 1383) requires organic waste diversion from landfills. The legislature recognized that significant investment is required to develop organics recycling capacity and local funding mechanisms are needed to support the expansion of organics recycling capacity. The law aims to reduce methane emissions by reducing organic waste in landfills. It mandates statewide residential and commercial organic waste collection to compost or recycle food scraps, yard waste, and paper. These materials would otherwise continue to be deposited in landfills ultimately generating methane which is a greenhouse gas.

Rule 1302 – Definitions (Rule 1302) defines terms used in Regulation XIII – New Source Review (NSR). The purpose of Proposed Amended Rule 1302 (PAR 1302) is to update the definition of Essential Public Service to include composting operations vented to emission control systems that reduce emissions by 80 percent or greater by weight that are subject to Rule 1133.3 – Emission Reductions from Composting Operations (Rule 1133.3). The proposed amendment addresses composting operations impacted by increased organic waste diversion away from landfills as required by SB 1383. South Coast AQMD is identifying composting operations as Essential Public Services, granting access to emission offsets in the Priority Reserve.

PAR 1302 will allow composting operations which meet emission reduction requirements to access offsets from the Priority Reserve, which could lead to emission reductions when compared to an emission baseline of windrow composting. PAR 1302 will not require the use of aerations systems or enhanced emission controls and therefore, there will be no additional costs from the adoption of PAR 1302. However, PAR 1302 will eliminate offset costs for facilities opting to use aerations systems or enhanced emission controls.

PAR 1302 was developed through a public process. One Working Group meeting was held on February 25, 2025. A Public Workshop was held on June 2, 2026.

CHAPTER 1: BACKGROUND

INTRODUCTION

BACKGROUND

REGULATORY BACKGROUND

AFFECTED FACILITIES AND EQUIPMENT

PUBLIC PROCESS

INTRODUCTION

Rule 1302 defines terms used in Regulation XIII – New Source Review (NSR). The purpose of PAR 1302 is to expand the definition of Essential Public Service to include composting operations vented to emission control systems that reduce emissions by 80 percent or greater. The proposed amendment is needed to address composting operations impacted by increased organic waste diversion away from landfills as required by SB 1383¹. SB 1383 states that the California Legislature finds and declares significant investment is required to develop organics recycling capacity and local funding mechanisms are needed to support the expansion of organics recycling capacity. South Coast AQMD is identifying composting operations as Essential Public Services, granting access to emission offsets in the Priority Reserve.

BACKGROUND

California Senate Bill 1383 requires organic waste diversion from landfills. The law aims to reduce methane emissions by reducing organic waste in landfills by 75 percent². It mandates statewide residential and commercial organic waste collection to compost or recycle food scraps, yard waste, and paper. These materials would otherwise continue to be deposited in landfills ultimately generating methane which is a greenhouse gas.



Figure 1-1: Organic Waste Diversion

Composting is the aerobic decomposition of organic, carbon-based wastes and other feedstocks to produce a biologically-stable nutrient-rich soil amendment and usable byproducts. Common feedstocks for composting include:



Figure 1-2: Windrow Composting

chipped and ground greenwaste; chipped and ground woodwaste and associated byproduct sawdust; and chipped and ground foodwaste. Under favorable biological conditions with consideration for temperature, moisture, oxygen levels, and pile shape, naturally-occurring bacteria, archaea, and other organisms consume the wastes and its byproducts for energy and reproduction³. The elevated temperatures of composting also reduce pathogens like *E. coli* and other coliform bacteria and destroy weed seeds⁴. Some specialized organisms consume VOC

and ammonia as energy sources, such as the nitrifying bacteria *Nitrosomonas*. Composting and stockpiling prior to composting are associated with VOC and ammonia emissions⁵.

¹ CalRecycle: <https://calrecycle.ca.gov/Organics/SLCP/collection/>

² CalRecycle: <https://calrecycle.ca.gov/organics/slcp/> SB 1383 also has provisions to address livestock and dairy manure management operations, but there are not any demonstrated issues or concerns for consideration of those operations to be in the scope of PAR 1302.

³ U.S. EPA: <https://www.epa.gov/sustainable-management-food/approaches-composting>

⁴ Composting Magazine: <https://www.compostmagazine.com/compost-pathogen-elimination/>

⁵ Environmental Science and Technology: <https://pubs.acs.org/doi/pdf/10.1021/acs.est.2c05846>

Composting operations are subject to Rule 1133.3. Facilities may windrow compost with best management practices including a six-inch-thick cover of finished compost or compost overs and adequately wetting the piles prior to turning. Rule 1133.3 best management practices reduce VOC emissions by 40% and ammonia emissions by 20%⁶. Alternatively, facilities can compost utilizing aeration systems that ventilate compost piles, accelerating decomposition, albeit with higher initial capital costs. Rule 1133.3 aeration systems are required to be vented to emission control systems that reduce VOC and ammonia emissions by 80 percent or greater by weight. Benefits of controlled aeration systems, as compared to windrow composting, include reduced VOC and ammonia emissions, less handling, smaller area required to compost similar tonnage, and a faster composting process; composting with aeration systems is roughly twice as fast as windrow composting⁷. This process differs from co-composting where the feedstock includes at least 20% bio-solids and is subject to Rule 1133.2 – Emission Reductions from Co-Composting Operations (Rule 1133.2).



Figure 1-3: Aeration System Composting

Some composting facilities are seeking to change their windrow composting operations to aeration systems to increase throughput while not having to increase acreage. On a facility basis, doing so will likely result in similar or reduced VOC and ammonia emissions. Emissions of short-lived climate pollutants such as methane are expected to decrease. Windrow composting operations are not “equipment” and thus do not require a permit with South Coast AQMD pursuant to Rule 203 – Permit to Operate. Sources of pollution that are associated with equipment (i.e. aeration systems) and equipment that controls air pollution equipment require air permits to ensure emission reductions are occurring.

REGULATORY BACKGROUND

NSR is a regulatory program required by the federal and state Clean Air Acts that is designed to protect air quality as new or modified sources (equipment or processes) are permitted. Before a permit is issued, NSR ensures that the new or modified source meets Best Available Control Technology (BACT) at the time of permitting and an emission increase is offset by emission reductions from other existing sources. The purpose of NSR is to ensure that emission increases from new and modified sources do not interfere with the progress towards meeting the National Ambient Air Quality Standards (NAAQS) and state ambient air quality standards, while ensuring that future economic growth and facility modernization are not unnecessarily restricted.

South Coast AQMD Regulation XIII – New Source Review (Regulation XIII), sets forth the federal and state mandated pre-construction review program for new, modified, or relocated sources in the South Coast AQMD jurisdiction. Under Regulation XIII, a permit action that results

⁶ South Coast AQMD Final Staff Report for Proposed Amended Rule 1133 Series – Composting, Chipping and Grinding, and Related Operations https://www.aqmd.gov/docs/default-source/agendas/governing-board/2025/2025-sep5-031.pdf?sfvrsn=86dc6d7e_6

⁷ Approaches to Composting, U.S. EPA <https://www.epa.gov/sustainable-management-food/approaches-composting>

in an emission increase of any nonattainment air contaminant⁸ generally must install Best Available Control Technology⁹, conduct a modeling analysis¹⁰, and offset emission increases.

Regulation XIII requires offsets for any permitting action that results in an emission increase of greater than or equal to one pound per day of any nonattainment air contaminant. Most organic waste is sent to landfills where construction and operation of a landfill gas control or processing facility qualifies as an Essential Public Service. Windrow composting does not require an air permit, so NSR is not triggered, and therefore offset requirements of NSR are not triggered. However, because aeration systems and associated controls require an air permit, permits are subject to NSR, and therefore offsets are required.

Regulation XIII establishes applicability requirements and provisions for generating and using emission offsets. Under Regulation XIII there are two types of offsets: Open Market and the Internal Account. The Open Market allows individual entities to hold, buy, sell, and transfer Emission Reduction Credits (ERCs) that can be used for offsetting requirements for new and modified sources. Quantification of ERCs is specified under Rule 1306 – Emission Calculations and the process to generate an ERC is established in Rule 1309 – Emission Reduction Credits and Short Term Credits. Use of the Internal Account is specified under Rule 1315 – Federal New Source Review Tracking System.

The Internal Account is funded primarily by facility shutdowns. Offsets from the Internal Account are available to sources that are exempted from South Coast AQMD offset requirements including federal nonattainment NSR sources pursuant to Rule 1315. Sources with a Potential to Emit less than four tons per year utilize offset exemptions pursuant to Rule 1304 – Exemptions. Rule 1309.1 – Priority Reserve allocates offsets for Essential Public Services. Through the Internal Account, South Coast AQMD provides the NSR required offsets rather than the individual entity. There is no fee for using the Internal Account.

Rule 1302 defines Essential Public Service as applicable operations by type. Listed operations are the following:

- Sewage treatment facilities, which are publicly owned or operated, and consistent with an approved regional growth plan
- Prisons
- Police facilities
- Fire fighting facilities
- Schools
- Hospitals
- Construction and operation of a landfill gas control or processing facility
- Water delivery operation
- Public transit

⁸ Based on National Ambient Air Quality Standards (NAAQS) and California Ambient Air Quality Standards (CAAQS) attainment status

⁹ Regulation XIII also requires BACT for emission increases of ammonia and Ozone Depleting Compounds (ODCs)

¹⁰ Regulation XIII does not require modeling for VOC and SOx

Most operations are listed with no qualifiers on type of activity (i.e. schools and hospitals), except for sewage treatment plants and certain landfill operations. Composting operations switching from windrows to aeration systems are requesting to be defined as an Essential Public Service to avoid the need to purchase ERCs to implement certain SB 1383 projects.

AFFECTED FACILITIES AND EQUIPMENT

PAR 1302 affects approximately 53 composting facilities within South Coast AQMD's jurisdiction based on Rule 1133 registrations and CalRecycle Solid Waste Information System (SWIS)¹¹. Three of the 53 facilities already utilize aeration systems and are not expected to modify their operations. Of the remaining 50 facilities, 19 emit less than four tons of VOC per year, nine emit more than four tons of VOC per year but less than ten tons of VOC per year, and 22 emit more than ten tons of VOC per year. Almost two-thirds of the facilities are located in Riverside and San Bernardino Counties.

PUBLIC PROCESS

The development of PAR 1302 was conducted through a public process. One Working Group meeting was held on February 25, 2026. The Working Group is composed of representatives from public agencies, consultants, equipment providers, environmental and community representatives, and other interested parties. The purpose of the Working Group meetings is to discuss details of the proposed rule and to listen to concerns with the objective to build consensus and resolve key issues. Additionally, a Public Workshop was held on June 2, 2026. The purpose of the Public Workshop was to present the proposed rule language to stakeholders and to solicit comment. Staff also conducted multiple site visits as part of this rulemaking process.

¹¹ CalRecycle SWIS Facility/Site Search <https://www2.calrecycle.ca.gov/SolidWaste/Site/Search>

CHAPTER 2: PROPOSED AMENDED RULE 1302

INTRODUCTION PROPOSED AMENDED RULE 1302

INTRODUCTION

Rule 1302 defines terms used in Regulation XIII. PAR 1302 will amend the definition of Essential Public Service to include composting operations which meet the specified emission reduction requirement. Minor stylistic changes are made for consistency.

PROPOSED AMENDED RULE 1302

Subdivision (m) — Essential Public Service

The purpose of this amendment is to include composting operations vented to an emission control system that reduce emissions by 80 percent or greater as specified in Rule 1133.3 as an Essential Public Service. The methodology to determine emission control efficiency is also specified in Rule 1133.3. This will allow facilities that utilize an aeration system with emission controls or another composting process with equal or better emission reductions qualified to draw from a pool of credits established every quarter pursuant to Rule 1309.1 (a).

Rule 1133.3 defines Composting Operations and includes provisions on how to determine control efficiency for composting operations. Rule 1133.3 is to be utilized when determining applicability for Rule 1302. Rule 1133.3 subdivision (b) specifies applicability. Similarly, Rule 1133.3 contains the methodology for determining control efficiency. Rule 1133.3 subparagraph (d)(3)(A) – Aeration System Vented to Control System delineates the methodology which allows facilities to 1) compare inlet and outlet concentrations of VOC and ammonia; 2) utilize standard baseline emission factors; or 3) derive operation-specific baseline emission factors approved by the Executive Officer. Co-composting operations subject to Rule 1133.2 are not included in this definition.

However, the proposed amendment should not be construed to be limited to aeration systems with emission controls. Further improvements and efficiencies of composting operations are expected and any technology that can demonstrate a control efficiency of 80 percent or greater by weight utilizing one of the methodologies above are defined as an Essential Public Service.

Two major considerations were evaluated when determining if composting operations should be included as an Essential Public Service. First is if the service provided to the public is a critical infrastructure needed to maintain health, safety, and societal function. While this could be interpreted broadly, South Coast AQMD has limited the list to core services that provide public health and emergency services (hospital, police, fire fighting, prison), public transit, water supply, schools, and waste management (sewage treatment and landfill gas control). Inclusion of composting operations is consistent with South Coast AQMD's earlier designation of landfill gas control or processing as an Essential Public Service. Increased composting is directly associated with organic waste diversion mandated by California Senate Bill 1383. Without organic waste diversion, the organic waste would have been deposited in a landfill and the emissions would have been generated at landfill gas control or processing facility.

The second major consideration was the availability of sufficient offsets when expanding the definition of Essential Public Service. The funding of the Priority Reserve offsets is made on a quarterly basis as noted in Table 2-1 below:

Table 2-1: Quarterly Allocation of Priority Reserve¹²

Air Contaminant	Quarterly Allocation (pounds per day)	Quarterly Allocation (tons per day)
VOC	500	0.25
NO _x	250	0.13
SO _x	60	0.03
PM ₁₀	125	0.06

Over time, the offset balance in the Priority Reserve has grown. Current Priority Reserve offset balance is provided in Table 2-2 below.

Table 2-2: Current Priority Reserve Offset Balance (Dec 2025)

Air Contaminant	Current Balance (tons per day)
VOC	31.36
NO _x	9.63
SO _x	0.92
PM ₁₀	5.24

The current emission inventory from all composting operations in the South Coast Air Basin is 2.0 tons of VOC per day based on emission reporting and emission estimates from Rule 1133.3¹³. Three of the 53 existing composting operations already utilize aeration systems. The remaining 50 composting operations currently utilize windrow composting in the South Coast Air Basin have an annual throughput of 540,000 tons per year. At an emission rate of 2.55 pounds of VOC per ton of compost, current emissions from windrow composting are 1.9 tons per day. As noted earlier, switching to an aeration system would roughly double throughput to approximately 1.1 million tons per year. The emission rate for composting with an aeration system is 0.85 pounds of VOC per ton of compost. Thus, doubling the throughput by use of aeration systems would result in 1.3 tons of VOC emissions per day of VOC emissions, a decrease of 0.6 tons per day. However, because these operations would now require air permits and need offsets pursuant to Regulation XIII, 1.6 tons per day of VOC offsets would be necessary. The estimated cost to purchase the offsets on the Open Market would be \$11.2 million based on an Open Market VOC ERC price of \$7,200,000 per ton per day (\$20,000 per ton) of VOC offset¹⁴.

In a worst-case scenario, an additional 2.6 million tons of waste per year could be composted if all organic waste occurring in the South Coast Air Basin was diverted to composting operations for a total of 3.2 million tons processed. Assuming that 1.1 million tons of organic waste would be processed via aeration system by the 50 existing composting operations, emissions are estimated

¹² South Coast AQMD Rule 1309.1 <https://www.aqmd.gov/docs/default-source/rule-book/reg-xiii/rule-1309-1-priority-reserve.pdf?sfvrsn=4>

¹³ South Coast AQMD, PAR 1133 Series Final Staff Report https://www.aqmd.gov/docs/default-source/agendas/governing-board/2025/2025-sep5-031.pdf?sfvrsn=86dc6d7e_6

¹⁴ <https://www.aqmd.gov/home/research/documents-reports/erc-transaction-report-archive>

to be 1.3 tons of VOC per day. The remaining 2.1 million tons of additional organic waste composted via aeration system would result in an increased 2.4 tons of VOC emission per day. Approximately 3.7 tons per day of offsets would be required at a cost of \$31 million on the Open Market. Current Priority Reserve VOC balance is more than 31 tons per day and increasing due to current low demand. The addition of composting operations to the Essential Public Service definition could be adsorbed by the Priority Reserve without jeopardizing the availability, even in the worst-case scenario.

Under the same worst-case scenario, the associated VOC offset demand would also remain below the cumulative net emission increase threshold established in Rule 1315 Table B – Cumulative Net Emission Increase Thresholds for the year 2026 (20.23 tons per day of VOC). With an estimated offset requirement of approximately 3.7 tons per day, the total would not approach the applicable annual cumulative threshold for VOC emissions, indicating that even under conservative assumptions, the demand for offsets from increased composting operations would not trigger the backstop provisions of Rule 1315¹⁵. Under the worst-case scenario, the level of increased composting activity would remain consistent with South Coast AQMD's NSR framework and should not constrain future permitting actions that rely on offsets from the Internal Account or the Priority Reserve.

It should be noted that worst case scenario is extremely unlikely. While the potential offset costs are sizable, the purchase cost of the land necessary to do the composting would easily dwarf the cost of the offsets. Decades ago, South Coast AQMD was home to a large agriculture and ranching industry that used finished compost as a soil amendment, such as the hay fields that supported the dairy industry in the Chino-Corona area, at one time the most productive source of fresh milk in the United States. However, in the 21st century, these areas formerly used for agriculture or ranching now support residential homes, warehousing, or other industries. The demand for finished compost within South Coast AQMD is low and local officials report issues with excess finished compost at their facilities. Staff understands that already organic waste is being diverted to areas outside of the South Coast Air Basin that have robust agriculture and ranching activity where the finished compost will be used.

¹⁵ South Coast AQMD Status Report on Regulation XIII – New Source Review: https://www.aqmd.gov/docs/default-source/agendas/governing-board/2025/2025-sep5-018.pdf?sfvrsn=80df6d7e_2

CHAPTER 3: IMPACT ASSESSMENTS

INTRODUCTION

EMISSION REDUCTIONS

COSTS

SOCIOECONOMIC IMPACT ASSESSMENT

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) ANALYSIS

DRAFT FINDINGS UNDER HEALTH AND SAFETY

CODE SECTION 40727

COMPARATIVE ANALYSIS

INTRODUCTION

Impact assessments were conducted as part of PAR 1302 rule development to assess the environmental and socioeconomic implications. These impact assessments include costs, emission reductions, socioeconomic impacts, and a California Environmental Quality Act (CEQA) analysis. Staff prepared draft findings and a comparative analysis pursuant to Health and Safety Code Sections 40727 and 40727.2, respectively.

EMISSION REDUCTIONS

The proposed amendment to Rule 1302 does not impose a new or more stringent emissions limit or standard. PAR 1302 will allow composting operations which meet emission reduction requirements to access offsets from the Priority Reserve, which could lead to emission reductions when compared to an emission baseline of windrow composting. However, PAR 1302 does not mandate the use of aerations systems or enhanced emission controls.

COSTS

PAR 1302 will not require the use of aerations systems or enhanced emission controls and therefore, there will be no additional costs from the adoption of PAR 1302. However, PAR 1302 will eliminate offset costs for facilities opting to use aerations systems or enhanced emission controls.

SOCIOECONOMIC IMPACT ASSESSMENT

A socioeconomic impact assessment is not required by Health and Safety Code Sections 40440.8 and 40728.5 because PAR 1302 contains administrative changes that will not significantly affect air quality or emission limitations, and thus, will not result in significant socioeconomic impacts.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)

Pursuant to CEQA Guidelines Sections 15002(k) and 15061, the proposed project (PAR 1302) is exempt from CEQA pursuant to CEQA Guidelines Section 15061(b)(3). A Notice of Exemption ~~will be~~has been prepared pursuant to CEQA Guidelines Section 15062 and if the proposed project is approved, the Notice of Exemption will be filed with the county clerks of Los Angeles, Orange, Riverside, and San Bernardino counties, and with the State Clearinghouse of the Governor's Office of Land Use and Climate Innovation.

DRAFT FINDINGS UNDER HEALTH AND SAFETY CODE SECTION 40727

Requirements to Make Findings

Health and Safety Code Section 40727 requires that the Governing Board make findings of necessity, authority, clarity, consistency, non-duplication, and reference based on relevant information presented at the public hearing and in the staff report. In order to determine compliance with Health and Safety Code Section 40727, Health and Safety Code Section 40727.2 requires a

written analysis comparing the proposed amended rule with existing regulations, if the rule meets certain requirements.

Necessity

A need exists to amend PAR 1302 to address composting operations impacted by increased organic waste diversion required by California Senate Bill 1383.

Authority

The South Coast AQMD obtains its authority to adopt, amend, or repeal rules and regulations pursuant to Health and Safety Code Sections 39002, 40000, 40001, 40440, 40702, 40725 through 40728, and 41508.

Clarity

PAR 1302 is written or displayed so that its meaning can be easily understood by the persons directly affected by them.

Consistency

PAR 1302 is in harmony with and not in conflict with or contradictory to existing statutes, court decisions, or state or federal regulations.

Non-Duplication

PAR 1302 will not impose the same requirements as any existing state or federal regulations. The proposed rules are necessary and proper to execute the powers and duties granted to, and imposed upon, the South Coast AQMD.

Reference

In amending this rule, the following statutes which the South Coast AQMD hereby implements, interprets or makes specific are referenced: Health and Safety Code Sections 39002, 40001, 40406, 40702, 40440, and 40725 through 40728.5.

COMPARATIVE ANALYSIS

PAR 1302 does not impose a new or more stringent emissions limit or standard, or a new or more stringent monitoring, reporting, or recordkeeping requirement. Therefore, consistent with Health and Safety Code Section 40727.2 (g), no comparative analysis is required.

APPENDIX A: RESPONSE TO PUBLIC COMMENTS

PUBLIC WORKSHOP COMMENTS COMMENT LETTERS

Public Workshop Comments**Public Workshop Commenter #1: David Rothbart – Clean Water SoCal**

The commenter expressed the following:

- 1a) The proposal excludes co-composting. Co-composting also would take some food waste (organic waste) and including co-composting would be more consistent with the intent of supporting food waste diversion.
- 1b) The amended definition should be restricted to just the public sector. It would be better suited for the composting to be done by the public sector.

Staff Response to Public Workshop Commenter #1

- 1a) SB 1383 requires diversion of organic waste away from landfills. Landfills have options of where to redirect the waste including biomass conversion, digestion, and composting. Of those options, landfills are expected to divert much of their organic waste to composting operations subject to Rule 1133.3.

Co-composting is associated with wastewater treatment rather than landfills. While co-composting operations may wish to augment their portfolio by taking additional food waste that would otherwise be sent to a landfill, the proposal does not incentivize that business opportunity by providing offsets through the Essential Public Service provision.

Additionally, co-composting operations with emission control systems required by Rule 1133.2 are already subject to permitting. Therefore, unlike windrow composting, existing co-composting operations which accept organic waste to support SB 1383 goals would not be starting from a zero baseline when determining the amount of required offsets.

- 1b) SB 1383 requires organic waste diversion from landfills, both public and private. The existing definition for essential public service applies to landfill gas control or processing facilities, both public and private. The requirements for compliance with Rule 1133.3 are the same for both public and private operations. Inclusion of composting operations as an Essential Public Service for both public and private operations is consistent with South Coast AQMD's earlier designation of landfill gas control or processing as an Essential Public Service.

Increased composting is directly associated with organic waste diversion mandated by SB 1383. Without organic waste diversion, the organic waste would have been deposited in a landfill and the emissions would have been generated at landfill gas control or processing facility. Limiting the definition for Essential Public Service to just public composting operations would create an unfair playing field tilted in favor of public operations when the driver to address SB 1383 requirements is the same to both public and private landfills.

Public Workshop Commenter #2: Casey Corliss – OC Waste and Recycling

The commenter expressed the following:

- 2) OC Waste and Recycling supports the District’s recognition that composting operations constitute critical infrastructure needed to maintain health, safety, and basic functioning of our communities.

Staff Response to Public Workshop Commenter #2

- 2) Thank you for your support.

Public Workshop Commenter #3: Bill Quinn – California Council for Environmental and Economic Balance (CCEEB)

The commenter expressed the following:

- 3) CCEEB supports the proposal, as is, with respect to allowing both private and public sectors access to the Priority Reserve.

Staff Response to Public Workshop Commenter #3

- 3) Thank you for your support.

Public Workshop Commenter #4: Bill LaMarr – California Alliance of Small Business Associations

The commenter expressed the following:

- 4) The definitions in Rule 1302, Rule 102 – Definition of Terms, and the federal definition for small business differ. Is there any consideration for changing the definition in Rule 102 to be consistent with this rule and better reflect the true size of a small business?

Staff Response to Public Workshop Commenter #4

- 4) Changing the definition of Rule 102 is beyond the scope of amending Rule 1302. The inclusion of “small business” in Rule 102 is to provide monetary relief from permit fees while Rule 1302 applies to New Source Review. In that view, there is no need for consistency between the two rules as they serve different purposes. However, to the commenter’s second point, the number of employees and gross annual receipt figures were established more than 30 years ago and could be ripe for reevaluation, particularly when considering inflation.

Public Workshop Commenter #5: David Rothbart – Clean Water SoCal

The commenter expressed the following:

- 5) Rule 1133.2 requires a total enclosure. Would that establish your floor for Best Available Control Technology (BACT)? If so, that is a huge economic burden on facilities.

Staff Response to Public Workshop Commenter #5

- 5) Rule 1133.2 requires the active phase of composting to be conducted within the confines of an enclosure. BACT for a total enclosure, or any activity related to co-composting is listed as compliance with Rule 1133.2. If Rule 1133.2 were to be amended to require something besides an enclosure, the new requirements would presumably become BACT.

Comment Letters

Comment Letter #1



June 3, 2026

Michael Morris
 Planning, Rule Development, and Implementation
 South Coast Air Quality Management District
 21865 Copley Drive, Diamond Bar, CA 91765

RE: Proposed Amended Rule 1302

Dear Mr. Morris:

On behalf of the California Compost Coalition (CCC), I am writing to express our strong support for Proposed Amended Rule 1302 which would amend the definition of Essential Public Service to include composting operations under specific circumstances, allowing qualified operations to draw from a pool of credits from the Priority Reserve. Being defined as an Essential Public Service will eliminate offset costs for qualified operators, enabling the development of composting infrastructure within the South Coast AQMD.

California Compost Coalition is a coalition of organic material recyclers and compost operators located across the state that share a unified vision to increase the recycling of organic materials, as required under SB 1383, and further the use of clean compost as a way to: reduce organics in landfills, reduce greenhouse gas emissions, reduce the use of petro-based chemicals (fertilizers, pesticides, and herbicides) in agriculture and landscaping, reduce water consumption, and create green jobs in the district and throughout California.

Composters across California, and within the AQMD, have been hampered in the development of the necessary infrastructure to meet the lofty goals of SB 1383 by New Source Review requirements, and the costs of emissions reduction credits (ERCs) – or a lack of available ERCs – in many air districts. While the regulatory and financial challenges to SB 1383 infrastructure development are many, the measures presented in the proposed amendments to Rule 1302 will have a significant impact on helping mitigate some of the difficulties associated with ERC purchases.

For these reasons, CCC is pleased to support Proposed Amended Rule 1302.

Sincerely,

Neil Edgar
 Executive Director

1-1

Staff Response to Comment Letter #1

Response to Comment 1-1

Thank you for your support.

Comment Letter #2



12645 6th Street, Rancho Cucamonga, CA 91739
 PO Box 2470 Chino Hills, CA 91709
 Phone: (909) 993-1500 Fax: (909) 993-1510

Quality Products for Healthy Soil

June 16, 2026

Attention: Michael Morris
 Planning and Rules Manager
 South Coast AQMD
 21865 Copley Drive
 Diamond Bar, CA 91765

Subject: Comments on Proposed Amended Rule 1302 – Essential Public Services Definition

Dear Mr. Morris:

On behalf of the Inland Empire Regional Composting Authority (IERCA), we appreciate the opportunity to comment on Proposed Amended Rule (PAR) 1302.

IERCA is a publicly owned Joint Powers Authority between the Inland Empire Utilities Agency (IEUA) and the Los Angeles County Sanitation Districts (LACSD). The facility provides regional biosolids management services, receiving material from IEUA, LACSD, and the Orange County Sanitation District, and supports wastewater treatment operations in Southern California.

IERCA supports the District's efforts to expand the Essential Public Services (EPS) definition to help meet SB 1383 organics diversion needs. We would like to raise a concern regarding the exclusion of co-composting facilities subject to Rule 1133.2.

Co-composting is a direct extension of wastewater treatment, which is already included in the EPS definition. As a potential solution for SB 1383, wastewater treatment facilities have the capacity to accept organic waste. This would result in an increase in biosolids production and create a greater need for co-composting operations. As SB 1383 implementation continues, co-composting plays an important supporting role.

IERCA's facility is subject to Rule 1133.2 and achieves approximately 80 percent emissions reduction efficiency. Since the proposal would extend EPS to composting facilities that meet a similar emissions reduction threshold, it would be reasonable to also consider co-composting facilities that demonstrate comparable emission reductions.

When IERCA was permitted, the facility was required to obtain emission reduction credits despite receiving biosolids from public wastewater agencies. The only consideration given was its proximity

2-1

Paul Hofer
 Vice Chairman

Kevin Alexander
 Director

Margaret Finlay
 Director

Robert Ferrante
 Director

Jasmin A. Hall
 Director

Cory Moss
 Director

to a wastewater treatment plant. This may be worth considering when evaluating the role of co-composting within the EPS definition.

IERCA respectfully requests that South Coast AQMD consider including co-composting facilities subject to Rule 1133.2 in the EPS definition when they demonstrate comparable emissions performance and support wastewater operations.

Thank you for your consideration.

Sincerely,



Arin Boughan
Manager of Regional Composting Authority

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(cont.)

Paul Hofer
Vice Chairman

Kevin Alexander
Director

Margaret Finlay
Director

Robert Ferrante
Director

Jasmin A. Hall
Director

Cory Moss
Director

Staff Response to Comment Letter #2

Response to Comment 2-1

Please see response to Public Workshop Comment 1a.

Comment Letter #3



Thomas D. Koutroulis, Director
601 N. Ross Street, 5th Floor
Santa Ana, CA 92701
www.oclandfills.com
Telephone: (714) 834-4000
Fax: (714) 834-4183

June 16, 2026

South Coast Air Quality Management District
Attn: Wayne Nastri
21865 East Copley Drive
Diamond Bar, California 91765

**Subject: Comments on Proposed Amendments to Rule 1302 – New Source
Review Definitions and Scope**

Dear Mr. Wayne Nastri,

OC Waste & Recycling (OCWR) is a public enterprise agency that operates one of the nation's premier solid waste infrastructure systems, including three compost greeneries, that serve residents and businesses across 34 cities and unincorporated communities.

We appreciate the District's extensive collaboration with the County to update Rule 1302 to align the regulation with ambitious statewide mandates. This amendment is critical to ensure that Rule 1302 supports the development and long-term viability of local organics-processing infrastructure, we respectfully submit the following recommendations.

At present, OCWR has 62 pending permit applications with the South Coast AQMD—22 of which directly support composting operations essential to achieving SB 1383's Short-Lived Climate Pollutant Reduction Strategy with a mandated 75 percent organic waste diversion for every jurisdiction. These permits not only serve to help achieve SB 1383 compliance goals but are also critical for maintaining operational compliance for our ongoing landfill management, maintenance and operations. OCWR is working to reduce emissions through diversion and increasing our efforts on landfill gas collection and control system.

OCWR appreciates the recognition that composting operations constitute Essential Public Services (EPS) necessary for maintaining community health, safety, and environmental protection and is necessary to comply with state law. However, to fully realize the organic waste diversion targets mandated by state law, we urge the District to broaden the EPS definition in Proposed Amended Rule (PAR) 1302 to clearly include **the entire composting operation**, encompassing both direct emissions and the full suite of processing equipment. Currently, PAR 1302 narrowly defines EPS as composting operations subject to Rule 1133.3 that are vented to an emission control system that reduces VOC and ammonia equal to or greater than 80 percent by weight.

3-1

OCWR Comments on PAR 1302

While this is a good start, this narrow EPS designation does not consider the broader scope involved in a composting operation needed to support SB 1383. To achieve the goals of SB 1383 there are a number of strategies from traditional windrow composting to diversion of organic food waste that are equally important. Each strategy involves different equipment and technologies to manage the collection programs implemented by various cities and to convert that material into a product that can be distributed as compost, mulch, or for renewable energy. Each of these products are included within SB 1383 as pathways for cities to meet their Recovered Organic Waste Product (ROWP) targets. By recognizing the broader spectrum of technologies and strategies to process organic waste, the District has the opportunity to develop Rule 1302 that fully aligns it with SB 1383.

For example, we respectfully request that the District extend this EPS classification—and any associated exemption provisions—to **organics processing facilities**, including preprocessing systems, depackaging equipment, grinding and material handling units, and all supporting mechanical and biological processes. Food waste processing facilities provide for the collection of commercial food waste in large volumes that traditionally cannot be composted through windrow composting or covered aerated static piles. Food waste processing facilities are operated in conjunction with diverting the material to an anaerobic digester that can generate renewable energy. These organics facilities are integral to SB 1383 compliance, as they provide the necessary capacity to divert organic materials that would otherwise enter the landfill. Treating organics processing as an EPS ensures that the infrastructure required for statewide organics diversion is not financially or operationally disadvantaged.

Failure to broaden the EPS definition to include all necessary composting and organic processing equipment could unintentionally hinder future investment in organics infrastructure, undermining the state's Short-Lived Climate Pollutant Reduction Strategy thus further preventing innovative solutions and collaboration. Ensuring these operations qualify as EPS also provides critical access to the Priority Reserve for offsets—particularly important given that Rule 317.1 contains no categorical exemption for Essential Public Services. Public agencies often operate largescale facilities classified as Major Stationary Sources. Without EPS recognition, they face significant financial liability for emissions generated while carrying out state mandated activities.

We also note that SCAQMD has previously determined that composting is an “integral part of the landfill,” as reflected in our Title V permits. It would be inconsistent to treat these operations as unified for permitting purposes, but fragmented when identifying which components qualify as Essential Public Services. As organic waste previously disposed of in landfills is now processed on landfill property to meet SB 1383 requirements, the full composting and organic processing system should be recognized as an EPS.

For these reasons, OCWR respectfully urges the District to refine PAR 1302 to include both composting and organic processing emissions, along with all associated mechanical and biological processing equipment, within the definition of Essential Public Service. Proposed

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(cont.)

OCWR Comments on PAR 1302

rule language is attached. These clarifications will ensure consistent regulatory treatment, protect public agencies from unintended financial burdens, and support the statewide effort to reduce organics disposal and achieve California's climate goals.

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(cont.)

Thank you for your time and consideration of our comments. We appreciate the collaboration and look forward to the successful adoption of Proposed Amended Rule 1302. Please do not hesitate to reach out with any questions.

Sincerely,



Thomas D. Koutroulis
Director

cc: Michael Morris, AQMD

Attachments: Proposed Rule 1302(m) Language

OCWR Comments on PAR 1302

Proposed Rule 1302(m) Language:

ESSENTIAL PUBLIC SERVICE includes:

- (1) sewage treatment facilities, which are publicly owned or operated, and consistent with an approved regional growth plan;
- (2) prisons;
- (3) police facilities;
- (4) fire fighting facilities;
- (5) schools;
- (6) hospitals;
- (7) construction and operation of a landfill gas control or processing facility;
- (8) water delivery operations; and
- (9) public transit.
- (10) **composting operations**, and all supporting equipment necessary for the handling, storage, treatment, and processing of organic materials, including but not limited to green waste, biosolids, food scraps, manure, and agricultural waste, as well as all mechanical and biological components integral to composting.
Equipment qualifying under this provision includes, but is not limited to: screening systems, conveyors, grinders, chippers, turners, aeration systems, bagging equipment, stone removal systems, covered or enclosed processing areas, material handling units, and any ancillary systems required to convert organic materials into compost, mulch, or other products recognized under SB 1383 as Recovered Organic Waste Products (ROWPs).
- (11) **organics processing operations**, and all related processing, material handling, and odor control equipment used to manage source separated organic materials.
This includes equipment such as: depackaging systems, preprocessing equipment, conveyors, storage tanks and silos, mechanical separators, pumps, mixing systems, grinding units, receiving and holding systems, and odor control systems including biofilters, carbon adsorption units, chemical scrubbers, misting systems, and enclosure ventilation systems, as well as any ancillary equipment required for the preparation of organic materials for beneficial use, including delivery to anaerobic digestion or renewable energy systems.

Staff Response to Comment Letter #3

Response to Comment 3-1

By way of background, the current proposed amendments to New Source Review Rule 1302 are in response to OC Waste and Recycling's original request to consider composting emissions due to organic waste diversion, required by SB 1383's Short-Lived Climate Pollutant Reduction Strategy, as an Essential Public Service. Pursuant to Rule 201 and Rule 203, use of equipment which may cause the issuance of air contaminants (e.g. aerated static pile composting) or may reduce or control the issuance of air contaminants (e.g. biofilter) require air permits for construction and operation. These sources are subject to New Source Review Rule 1303 requirements, which include BACT, modeling, and offsets. If the equipment is determined to be an Essential Public Service, it may qualify to utilize Priority Reserve emission credits instead of requiring procurement of ERCs available in the open market. The proposed addition of "composting operations subject to Rule 1133.3 that are vented to an emission control system that reduces VOC and ammonia equal to or greater than 80 percent by weight" to the Essential Public Service definition would allow OCWR's composting projects, which have been proposed to control VOC and ammonia emissions ranging from 80% to 95%, to qualify for Priority Reserve emission credits assuming Rule 1309.1(a)(3) requirements are met.

The South Coast AQMD recognizes every operation has upstream and downstream processes that are chosen to provide results one might be seeking (e.g., generating compost or mulch). However, these choices are business decisions. Prior to the passage of SB 1383, organic waste was sent to landfills. The current Essential Public Service definition includes construction and operation of landfill gas control or processing, which may qualify for access to Priority Reserve emission credits. Therefore, as proposed, composting operations may qualify to use Priority Reserve emission credits, consistent with the current Essential Public Service allowance for landfill gas processing equipment. Since *open* composting does not require a permit, any project requiring a permit starts with zero emission baseline under New Source Review. Therefore, even if the applicant is installing a less emissive composting process, all emissions from the less emissive composting process, such as aerated static pile composting, would be required to be offset. Recognizing the need for waste diversion combined with the need to offset all composting emissions, staff agreed to define these operations as Essential Public Service.

However, it should be noted that landfills have other equipment (e.g., engines driving landfill tippers, which "tip" refuse into the landfill) that do not meet the Essential Public Service definition. An initial assessment of the request to broaden the definition to include the entire composting operation and organics processing equipment estimates that approximately 0.5 tons per day of NOx, 0.3 tons per day of PM, 0.5 tons per day of VOC, and 0.7 tons per day of SOx Emission Offsets would potentially be drawn from the Internal Account. This represents nearly 80 percent of the available SOx Emission Offsets in the Priority Reserve. This could jeopardize future projects that rely on the Priority Reserve including other Essential Public Service facilities such as hospitals, water delivery, and transit. Additionally, By by broadening the Essential Public Service definition to include the entire composting operation and any organics processing facilities without guardrails or criteria, there would be no incentive for these operations to reduce their emissions and this request has the potential to drain the emission credits in the Priority Reserve and affect the permitting of other future Essential Public Service projects in our region. Given that the region fails to attain multiple health-based federal air quality standards, it is critical to not only implement all feasible measures to reduce air pollution, but to safeguard existing regulation by properly enforcing and not backsliding from any achievements.

OCWR has been engaged in the rulemaking process and had been supportive of the current approach staff has taken with the proposed amendments to Rule 1302. As recently as the Rule 1302 Public Workshop on June 2, OCWR staff voiced support for the current rule amendments and did not identify additional concerns. The recent comment letter is a substantial departure from OCWR's feedback during this public process and would require restarting the rulemaking process to further identify, define, and evaluate the scope of such a change, further delaying any changes to the rule. Therefore, we cannot accommodate your request to broaden the Essential Public Service definition at this time.

Comment Letter #4

Hi Mike,

Per our conversation, Clean Water SoCal appreciates the opportunity to comment on Proposed Amended Rule (PAR) 1302. We believe it is critical to support SB 1383 mandates by recognizing food waste diversion as an essential public service. While we support the inclusion of Rule 1133.3 facilities, co-composting facilities subject to Rule 1133.2 should also be included in the proposed essential public service definition.

Under the current framework, unless a co-composting facility is located within a wastewater treatment plant, access to the Priority Reserve is not permitted. However, no wastewater treatment plant in the South Coast Air Basin currently performs composting inside its facility boundaries. While several plants practiced on-site composting years ago, the practice was largely abandoned due to nuisance odors.

Because Rule 1133.2 is more restrictive than Rule 1133.3, any new co-composting facilities constructed in the future should be defined as essential public services. Ultimately, these facilities are required to process biosolids generated by wastewater treatment plants, making them an extension of the overall wastewater treatment process. Moreover, these facilities can accept food waste and should be incentivized to support SB 1383 goals.

In addition to including Rule 1133.2 facilities, we respectfully request that the proposed essential public services definition be limited exclusively to publicly owned and operated facilities. We have concerns regarding privately owned and operated landfills gaining access to the Priority Reserve for composting operations. While the existing essential public service definition covers landfill gas control or processing facilities, landfill gas management represents a fundamentally different public health dynamic. Collecting and processing landfill gas directly prevents fugitive emissions that would otherwise impact surrounding communities, which is clearly an essential public service.

This same dynamic does not apply to a private landfill that elects to construct a compost facility on its property. Operating such a facility can generate significant VOC emissions and cause nuisance odors, particularly if the operator is not diligent. Based on our experience, private landfills are generally not operated as conservatively as facilities managed by public agencies. To avoid rewarding private, for-profit entities, we respectfully recommend that SCAQMD limit the proposed exemption to public facilities.

For your consideration, we recommend the following language for the exemption:

(m)(10) *Publicly owned and operated composting operations subject to Rules 1133.2 and 1133.3 that are vented to an emission control system that reduces VOC and ammonia equal to or greater than 80 percent by weight.*

Please let me know if you have any questions regarding these comments.

4-1

4-2

4-3

Best regards,

David

David L. Rothbart, P.E., BCEE

Air Quality Manager

[Clean Water SoCal](http://CleanWaterSoCal.org)

drothbart@cleanwatersocal.org

(714) 878-9655 (cell)



Staff Response to Comment Letter #4*Response to Comment 4-1*

Please see Staff Response to Public Workshop Commenter #1a.

Response to Comment 4-2

Please see Staff Response to Public Workshop Commenter #1b. Additionally, the same regulatory standards are applied in Rule 1133.3 to both public and private composting operations.

Response to Comment 4-3

Thank you for your proposed rule language. For the reasons stated above, the South Coast AQMD is not planning to limit the Essential Public Service definition to public facilities and is not planning to include facilities subject to Rule 1133.2.

ATTACHMENT H



**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 1302 – DEFINITIONS

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.

If the proposed project is approved, the Notice of Exemption will be filed for posting with the county clerks of Los Angeles, Orange, Riverside, and San Bernardino Counties. The Notice of Exemption will also be electronically filed with the State Clearinghouse of the Governor's Office of Land Use and Climate Innovation for posting on their CEQAnet Web Portal which may be accessed via the following weblink: <https://ceqanet.lci.ca.gov/Search/Recent>. In addition, the Notice of Exemption will be electronically posted on the South Coast AQMD's webpage which can be accessed via the following weblink: <http://www.aqmd.gov/nav/about/public-notice/ceqa-notice/notice-of-exemption/noe---year-2026>.

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

To: County Clerks for the Counties of Los Angeles, Orange, Riverside, and San Bernardino; and Governor's Office of Land Use and Climate Innovation – State Clearinghouse	From: South Coast Air Quality Management District 21865 Copley Drive Diamond Bar, CA 91765
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Project Title: Proposed Amended Rule 1302 – Definitions

Project Location: The proposed project is located within the South Coast Air Quality Management District's (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 portion of the Salton Sea Air Basin and the non-Palo Verde, Riverside County portion of the Mojave Desert Air Basin.

Description of Nature, Purpose, and Beneficiaries of Project: California Senate Bill (SB) 1383 requires the increased diversion of organic waste from landfills, whose owners/operators have the option of conducting open composting via windrows or enclosed composting vented to emission control equipment. While windrow composting does not require a South Coast AQMD permit, an enclosed composting operation is subject to: 1) Rule 1133.3 – Emission Reductions from Composting Operations, which requires emissions to be routed to emission control equipment; 2) Regulation II – Permits, which requires a permit to operate the emission control equipment; and 3) Regulation XIII – New Source Review, which requires the purchase of emission offsets. Rule 1302 – Definitions, contains key terms used throughout Regulation XIII, such as the term Essential Public Service, which currently includes the construction and operation of a landfill gas control or processing facility that may otherwise now be subject to organic waste diversion requirements in SB 1383. Any facility which qualifies as an Essential Public Service obtains emission offsets from the Priority Reserve at no charge. The purpose of Proposed Amended Rule 1302 (PAR 1302) is to expand the definition of Essential Public Service to include composting operations subject to Rule 1133.3 that are vented to emission control systems which are capable of achieving at least an 80 percent emission reduction by weight (e.g., aeration systems or enhanced emission controls) and provide access to the emission offsets from the Priority Reserve. While PAR 1302 will not require or result in emission reductions or require the installation of air pollution control equipment, certain composting operations will benefit from qualifying as an Essential Public Service and obtaining emission offsets from the Priority Reserve, so long as all applicable criteria are satisfied, by eliminating the costs of purchasing emission offsets from the open market.

Public Agency Approving Project: South Coast Air Quality Management District	Agency Carrying Out Project: South Coast Air Quality Management District
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Exempt Status:
CEQA Guidelines Section 15061(b)(3) – Common Sense Exemption

Reasons why project is exempt: South Coast AQMD, as Lead Agency, has reviewed the proposed project (PAR 1302) 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. It can be seen with certainty that there is no possibility that implementation of PAR 1302 may have a significant adverse effect on the environment because the proposed project includes clarifications and administrative changes without requiring any physical modifications. Therefore, the proposed project is exempt from CEQA pursuant to CEQA Guidelines Section 15061(b)(3) – Common Sense Exemption.

NOTICE OF EXEMPTION FROM CEQA (concluded)

Date When Project Will Be Considered for Approval (subject to change):

South Coast AQMD Governing Board Public Hearing: August 7, 2026

CEQA Contact Person:

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Date Received for Filing: _____ **Signature:** (Signed and Dated Upon Board Approval)

Kevin Ni

Program Supervisor, CEQA

Planning, Rule Development, and Implementation



Proposed Amended Rule 1302 - Definitions

Board Meeting
August 7, 2026

Overview

- California Senate Bill 1383 (SB1383) requires diversion of organic waste away from landfills by 2025
- Much of this organic waste will likely go to composting operations
- Some composting facilities are considering switching from open windrow composting to aeration systems
- Aeration systems would require a permit and be subject to Regulation XIII - New Source Review, requiring operators to provide emission offsets
- Operators have asked if aeration systems could be exempt from providing offsets, similar to other Essential Public Service operations



Switching From Windrow to Aeration Systems

Composting operations with aeration systems

- Roughly doubles throughput compared to windrow composting
- Results in lower emissions than open windrow composting even with higher throughput

Aeration systems are equipment that are vented to air pollution control equipment that require an air permit

- Windrow composting is exempt from permitting
- Air pollution control equipment is permitted to ensure emission reductions are occurring



Need for Offsets

Regulation XIII – New Source Review requires offsets for permit actions with emission increases of nonattainment air contaminants

Facilities defined as an Essential Public Service are granted access to emission offsets in the “internal account” (Priority Reserve) without fees

To comply with SB 1383, food waste previously sent to landfills will need to need to be composted instead. To increase throughput, composting facilities are considering using aeration systems

Composting using aeration systems currently not included in the definition of Essential Public Service so operators must purchase offsets in the Open Market



Proposed Amended Rule 1302



- PAR 1302 includes composting operations as an Essential Public Service
- Composting operations must be:
 - Vented to an emission control system that will reduce VOC and ammonia emissions by 80 percent or greater; and
 - Subject to Rule 1133.3 – Emission Reductions from Composting Operations
- The amount of VOC offsets needed would be well below the Priority Reserve and Rule 1315 cumulative net emission thresholds

Socioeconomic Impact Assessment and California Environmental Quality Act (CEQA)

- PAR 1302 provides same level of access to offsets from Priority Reserve that landfills currently have when processing organic waste
- No socioeconomic impact assessment required by Health and Safety Code
 - Administrative changes that will not significantly affect air quality or emission limitations
 - No significant socioeconomic impacts expected
- No adverse environmental impacts expected
 - CEQA Notice of Exemption has been prepared

Key Remaining Issues

Request to broaden definition to include entire composting operation and organics processing equipment

- Current proposal addresses stakeholder's original request
 - Allows qualifying composting operations to access offsets from Priority Reserve
- Broadening the proposal would jeopardize Priority Reserve
 - Nearly 80% of the available SOx offsets could possibly be withdrawn
 - This could jeopardize future projects that rely on Priority Reserve including:
 - Hospitals
 - Water Delivery
 - Transit

Request to include publicly-owned co-composting operations as Essential Public Service

- Co-composting (biosolids) operations are associated with wastewater treatment not landfills
 - Not directly impacted by SB 1383
- Much of the diverted organic waste likely going to composting
 - Proposal should not incentivize a business opportunity for biosolids operations
- Co-composting operations have existing permits for required emission controls

Staff Recommendations

Determine that PAR 1302 is exempt from CEQA

Amend Rule 1302 – Definitions

Direct staff to submit PAR 1302 to CARB and U.S. EPA for inclusion into the State Implementation Plan