BOARD MEETING DATE: March 6, 2026 AGENDA NO. 25

PROPOSAL: Approve Annual RECLAIM Audit Report for 2024 Compliance Year

SYNOPSIS: The Annual RECLAIM Audit Report for 2024 Compliance Year for the NOx and SOx RECLAIM program is prepared in accordance with Rule 2015 - Backstop Provisions. This report assesses emission reductions, availability and average annual prices of RECLAIM Trading Credits (RTCs), job impacts, compliance issues, and other measures of performance for the 31st year of this program. A list of facilities that did not reconcile their emissions for the 2024 Compliance Year is also included in the report.

COMMITTEE: Stationary Source, February 20, 2026, Reviewed

RECOMMENDED ACTIONS:
Adopt the attached Resolution to:

1. Approve the Annual RECLAIM Audit Report for 2024 Compliance Year;
2. Approve staff's recommendation to determine that paragraphs (d)(1) through (d)(4) of Rule 2004 continue without change, as reported in the August 5, 2022, evaluation and review of the compliance and enforcement aspects of the RECLAIM program; with staff's confirmation that circumstances have not changed, and continuing analysis in response to the continued Rule 2015 price threshold exceedance is not required; and
3. Direct the Executive Officer to submit to CARB and U.S. EPA, the Annual RECLAIM Audit Report for 2024 Compliance Year and the August 5, 2022, evaluation and review of the compliance and enforcement aspects of the RECLAIM program, including the determination that paragraphs (d)(1) through (d)(4) of Rule 2004 continue without change.

Wayne Nastri
Executive Officer

JA:JW:ST:RM:IC

Background

The RECLAIM program was adopted on October 15, 1993, to provide a more flexible compliance program than command-and-control for specific facilities which represent South Coast AQMD's largest emitters of NOx and SOx. RECLAIM was developed as an alternative to command-and-control and was designed to meet the state and federal Clean Air Act and other air quality regulations and program requirements, as well as a variety of performance criteria in order to ensure public health protection, air quality improvement, effective enforcement, and the same or lower implementation costs and job impacts. RECLAIM is what is commonly referred to as a "cap and trade" program. Facilities subject to the program were initially allocated declining annual balances of RECLAIM Trading Credits (RTCs, denominated in pounds of emissions in a specified year) based upon their historical production levels and emission factors established in the RECLAIM regulation. RECLAIM facilities are required to reconcile their emissions with their RTC holdings on a quarterly and annual basis (*i.e.*, hold RTCs equal to or greater than their emissions). These facilities have the flexibility to manage how they meet their emission goals by installing emission controls, making process changes, or trading RTCs amongst themselves. RECLAIM achieves its overall emission reduction goals provided aggregate actual emissions are less than aggregate allocations.

Rule 2015 - Backstop Provisions, requires that staff conduct annual program audits to assess various aspects of the program and to verify that program objectives are met. Staff has completed audits of facility records and completed the annual audit of the RECLAIM program for the 2024 Compliance Year (which encompasses the time period for Cycle 1 from January 1, 2024 to December 31, 2024, and for Cycle 2 from July 1, 2024 to June 30, 2025). Based on audited emissions in this report, staff has determined that RECLAIM met its emissions goals for Compliance Year 2024. For Compliance Year 2024, audited NOx emissions were 20 percent less than programmatic NOx allocations and audited SOx emissions were 30 percent less than programmatic SOx allocations.

Audit Findings

The audit of the RECLAIM program's Compliance Year 2024 and trades of RTCs that occurred during calendar year 2025 show:

- ***Overall Compliance*** – Audited NOx and SOx emissions from RECLAIM facilities were below programmatic allocations.

- ***Universe*** – The RECLAIM universe consisted of 228 facilities as of June 30, 2024. Eight facilities in the RECLAIM universe shut down during Compliance Year 2024. The eight shutdown facilities were in the NOx RECLAIM universe only. These facility shutdowns did not result in reductions to RTC holdings. There were 220 active facilities in the RECLAIM universe on June 30, 2025, the end of Compliance Year 2024.

- ***Facility Compliance*** – 96 percent of NOx facilities and 100 percent of SOx facilities in RECLAIM complied with their allocations during the 2024 Compliance Year. Nine facilities exceeded their NOx allocations, and no facilities exceeded their SOx allocations during Compliance Year 2024. The nine facilities exceeded their NOx allocations by a total of 57.1 tons in Compliance Year 2024. The NOx exceedances are relatively small compared to the overall RTC supply for Compliance Year 2024 (approximately 1% of 5,292 tons of the total NOx RTC supply). Pursuant to Rule 2010(b)(1)(A), all affected facilities had their respective exceedances deducted from their annual allocations for the compliance year subsequent to South Coast AQMD staff's determinations that the facilities exceeded their Compliance Year 2024 allocations.

- ***Job Impacts*** – Based on a survey of RECLAIM facilities, the RECLAIM program had minimal impact on employment during the 2024 Compliance Year. RECLAIM facilities reported 90,765 initial jobs and 89,930 final jobs for an overall net loss of 835 jobs, representing about 0.92 percent of their total employment. One facility cited RECLAIM as a factor contributing to the addition of a single job during Compliance Year 2024. No RECLAIM facilities reported job losses due to RECLAIM during Compliance Year 2024. The job loss and job gain data are compiled strictly from reports submitted by RECLAIM facilities and staff is not able to verify the accuracy of the reported job impacts data.

- ***RTC Market Overview*** – A total of $1.61 billion in RTCs has been traded since the adoption of RECLAIM, of which $5.4 million occurred in calendar year 2025, excluding swaps. The annual average price of discrete-year NOx RTCs for Compliance Year 2026 traded in calendar year 2025 exceeded the Rule 2015 backstop threshold of $15,000 per ton. However, the annual average prices of discrete-year and Infinite Year Block (IYB) NOx RTCs traded in calendar year 2025 were below the applicable average NOx RTC price program review thresholds. During calendar year 2025, no discrete-year SOx RTCs were traded with price and no SOx IYB RTCs were traded. Therefore, the applicable program review thresholds for average SOx RTC prices were not exceeded. The annual average prices of RTCs traded during calendar year 2025 are summarized and compared to the applicable thresholds in Tables 1 and 2.

Table 1 – Average Prices for Discrete-Year RTCs Traded During Calendar Year 2025

	Average Price ($/ton)			Review Thresholds ($/ton)	
RTCs	**2024**	**2025**	**2026**	**Rule 2015 (b)(6)**	**Health and Safety Code §39616(f)**
NOx	$8,030	$12,950	$37,000	$15,000	$58,802
SOx	No trade with price	No trade with price	No trade with price	$15,000	$42,337

Table 2 – Average Prices for IYB RTCs Traded During Calendar Year 2025

RTCs	Average Price ($/ton)	Review Threshold ($/ton) [Health and Safety Code §39616(f)]
NOx	$39,080	$882,024
SOx	No trade with price	$635,057

- ***Other Findings*** – RECLAIM also met other applicable requirements including meeting the applicable federal offset ratio under New Source Review and having no significant seasonal fluctuation in emissions. Additionally, there is no evidence that RECLAIM resulted in any increase in health impacts due to emissions of air toxics. RECLAIM facilities and non-RECLAIM facilities are subject to the same requirements for controlling air toxic emissions.

RTC Price Assessment

- ***Rule 2015*** –Rule 2015(b)(6) requires that if the average RTC price exceeds $15,000 per ton, within six months of determination, the Executive Officer shall submit to CARB and U.S. EPA the results of an evaluation and review of the compliance and enforcements aspects of the RECLAIM program, including the deterrent effect of Rule 2004 (d)(1) through (d)(4). The purpose of the requirement was to evaluate the RECLAIM program and make potential modifications to improve compliance.

  Staff completed the Rule 2015 evaluation and review in August 2022, following completion of the Compliance Year 2020 RECLAIM Audit Report and determination that the average discrete RTC price for NOx exceeded $15,000 per ton.[0] The evaluation that was submitted to CARB and U.S. EPA concluded that the requirements of Rule 2004(d)(1) through (d)(4), in conjunction with the statutory penalty structure and other RECLAIM provisions, was adequate to ensure compliance and no modifications to the RECLAIM program were needed.

[0] https://www.aqmd.gov/docs/default-source/Agendas/Governing-Board/2022/2022-aug5-024.pdf

Subsequently, the Governing Board determined at the 2023, 2024, and 2025 March Governing Board meetings that, since the circumstances have not changed from the August 2022 Rule 2015 evaluation, no additional analysis or action was required to address the continued Rule 2015 price threshold exceedance, and directed staff to submit the Annual RECLAIM Audit Reports to CARB and U.S. EPA.

The Compliance Year 2024 RECLAIM Audit Report shows that the annual average price for Compliance Year 2026 discrete-year NOx RTCs traded in calendar year 2025 continues to exceed the $15,000 per ton review threshold. The annual average prices for discrete-year SOx RTCs traded in calendar year 2025 remain below the threshold. Staff continues to recommend that additional assessment in response to the continued Rule 2015 price threshold exceedance is not required, and no further action is warranted, since circumstances continue to remain unchanged from the August 2022 Rule 2015 evaluation.

- ***Health and Safety* Code *Section 39616(f)*** states that the Board shall reassess a market-based incentive program if the market price of emission trading units exceeds a predetermined level set by the Board and that the Board may take action to revise the program.

  This predetermined level was originally set by the Board at the beginning of the RECLAIM program at $25,000 per ton for discrete-year NOx RTCs and $18,000 per ton for discrete SOx RTCs, adjusted annually for CPI. With the advent of reporting IYB RTCs, the same CPI adjustment was made for IYB RTCs.

  The overall program review thresholds in 2025 dollars for RTC trades that occurred in calendar year 2025 were $58,802 per ton of discrete-year NOx RTCs, $42,337 per ton of discrete-year SOx RTCs, $882,024 per ton of IYB NOx RTCs, and $635,057 per ton of IYB SOx RTCs. As summarized in Tables 1 and 2, and further discussed in the Annual RECLAIM Audit Report for 2024 Compliance Year, annual average prices for all discrete-year NOx and SOx RTCs, and all IYB NOx and SOx RTCs, traded in calendar year 2025 were below the overall program review thresholds.

Attachments

A. Annual RECLAIM Audit Report for 2024 Compliance Year
B. Resolution
C. Board Presentation

ATTACHMENT A

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

Annual RECLAIM Audit Report for 2024 Compliance Year

March 6, 2026

Authors: Ryan Maxwell, Senior Air Quality Engineer
Benny Char, Air Quality Engineer II
Isabella Carr, Air Quality Engineer I
Joseph Savella, Air Quality Engineer I

Contributors: Louis Fan, Senior Air Quality Engineer
Ranil Dhammapala, Senior Meteorologist

Reviewed by: Susan Tsai, Supervising Air Quality Engineer
Barbara Baird, Chief Deputy Counsel
Karin Manwaring, Senior Deputy District Counsel

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

GOVERNING BOARD

Chair: MICHAEL A. CACCIOTTI
Councilmember, South Pasadena
Cities of Los Angeles County/Eastern Region

Vice Chair: LARRY MCCALLON
Councilmember, Highland
Cities of San Bernardino County

MEMBERS:

VANESSA DELGADO
Senator (Ret.)
Senate Rules Committee Appointee

CURT HAGMAN
Supervisor, Fourth District
County of San Bernardino

PATRICIA LOCK DAWSON
Mayor, Riverside
Cities of Riverside County Representative

HOLLY J. MITCHELL
Supervisor, Second District
County of Los Angeles

ADRIN NAZARIAN
Councilmember, Second District
City of Los Angeles Representative

JANET NGUYEN
Supervisor, First District
County of Orange

BRENDA OLMOS
Vice Mayor, City of Paramount
Cities of Los Angeles County/Western Region

VERONICA PADILLA-CAMPOS
Speaker of the Assembly Appointee

V. MANUEL PEREZ
Supervisor, Fourth District
County of Riverside

CARLOS RODRIGUEZ
Mayor, Yorba Linda
Cities of Orange County

CEDRIC JAMIE RUTLAND, MD FCCP
Governor's Appointee

EXECUTIVE OFFICER:

WAYNE NASTRI

TABLE OF CONTENTS

LIST OF ABBREVIATIONS

AAQS	Ambient Air Quality Standards
AER	Annual Emission Report
APEP	Annual Permit Emissions Program
AQMD	Air Quality Management District
AQMP	Air Quality Management Plan
BACT	Best Available Control Technology
BARCT	Best Available Retrofit Control Technology
CAA	Clean Air Act
CARB	California Air Resources Board
CCAA	California Clean Air Act
CEMS	Continuous Emissions Monitoring System(s)
CEQA	California Environmental Quality Act
CERP	Community Emission Reductions Plan
CGA	Cylinder Gas Audit
CPI	Consumer Price Index
CTR	Reporting of Criteria Air Pollutants and Toxic Air Contaminants
EGF	Electricity Generating Facility
ERC	Emission Reduction Credit
GHG	Greenhouse Gas
IYB RTC	Infinite-Year Block RECLAIM Trading Credit
LAER	Lowest Achievable Emission Rate
LAP	Laboratory Approval Program
MDP	Missing Data Procedures
MRR	Monitoring, Reporting and Recordkeeping
MATES	Multiple Air Toxic Exposure Studies
NAAQS	National Ambient Air Quality Standards
NNI	No Net Increase
NOx	Oxides of Nitrogen
NSR	New Source Review
OEHHA	Office of Environmental Health Hazard Assessment
QCER	Quarterly Certification of Emissions Report
RACT	Reasonably Available Control Technology
RATA	Relative Accuracy Test Audit
RECLAIM	REgional CLean Air Incentives Market
RTC	RECLAIM Trading Credit
SCAB	South Coast Air Basin
SIP	State Implementation Plan
SOx	Oxides of Sulfur
U.S. EPA	United States Environmental Protection Agency
VOC	Volatile Organic Compound
WATERS	Web Access To Electronic Reporting System

EXECUTIVE SUMMARY

Introduction

The South Coast Air Quality Management District (South Coast AQMD) Board adopted the REgional CLean Air Incentives Market (RECLAIM) program on October 15, 1993. The RECLAIM program represented a significant departure from traditional command-and-control regulations. RECLAIM's objective is to provide facilities with added flexibility in meeting emissions reduction requirements while lowering the cost of compliance. This is accomplished by establishing facility-specific emissions reduction targets without being prescriptive regarding the method of attaining compliance with the targets. Each facility may determine for itself the most cost-effective approach to reducing emissions, including reducing emissions at their facility, and/or purchasing RECLAIM Trading Credits (RTCs) from other RECLAIM facilities, or from other RTC holders.

Rule 2015 - Backstop Provisions includes provisions for annual program audits focusing on specific topics, as well as a one-time comprehensive audit of the program's first three years, to ensure that RECLAIM is meeting all state and federal requirements and other performance criteria. Rule 2015 also provides backstop measures if the specific criteria are not met. This report constitutes the Rule 2015 annual program audit report for Compliance Year 2024 (January 1 through December 31, 2024, for Cycle 1 facilities and July 1, 2024, through June 30, 2025, for Cycle 2 facilities). This annual audit report covers activities for the thirty-first year of the program.

Chapter 1: RECLAIM Universe

The RECLAIM universe consisted of 228 active facilities at the end of Compliance Year 2023 (December 31, 2023, for Cycle 1 facilities and June 30, 2024, for Cycle 2 facilities). During Compliance Year 2024, no facilities were included into the RECLAIM universe, no facilities were excluded, and eight facilities in the NOx universe shut down and are no longer in the active RECLAIM universe. This change resulted in a net decrease of eight facilities in the universe, bringing the total number of active RECLAIM facilities to 220 as of the end of Compliance Year 2024.

Chapter 2: RTC Allocations and Trading

The initial RTC supplies for Compliance Year 2024 were 5,286 tons of NOx RTCs and 2,219 tons of SOx RTCs. The only changes in the RTC supplies during Compliance Year 2024 were due to allocation adjustments for clean fuel production pursuant to Rule 2002(c)(12). The clean fuels production adjustments increased the NOx RTC supply by 5.7 tons and the SOx RTC supply by 0.45 tons. As a result, the total RTC supplies increased to 5,292 tons of NOx and 2,219 tons of SOx for Compliance Year 2024.

Since the inception of the RECLAIM program in 1994, a total value of $1.61 billion has been traded in the RTC trading market, excluding swap trades (trades exchanging different types of RTCs, that may be of equal value or different values). During calendar year 2025, there were 204 RTC trade registrations, including swap trades. There were 185 RTC trade registrations with a total value of $5.4 million traded, excluding swap trades. RTC trades are reported to South Coast AQMD as either discrete-year RTC trades or infinite-year block (IYB) trades (trades that involve blocks of RTCs with a specified start year and continuing into perpetuity).

Excluding swap trades, in calendar year 2025 a total of 806 tons of discrete-year NOx RTCs, 207 tons of discrete-year SOx RTCs, and 27 tons of IYB NOx RTCs, were traded. Discrete-year RTC trades with price (i.e., price >$0.00) registered during calendar year 2025 include trades for Compliance Years 2024, 2025, and 2026 NOx RTCs, excluding swap trades. The annual average prices of discrete-year NOx RTCs traded during calendar year 2025 were $8,030; $12,950; and $37,000 per ton for Compliance Years 2024, 2025, and 2026 RTCs, respectively. No discrete-year SOx RTCs were traded with price during calendar year 2025.

The annual average price of Compliance Year 2026 NOx RTCs exceeded the Rule 2015 backstop threshold of $15,000 per ton while no SOx RTCs were traded with price. None of the prices for discrete-year NOx RTCs exceeded the $58,802 per ton of NOx pre-determined overall program review threshold established by the Board pursuant to Health and Safety Code Section 39616(f).

During calendar year 2025, the annual average price for IYB NOx RTCs was $39,080 per ton and no IYB SOx RTCs were traded. This NOx annual average IYB RTC price did not exceed the $882,024 per ton of IYB NOx RTCs pre-determined overall program review thresholds established by the Board pursuant to Health and Safety Code Section 39616(f).

Chapter 3: Emission Reductions Achieved

For Compliance Year 2024, aggregate NOx emissions were below total allocations by 20 percent and aggregate SOx emissions were below total allocations by 30 percent. No emissions associated with breakdowns were excluded from reconciliation with facility allocations in Compliance Year 2024. Accordingly, no mitigation is necessary to offset excluded emissions due to approved Breakdown Emission Reports. Therefore, based on audited emissions, RECLAIM achieved its targeted emission reductions for Compliance Year 2024. With respect to the Rule 2015 backstop provisions, Compliance Year 2024 aggregate NOx and SOx emissions were both below aggregate allocations and, as such, did not trigger the requirement to review the RECLAIM program.

Chapter 4: New Source Review Activity

The annual program audit assesses NSR activity from RECLAIM facilities to ensure that RECLAIM is complying with federal NSR requirements and state no net increase (NNI) in emissions requirements while providing flexibility to facilities in managing their operations and allowing new sources into the program. In Compliance Year 2024, a total of eight NOx RECLAIM facilities had NSR NOx emission increases, and no SOx RECLAIM facilities had an NSR SOx emission increase due to expansion or modification. Consistent with all prior compliance years, there were sufficient NOx and SOx RTCs available to allow for expansion, modification, and modernization by RECLAIM facilities.

RECLAIM is required to comply with federal NSR emissions offset requirements at a 1.2-to-1 offset ratio programmatically for NOx emission increases and a 1-to-1 offset ratio for SOx emission increases on a programmatic basis. In Compliance Year 2024, RECLAIM demonstrated federal equivalency with a programmatic NOx offset ratio of 143-to-1 based on the compliance year’s total unused allocations and total NSR emission increases for NOx. There were no SOx NSR emission increases that resulted from starting operations of new or modified permitted sources during the compliance year. RECLAIM inherently complies with the federally-required 1-to-1 SOx offset ratio for any compliance year, provided aggregate SOx emissions under RECLAIM are lower than or

equal to aggregate SOx allocations for that compliance year. As shown in Chapter 3 (Table 3-2 and Figure 3-2), there was a surplus of SOx RTCs during Compliance Year 2024. Therefore, RECLAIM more than complied with the federally-required SOx offset ratio and further quantification of the SOx offset ratio is unnecessary. Also, the NNI requirement is satisfied by the program's 1-to-1 offset ratio. In addition, RECLAIM requires application of, at a minimum, California Best Available Control Technology (BACT), which is at least as stringent as federal Lowest Achievable Emission Rate (LAER) for major sources. The same BACT guidelines are used to determine BACT applicable to RECLAIM and non-RECLAIM facilities.

Chapter 5: Compliance

Based on the South Coast AQMD Compliance Year 2024 annual audit, 215 of the 224 NOx RECLAIM facilities complied with their NOx allocations, and 27 of the 27 SOx facilities complied with their SOx allocations. The nine facilities that exceeded their NOx allocations contributed to a total exceedance of 57.1 tons. The NOx exceedance amounts are relatively small compared to the overall RTC supply for Compliance Year 2024 (approximately 1% of 5,292 tons of total NOx RTC supply). The exceedances from these facilities did not impact the overall RECLAIM emission reduction goals. The overall RECLAIM NOx and SOx emission reduction targets and goals were met for Compliance Year 2024 (i.e., aggregate emissions for all RECLAIM facilities were below aggregate allocations). Pursuant to Rule 2010(b)(1)(A), all affected facilities had their respective exceedances deducted from their annual allocations for the compliance year subsequent to the date of the South Coast AQMD determination that the facilities exceeded their Compliance Year 2024 allocations.

Chapter 6: Reported Job Impacts

This chapter compiles data as reported by RECLAIM facilities in their APEP reports. The analysis focuses exclusively on job impacts at RECLAIM facilities and determining if those job impacts were directly attributable to RECLAIM as reported by those facilities. Additional benefits to the local economy (e.g., generating jobs for consulting firms, source testing firms and CEMS vendors) attributable to the RECLAIM program, as well as factors outside of RECLAIM (e.g., the prevailing economic climate), impact the job market. However, these factors are not evaluated in this report. Also, job losses and job gains are strictly based on RECLAIM facilities' reported information. South Coast AQMD staff is not able to independently verify the accuracy of the facility reported job impact information.

According to the Compliance Year 2024 employment survey data gathered from APEP reports, RECLAIM facilities reported 90,765 initial jobs and 89,930 final jobs for an overall net loss of 835 jobs, representing 0.92 percent of their total employment. One RECLAIM facility cited RECLAIM as a factor contributing to the addition of one job during Compliance Year 2024. No facilities reported jobs lost due to RECLAIM during Compliance Year 2024.

Chapter 7: Air Quality and Public Health Impacts

Quarterly calendar year 2024 NOx emissions fluctuated within six percent of the mean NOx emissions for the year. Quarterly calendar year 2024 SOx emissions fluctuated within four percent of the year's mean SOx emissions. There was no significant shift in seasonal emissions from the winter season to the summer season for either pollutant.

The California Clean Air Act (CCAA) required a 50 percent reduction in population exposure to ozone, relative to a baseline averaged over three years (1986 through 1988), by December 31, 2000. The South Coast Air Basin achieved the December 2000 target for ozone well before the deadline. In calendar year 2025, the per capita exposure to ozone (the average length of time each person is exposed) continued to be well below the target set for December 2000.

Air toxic health risk is primarily caused by emissions of certain volatile organic compounds (VOCs) and fine particulates, such as metals. RECLAIM facilities are subject to the same air toxic, VOC, and particulate matter regulations as other sources in the Basin. All sources are subject, where applicable, to the NSR rule for toxics (Rule 1401 – New Source Review of Toxic Air Contaminants). In addition, new or modified sources with NOx or SOx emission increases are required to be equipped with BACT, which minimizes to the extent feasible the increase of NOx and SOx emissions. RECLAIM and non-RECLAIM facilities that emit air toxics are required to report those emissions to South Coast AQMD. Those emissions reports are used to identify candidates for the Air Toxics Hot Spots program (AB 2588). This program requires emission inventories and, depending on the type and amount of emissions, facilities may be required to do public notice and/or prepare and implement a plan to reduce emissions. There is no evidence that RECLAIM has caused or allowed higher health risks from air toxics in areas adjacent to RECLAIM facilities than would occur under command-and-control, because RECLAIM facilities must comply with the same air toxics rules as non-RECLAIM facilities.

INTRODUCTION

The South Coast Air Quality Management District (South Coast AQMD) REgional CLean Air Incentives Market (RECLAIM) program was adopted in October 1993 and replaced certain command-and-control rules regarding oxides of nitrogen (NOx) and oxides of sulfur (SOx) with a new market incentives program for facilities that meet the inclusion criteria. The goals of RECLAIM are to provide facilities with added flexibility in meeting emissions reduction requirements while lowering the cost of compliance. The RECLAIM program was designed to meet all state and federal Clean Air Act (CAA) and other air quality regulations and program requirements, as well as various other performance criteria, such as equivalent or better air quality improvement, enforcement, implementation costs, job impacts, and no adverse public health impacts.

Since RECLAIM represents a significant change from traditional command-and-control regulations, RECLAIM rules include provisions for program audits in order to verify that the RECLAIM objectives are being met. The rules provide for a comprehensive audit of the first three years of program implementation and for annual program audits. The audit results are used to help determine whether any program modifications are appropriate. South Coast AQMD staff has completed the initial tri-annual program audit and each individual annual program audit report through the 2024 Compliance Year Audit.

This report presents the annual program audit and progress report of RECLAIM's thirty-first compliance year (January 1 through December 31, 2024, for Cycle 1 and July 1, 2024, through June 30, 2025, for Cycle 2 RECLAIM facilities), also known as Compliance Year 2024[1]. As required by Rule 2015(b)(1) – Annual Audits, this audit assesses:

- Emission reductions;
- Per capita exposure to air pollution;
- Facilities permanently ceasing operation of all sources;
- Job impacts;
- Annual average price of each type of RECLAIM Trading Credit (RTC);
- Availability of RTCs;
- Toxic risk reductions;
- New Source Review permitting activity;
- Compliance issues, including a list of facilities that were unable to reconcile emissions for that compliance year;
- Emission trends/seasonal fluctuations;
- Emission control requirement impacts on stationary sources in the program compared to other stationary sources identified in the Air Quality Management Plan (AQMP); and
- Emissions associated with equipment breakdowns.

[1] Information regarding emissions, allocations, RTC supply and RTC trading activity, annual average prices, and available RTCs for prior years, alluded to, but not specifically detailed in this report, can be found here at: https://www.aqmd.gov/home/programs/business/about-reclaim/reclaim-annual-reports.

CHAPTER 1
RECLAIM UNIVERSE

Summary

The RECLAIM universe consisted of 228 active facilities at the end of Compliance Year 2023 (December 31, 2023, for Cycle 1 facilities and June 30, 2024, for Cycle 2 facilities). During Compliance Year 2024, (January 1, 2024, through December 31, 2024, for Cycle 1 facilities and July 1, 2024, through June 30, 2025, for Cycle 2 facilities), no facilities were included into the RECLAIM universe, no facilities were excluded, and eight facilities in the NOx universe shut down and are no longer in the active RECLAIM universe. This change resulted in a net decrease of eight facilities in the universe, bringing the total number of active RECLAIM facilities to 220 as of the end of Compliance Year 2024.

Background

The RECLAIM program replaced the traditional "command-and-control" rules for a defined list of facilities participating in the program (the RECLAIM "universe"). The criteria for inclusion in the RECLAIM program are specified in Rule 2001 – Applicability. Facilities were generally subject to RECLAIM if they have NOx or SOx reported emissions greater than or equal to four tons per year in 1990 or any subsequent year. However, certain facilities are categorically excluded from RECLAIM, and other categories of facilities were not automatically included but did have the option to enter the program. An initial universe of 394 RECLAIM facilities was developed using the inclusion criteria initially adopted in the RECLAIM program based on 1990, 1991, and 1992 facility reported emissions data. A facility that was not in a category specifically excluded from the program could voluntarily join RECLAIM. Additionally, a facility could be required to enter the RECLAIM universe if it subsequently met applicable emissions or program-eligibility criteria.

Until March 2017, staff conducted a process of identifying facilities to be included in RECLAIM pursuant to criteria listed under Rule 2001(b) – Criteria for Inclusion in RECLAIM. This facility inclusion process ceased after the adoption of 2016 AQMP Control Measure CMB-05 on March 3, 2017, which requires the transition of the RECLAIM program to a command-and-control regulatory structure requiring Best Available Retrofit Control Technology (BARCT) level controls. To support the transition of the RECLAIM program, Rule 2001 was amended to preclude both criteria-based inclusion of facilities and facility entry election as of January 5, 2018. Then, on July 19, 2019, in response to United States Environmental Protection Agency (U.S. EPA) direction, Rule 2001 was again amended such that no RECLAIM facility may exit the program. U.S. EPA recommended keeping facilities in the RECLAIM program until all rules associated with the RECLAIM transition have been adopted and approved into the State Implementation Plan (SIP).

Following approval of these Rule 2001 amendments, the only allowable changes to the RECLAIM Universe result from either administrative changes (*i.e.*, from a partial change of operator resulting in a facility inclusion or facilities merging resulting in a facility exclusion) or facilities that cease operations, as indicated by removing all equipment requiring a South Coast AQMD permit to operate or by rendering such equipment permanently inoperable (*i.e.,* from facility shutdowns).

Universe Changes

In Compliance Year 2024 (January 1, 2024, through December 31, 2024, for Cycle 1 facilities and July 1, 2024, through June 30, 2025, for Cycle 2 facilities), no facilities were included, no facilities were excluded, and eight facilities shut down. This change brought the total number of facilities in the RECLAIM universe to 220 facilities. The Compliance Year 2024 RECLAIM universe includes 193 NOx only, no SOx-only, and 27 both NOx and SOx RECLAIM facilities. The list of active facilities in the RECLAIM universe as of the end of Compliance Year 2024 is provided in Appendix A.

Facility Inclusions and Exclusions

No RECLAIM facilities were included in or excluded from the RECLAIM universe during Compliance Year 2024 (Appendix B).

Facilities Permanently Ceasing Operations

Eight NOx-only RECLAIM facilities permanently ceased operations in Compliance Year 2024. Of these, six facilities reported the following shutdown reasons: the selling of the facility, high cost of manufacturing, production, or raw material, consolidation of operations, and/or more attractive utility of land or resources. The seventh facility did not have its power contract renewed. The last facility's equipment permitted under RECLAIM was inactivated. Appendix C lists these facilities and provides brief descriptions of the reported reasons for their closures.

The above-mentioned change to the RECLAIM universe resulted in a net decrease of eight facilities in the RECLAIM universe during Compliance Year 2024. Table 1-1 summarizes overall changes in the RECLAIM universe between the start of the program and end of Compliance Year 2024.

Table 1-1
RECLAIM Universe Changes

	NOx Facilities	SOx Facilities	Total* Facilities
Universe – October 15, 1993 (Start of Program)	392	41	394
Universe – June 30, 2024	228	27	228
Inclusions **–** Compliance Year 2024	0	0	0
Exclusions **–** Compliance Year 2024	0	0	0
Shutdowns **–** Compliance Year 2024	8	0	8
Universe – End of Compliance Year 2024	220	27	220

* "Total Facilities" is not the sum of NOx and SOx facilities due to the overlap of some facilities being in both the NOx and SOx universes.

CHAPTER 2
RTC ALLOCATIONS AND TRADING

Summary

The initial RTC supplies for Compliance Year 2024 were 5,286 tons of NOx RTCs and 2,219 tons of SOx RTCs. The only changes in the RTC supplies during Compliance Year 2024 were due to allocation adjustments for clean fuel production pursuant to Rule 2002(c)(12). The clean fuels production adjustments increased the NOx RTC supply by 5.7 tons and the SOx RTC supply by 0.45 tons. As a result, the total RTC supplies increased to 5,292 tons of NOx and 2,219 tons of SOx for Compliance Year 2024.

Since the inception of the RECLAIM program in 1994, a total value of $1.61 billion has been traded in the RTC trading market, excluding swap trades (trades exchanging different types of RTCs, that may be of equal value or different values). During calendar year 2025, there were 204 RTC trade registrations, including swap trades. There were 185 RTC trade registrations with a total value of $5.4 million traded, excluding swap trades. RTC trades are reported to South Coast AQMD as either discrete-year RTC trades or infinite-year block (IYB) trades (trades that involve blocks of RTCs with a specified start year and continuing into perpetuity).

*Excluding swap trades, in calendar year 2025 a total of 806 tons of discrete-year NOx RTCs, 207 tons of discrete-year SOx RTCs, and 27 tons of IYB NOx RTCs, were traded. Discrete-year RTC trades with price (*i.e.*, price >$0.00) registered during calendar year 2025 include trades for Compliance Years 2024, 2025, and 2026 NOx RTCs, excluding swap trades. The annual average prices of discrete-year NOx RTCs traded during calendar year 2025 were $8,030; $12,950; and $37,000 per ton for Compliance Years 2024, 2025, and 2026 RTCs, respectively. No discrete-year SOx RTCs were traded with price during calendar year 2025.*

The annual average price of Compliance Year 2026 NOx RTCs exceeded the Rule 2015 backstop threshold of $15,000 per ton while no SOx RTCs were traded with price. None of the prices for discrete-year NOx RTCs exceeded the $58,802 per ton of NOx pre-determined overall program review threshold established by the Board pursuant to Health and Safety Code Section 39616(f).[1]

During calendar year 2025, the annual average price for IYB NOx RTCs was $39,080 per ton and no IYB SOx RTCs were traded. This NOx annual average IYB RTC price did not exceed the $882,024 per ton of IYB NOx RTCs pre-determined overall program review thresholds established by the Board pursuant to Health and Safety Code Section 39616(f).

Background

At the time of inclusion into RECLAIM, each RECLAIM facility was issued emissions allocations for each compliance year, according to the methodology specified in Rule 2002 – Allocations for Oxides of Nitrogen (NOx) and Oxides of Sulfur (SOx). For facilities that existed prior to January 1, 1993, the allocation was calculated based on each facility's historical production levels. Facilities entering RECLAIM after 1994 were issued

[1] September 7, 2007, Board Agenda item No. 43 regarding Health and Safety Code §39616(f) can be found at: http://www3.aqmd.gov/hb/2007/September/070943a.html

allocations, if eligible, for the compliance year of entry and all years after, and Compliance Year 1994 allocations (also known as the facility's "Starting Allocation") for the sole purpose of establishing the New Source Review (NSR) trigger level.

These allocations are issued as RTCs, denominated in pounds of NOx or SOx with a specified 12-month term. Each RTC may only be used for emissions occurring within the term of that RTC. The RECLAIM program has two staggered compliance cycles—Cycle 1 with a compliance period of January 1 through December 31 of each year, and Cycle 2 with a compliance period of July 1 of each year through June 30 of the following year. Each RECLAIM facility is assigned to either Cycle 1 or Cycle 2 and the RTCs it is issued (if any) have corresponding periods of validity.

RECLAIM facilities may acquire RTCs issued for either cycle through trading and apply them to emissions, provided that the RTCs are used for emissions occurring within the RTCs' period of validity and the trades are made during the appropriate time period. RECLAIM facilities have until 30 days after the end of each of the first three quarters of each compliance year to reconcile their quarterly and year-to-date emissions, and until 60 days after the end of each compliance year to reconcile their last quarter and total annual emissions by securing adequate RTCs. Please note that, although other chapters in this report present and discuss Compliance Year 2024 data, new RTC trade data discussed in this chapter is for RTC trades that occurred during calendar year 2025.

RTC Allocations and Supply

The methodology for determining RTC allocations is established by Rule 2002. According to this rule, allocations may change when certain facilities shutdown or when emissions associated with production of re-formulated gasoline increase or decrease. The South Coast AQMD Board may adopt additional rules that affect RTC supply. Changes in the RTC supply during Compliance Year 2024 are discussed below.

Allocations Adjustments Due to Facility Shutdowns

Prior to the October 7, 2016, amendment of Rule 2002, shutdown facilities were allowed to retain all of their RTC holdings and participate in the trading market. For NOx RECLAIM facilities listed in Tables 7 and 8 of Rule 2002 that shut down on or after October 7, 2016, the Rule 2002 amendment established a BARCT-based RTC discounting methodology that is more closely aligned to the ERC discounting methodology under command-and-control rules. A shutdown facility may trade future year RTCs that remain after the RTC adjustment is completed, if any. If the calculated reduction amount exceeds a facility's holdings for any future compliance year, the facility must purchase and surrender sufficient RTCs to fulfill the entire reduction requirement. This situation may result if the facility previously sold its future year allocations.

Eight RECLAIM facilities shutdown and were removed from RECLAIM during Compliance Year 2024. Two of these facilities were listed in Table 8 of Rule 2002. One facility listed in Table 8 was not issued initial allocations pursuant to Rule 2002(b), so it was not subject to the facility shutdown provisions pursuant to Rule 2002(i)(1). The other facility listed in Table 8 declared same ownership with another currently active RECLAIM facility. Therefore, the facility was not subject to a reduction of RTC holdings pursuant to Rule 2002(i)(13). The facility transferred its remaining RTCs to another facility within the same ownership.

Allocations Adjustments Due to Clean Fuel Production

Rule 2002(c)(12) – Clean Fuel Adjustment to Starting Allocation, provides refineries with RTCs to compensate for their actual emissions increases caused by the production of California Air Resources Board (CARB) Phase II reformulated gasoline. The amount of these RTCs is based on actual emissions for the subject compliance year and historical production data. These refineries are required to submit, at the end of each compliance year in their Annual Permit Emissions Program (APEP) report, records to substantiate actual emission increases due solely to the production of reformulated gasoline. If actual emission increases for a subject year are different than the projected amount, the RTCs issued are adjusted accordingly (*i.e.*, excess RTCs issued are deducted if emissions were less than projected; conversely, additional RTCs are issued if emissions were higher than projected). For Compliance Year 2024, 5.7 tons of NOx RTCs (0.11% of total NOx allocation for Compliance Year 2024) and 0.45 tons of SOx RTCs (0.02% of total SOx allocation for Compliance Year 2024) were credited to refineries' Compliance Year 2024 RTC holdings at the end of the compliance year.

Net Changes in RTC Supplies

The changes to RTC supplies described in the above sections resulted in a net increase of 5.7 tons of NOx RTCs (0.11% of the total) and 0.45 tons of SOx RTCs (0.02% of the total) for Compliance Year 2024. Table 2-1 summarizes the changes in NOx and SOx RTC supplies that occurred in Compliance Year 2024 pursuant to Rule 2002.

Table 2-1
Compliance Year 2024 Changes in NOx and SOx RTC Supplies (tons per year)

Source	NOx	SOx
Rule 2002(i) Facility Shutdown(s)	0	0
Clean Fuel/Reformulated Gasoline	5.7	0.45
Net change	5.7	0.45

Note: The data in this table represents the changes that occurred over the course of Compliance Year 2024 to the Compliance Year 2024 aggregate NOx and SOx RTC supplies originally issued pursuant to Rule 2002, not the difference between 2024 aggregate RTC supply and that for any other compliance year.

Allocation Reduction Resulting from BARCT Review

Pursuant to California Health and Safety Code Section 40440, South Coast AQMD is required to monitor the advancement in BARCT and periodically re-assess the RECLAIM program to ensure that RECLAIM achieves equivalent emission reductions to the command-and-control BARCT rules it subsumes. This assessment is done periodically as part of AQMP development. This process first resulted in 2003 AQMP Control Measure CMB-10 – Additional NOx Reductions for RECLAIM (NOx) calling for additional NOx reductions from RECLAIM sources. On January 7, 2005, the Board implemented CMB-10 by adopting changes to the RECLAIM program that resulted in a 22.5 percent reduction of NOx allocations from all RECLAIM facilities. The reductions were phased in commencing in Compliance Year 2007 and have been fully implemented since Compliance Year 2011.

On November 5, 2010, the Board adopted changes to the RECLAIM program implementing the 2007 AQMP Control Measure CMB-02 – Further SOx Reductions for RECLAIM (SOx). These amendments resulted in a BARCT-based overall reduction of

5.7 tons SOx per day when fully implemented in Compliance Year 2019. This reduction in SOx was an essential part of the South Coast Air Basin's effort in attaining the federal 24-hour average PM2.5 standard by the year 2020.

Similarly, the 2012 AQMP included Control Measure CMB-01 - Further NOx Reductions for RECLAIM that identified a new group of RECLAIM NOx emitting equipment that should be reviewed for new BARCT. On December 4, 2015, the Board adopted amendments to the RECLAIM rules that resulted in an additional reduction of 12 tons of NOx per day (45.2% reduction) when fully implemented in Compliance Year 2022.

Figures 2-1 and 2-2 illustrate the total NOx and SOx RTC supplies, respectively, through the end of Compliance Year 2026, incorporating all the changes discussed above.

Figure 2-1
NOx RTC Supply

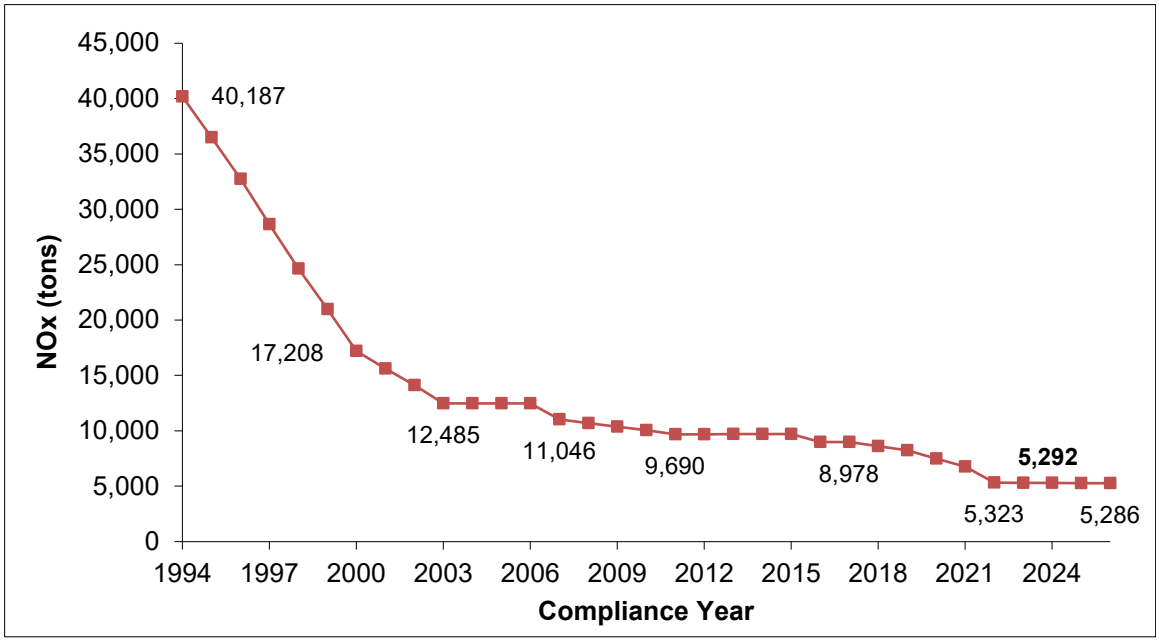
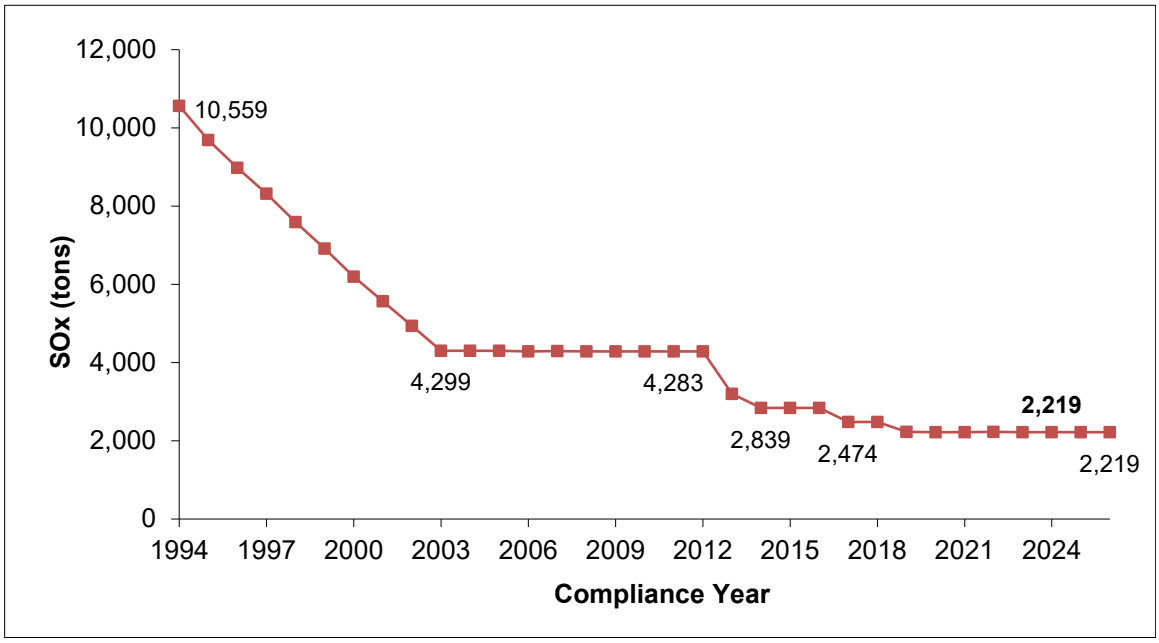


Figure 2-2
SOx RTC Supply



RTC Trades

RTC Price Reporting Methodology

RTC trades are reported to South Coast AQMD as one of two types: discrete-year RTC transactions or IYB transactions (trades that involve blocks of discrete-year RTCs with a specified start year and continuing into perpetuity). Prices for discrete-year trades are reported in terms of dollars per pound and prices for IYB trades are reported as total dollar value for total amount of IYB RTCs traded. In addition, the trading partners are required to identify any swap trades. Swap trades occur when trading partners exchange different types of RTCs. These trades may be of equal value or different values, in which case some amount of money or credits are also included in swap trades (additional details on swap trades are discussed later in this chapter). Prices reported for swap trades are based on the agreed upon value of the trade by the participants, and do not involve exchange of funds for the total value agreed upon. As such, the reported prices for swap trades can be somewhat arbitrary and are therefore excluded from the calculation of annual average prices. Annual average prices for discrete-year RTCs are determined by averaging prices of RTCs for each compliance year, while the annual average prices for IYB RTCs are determined based on the amount of IYB RTCs (*i.e.,* the amount of RTCs in the infinite stream) regardless of the start year.

RTC Price Thresholds for Program Review

Rule 2015(b)(6) specifies that, if the annual average price of discrete-year NOx or SOx RTCs exceeds $15,000 per ton, within six months of the determination thereof the Executive Officer shall, in addition to the annual report, submit to CARB and U.S. EPA results of an evaluation and review of the compliance and enforcement aspects of the RECLAIM program.

As reported in the Annual RECLAIM Audit Report for the 2020 Compliance Year, NOx RTC prices had exceeded $15,000 per ton for Compliance Years 2021, 2022, and 2023. At the August 5, 2022, Board Meeting[2], the Board approved the Executive Officer's recommendation to determine that paragraphs (d)(1) through (d)(4) of Rule 2004 continue without change and directed the Executive Officer to submit to CARB and U.S. EPA the evaluation and review of the compliance and enforcement aspects of the RECLAIM program, including the determination that paragraphs (d)(1) through (d)(4) of Rule 2004 continue without change.[3] The Board found that compliance with RECLAIM's emissions (allocations) and monitoring, recordkeeping, and reporting requirements continue to be high despite the increased pricing of RTCs; maximum statutorily available penalties have not limited the civil penalty assessments sought and obtained by South Coast AQMD; and a high rate of collecting penalties for noncompliance cases without having to resort to resolution through the court system indicates that RECLAIM continues to provide adequate and appropriate incentives for facilities to conform to their compliance obligations. While NOx RTC prices have continued to exceed the $15,000 per ton threshold, the Governing Board determined at the 2023, 2024, and 2025 March Governing Board meetings that no additional analysis or action was required in response to the continued Rule 2015 price threshold exceedance.

For this Annual RECLAIM Audit Report, as noted in the summary above and Table 2-3, the annual average price of Compliance Year 2024, 2025, and 2026 NOx RTCs were $8,030, $12,950, and $37,000 per ton, respectively. NOx RTCs for Compliance Year 2026 exceed the Rule 2015 backstop threshold of $15,000 per ton, while no SOx RTCs were traded with price. As with the prior reporting year price exceedances described above, Rule 2015(b)(6) requires that, within six months of this determination, the Executive Officer submit to CARB and U.S. EPA results of an evaluation and review of the compliance and enforcement aspects of the RECLAIM program including at a minimum the above-described assessments.

The Board has also established average RTC price overall program review thresholds pursuant to Health and Safety Code Section 39616(f). Unlike the $15,000 per ton threshold for review of the compliance and enforcement aspects of RECLAIM, these overall program review thresholds are adjusted by the consumer price index (CPI) each year.

For RTC trades occurring in calendar year 2025, the overall program review thresholds[4] in 2025 dollars, pursuant to Health and Safety Code Section 39616(f), are $58,802 per ton of discrete-year NOx RTCs, $42,337 per ton of discrete-year SOx RTCs, $882,024 per ton of IYB NOx RTCs, and $635,057 per ton of IYB SOx RTCs.

RTC Trading Activity

Overall Trading Activity

RTC trades include discrete-year and IYB RTCs traded with prices, discrete-year and IYB RTC trades with zero price, and discrete-year and IYB RTC swap trades. Table 2-2

[2] Agenda Item No. 24 - Minutes (https://www.aqmd.gov/docs/default-source/Agendas/Governing-Board/2022/2022-Sept2-002.pdf)

[3] The Executive Officer notified CARB and U.S. EPA on August 17, 2022, within six months of the Board's determination at the March 4, 2022, hearing of the Annual RECLAIM Audit Report for 2020 Compliance Year.

[4] These program review thresholds were adjusted using the August 2025 CPI, due to the unavailability of the December 2025 CPI by the end of January 2026 when this report was compiled.

below contains a summary of NOx and SOx RTC trading activity for calendar year 2025[5].

Table 2-2
NOx and SOx RTCs Traded in Calendar Year 2025

RTC Trading Activity	NOx	SOx	Total
Number of Trade Registrations, Including Swap Trades	197	7	204
RTC Trades, Excluding Swap Trades			
Value Traded (millions of dollars)	$5.37	$0.00	$5.37
Volume of Discrete-Year RTCs Traded (tons)	806	207	1,013
Volume of IYB RTCs Traded (tons)	27	0	27
Value of Discrete-Year RTCs Traded (millions of dollars)	$4.30	$0.00	$4.30
Value of IYB RTCs Traded (millions of dollars)	$1.07	$0.00	$1.07
RTC Swap Trades			
Number of Swap Trade Registrations	19	0	19
Value Traded via Swap Trades (millions of dollars)	$0.79	$0.00	$0.79
Volume of Discrete-Year RTCs Traded via Swap Trades (tons)	88	0	88
Volume of IYB RTCs Traded via Swap Trades (tons)	0	0	0

RTC Trade Prices Excluding Swaps

Discrete-Year RTC Prices

Tables 2-3 and 2-4 list the annual average prices for discrete-year NOx and SOx RTCs traded from calendar years 2022 through 2025. The table shows that the annual average price of Compliance Year 2026 discrete NOx RTCs traded in calendar year 2025 exceeded the Rule 2015 backstop threshold of $15,000 per ton, while no SOx RTCs were traded with price. However, annual average prices for discrete-year NOx RTC vintages stayed below $58,802 per ton of NOx discrete-year RTCs pre-determined overall program review thresholds established by the Board pursuant to Health and Safety Code Section 39616(f).

Table 2-3
Annual Average Prices for Discrete-Year NOx RTCs during Calendar Years 2022 through 2025 (dollars per ton)

RTC Compliance Year	Calendar Year during which RTCs Traded			
	2022	2023	2024	2025
2020				
2021	17,074.44			
2022	36,870.53	13,245.39		
2023	47,864.07	17,686.34	11,173.88	
2024	59,190.61	25,125.85	17,098.43	8,029.94
2025	60,000.00		30,102.68	12,950.06
2026				37,000.00
2027				

[5] A full listing of RTC trade registrations can be found on South Coast AQMD's website.

Table 2-4
Annual Average Prices for Discrete-Year SOx RTCs during Calendar Years 2022 through 2025 (dollars per ton)

RTC Compliance Year	Calendar Year during which RTCs Traded			
	2022	2023	2024	2025
2020				
2021	5,900.00			
2022	2,000.00	2,631.31		
2023		2,500.00	1,350.00	
2024				
2025				
2026				
2027				

IYB RTC Prices

The annual average price for IYB NOx RTCs traded in calendar year 2025 was $39,080 per ton. There were no IYB SOx RTCs traded in calendar year 2025. Data regarding IYB RTCs traded with price (excluding swap trades) for NOx and SOx RTCs and their annual average prices since 2022 are summarized in Table 2-5. In calendar year 2025, the annual average IYB RTC prices did not exceed the $882,024 per ton of NOx RTCs or the $635,057 per ton of SOx RTCs program review thresholds established by the Board for IYB RTCs pursuant to California Health and Safety Code Section 39616(f).

Table 2-5
IYB NOx and SOx RTC Pricing, Excluding Swaps

Calendar Year	Average RTC Price ($/ton)	
	NOx	SOx
2022	$150,250	$6,000
2023	$58,058	$24,359
2024	$39,054	No trade with price
2025	$39,080	No trade with price

Other RTC Uses

In addition to reconciling emissions at RECLAIM facilities, RTCs are also used by RTC holders to satisfy variance conditions, fulfill mitigation requirements for California Environmental Quality Act (CEQA) projects, and offset emissions for other projects. In calendar year 2025, one company retired 0.4 tons of SOx RTCs to satisfy a variance condition.

CHAPTER 3
EMISSION REDUCTIONS ACHIEVED

Summary

For Compliance Year 2024, aggregate NOx emissions were below total allocations by 20 percent and aggregate SOx emissions were below total allocations by 30 percent. No emissions associated with breakdowns were excluded from reconciliation with facility allocations in Compliance Year 2024. Accordingly, no mitigation is necessary to offset excluded emissions due to approved Breakdown Emission Reports. Therefore, based on audited emissions, RECLAIM achieved its targeted emission reductions for Compliance Year 2024. With respect to the Rule 2015 backstop provisions, Compliance Year 2024 aggregate NOx and SOx emissions were both below aggregate allocations and, as such, did not trigger the requirement to review the RECLAIM program.

Background

One of the primary objectives of the annual RECLAIM program audits is to assess whether RECLAIM is achieving its targeted emission reductions. Those targeted emission reductions are embodied in the annual allocations issued to RECLAIM facilities. In particular, the annual allocations reflect required emission reductions initially from the subsumed command-and-control rules and control measures, as well as from subsequent reductions in allocations as a result of BARCT implementation.

In January 2005 and December 2015, the Board adopted amendments to Rule 2002 to further reduce aggregate RECLAIM NOx allocations through implementation of the latest BARCT. The 2005 amendments resulted in cumulative NOx allocation reductions of 22.5 percent (2,811 tons per year, or 7.7 tons per day) from all RECLAIM facilities in Compliance Year 2011. The 2015 amendments reduced cumulative NOx allocations by 45.2 percent (4,380 tons per year, or 12.0 tons per day) in Compliance Year 2022. The 2015 amendment reductions were phased in from Compliance Year 2016 through Compliance Year 2022.

The Board also amended Rule 2002 in November 2010 to implement BARCT for SOx. Specifically, the November 2010 amendments called for certain facilities' RECLAIM SOx allocations to be adjusted to achieve a 48.4 percent (2,081 tons per year or 5.7 tons per day) overall reduction, with the reductions phased in from Compliance Year 2013 through Compliance Year 2019.

Emissions Audit Process

Since the inception of the RECLAIM program, South Coast AQMD staff has conducted annual program audits of the emissions data submitted by RECLAIM facilities to ensure the integrity and reliability of RECLAIM emission data. The process includes reviews of emissions reports and records submitted by RECLAIM facilities. The audit process is described in further detail in Chapter 5 – Compliance.

This audit process reinforces RECLAIM's emissions monitoring and reporting requirements and enhances the validity and reliability of the final emissions data. The emissions data resulting from completion of the audit process are used to determine if a facility complied with its allocations. All emissions data presented in this annual

RECLAIM audit report are compiled from facility emissions following completion of the audit process.

Emission Trends and RTC Availability

RECLAIM achieves its emission reduction goals on an aggregate basis by ensuring that annual emissions are below total RTCs. It is important to understand that the RECLAIM program is successful at achieving these emission reduction goals even when individual RECLAIM facilities exceed their RTC account balances, provided aggregate RECLAIM emissions do not exceed aggregate RTCs issued. Therefore, aggregate audited NOx or SOx emissions from all RECLAIM sources are the basis for determining whether the programmatic emission reduction goals for that pollutant are met each year.

Table 3-1 and Figure 3-1 show aggregate audited NOx emissions and the aggregate annual NOx RTC supply for Compliance Years 1994 through 2024. No facility audits for Compliance Years 1994 through 2023 were reopened during the past year, so the aggregate audited NOx and SOx emissions for these years are unchanged from the previous annual report. Programmatically, there were excess NOx RTCs remaining after accounting for audited NOx emissions for every compliance year since 1994, except for Compliance Year 2000 when NOx emissions exceeded the total allocations due to the California energy crisis. In Compliance Year 2024, 1,033 tons of unused NOx RTCs were available, yielding a NOx RTC availability of 20%.

Table 3-1
Annual NOx Emissions for Compliance Years 1994 through 2024

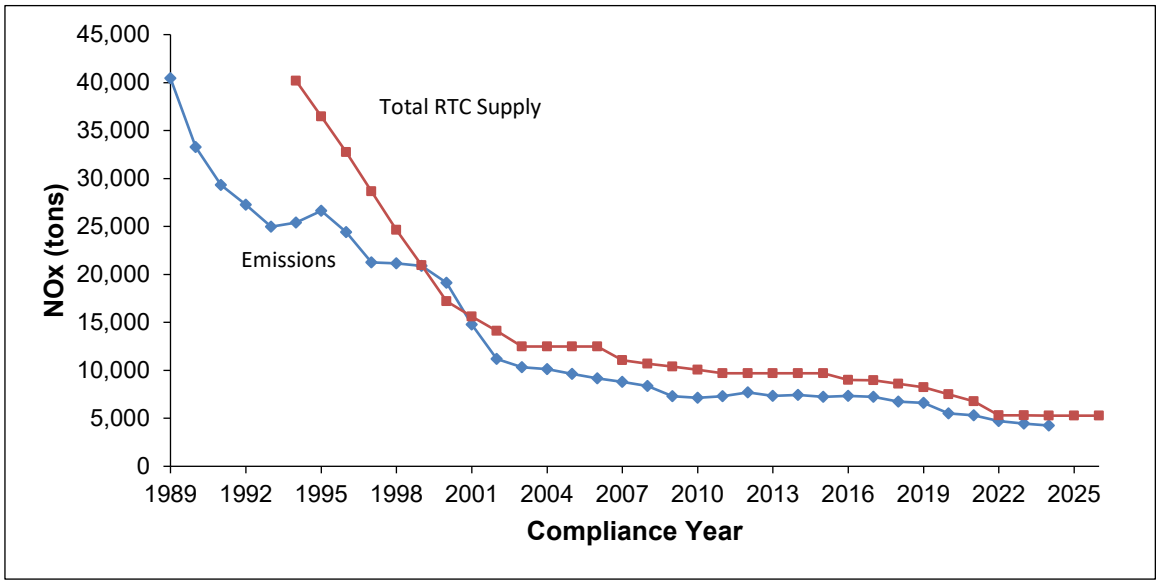
Compliance Year	Audited Annual NOx Emissions[1] (tons)	Audited Annual NOx Emissions Change from 1994 (%)	Total NOx RTCs[2] (tons)	Unused NOx RTCs (tons)	Unused NOx RTCs (%)
1994	25,420	0%	40,187	14,767	37%
1995	26,632	4.8%	36,484	9,852	27%
1996	24,414	-4.0%	32,742	8,328	25%
1997	21,258	-16%	28,657	7,399	26%
1998	21,158	-17%	24,651	3,493	14%
1999	20,889	-18%	20,968	79	0.38%
2000	19,148	-25%	17,208	-1,940	-11%
2001	14,779	-42%	15,617	838	5.4%
2002	11,201	-56%	14,111	2,910	21%
2003	10,342	-59%	12,485	2,143	17%
2004	10,134	-60%	12,477	2,343	19%
2005	9,642	-62%	12,484	2,842	23%
2006	9,152	-64%	12,486	3,334	27%
2007	8,796	-65%	11,046	2,250	20%
2008	8,349	-67%	10,705	2,356	22%
2009	7,306	-71%	10,377	3,071	30%
2010	7,121	-72%	10,053	2,932	29%
2011	7,302	-71%	9,690	2,388	25%
2012	7,691	-70%	9,689	1,998	21%
2013	7,326	-71%	9,699	2,373	24%
2014	7,447	-71%	9,699	2,252	23%
2015	7,246	-71%	9,700	2,454	25%
2016	7,328	-71%	8,992	1,664	19%
2017	7,246	-71%	8,978	1,732	19%
2018	6,740	-73%	8,612	1,872	22%
2019	6,458	-75%	8,243	1,785	22%
2020	5,506	-78%	7,499	1,993	27%
2021	5,299	-79%	6,773	1,474	22%
2022	4,716	-81%	5,323	607	11%
2023	4,432	-83%	5,301	869	16%
2024	4,258	-83%	5,292	1,033[3]	20%

[1] The RECLAIM universe is divided into two cycles with compliance schedules staggered by six months. Compliance years for Cycle 1 facilities run from January 1 through December 31 and Cycle 2 compliance years are from July 1 through June 30.

[2] Total RTCs = Allocated RTCs + RTCs from ERC conversion.

[3] Due to rounding, some totals may not correspond with the sum of the separate figures.

Figure 3-1
NOx Emissions and Available RTCs



Similar to Table 3-1 and Figure 3-1 for NOx, Table 3-2 presents aggregate annual SOx emissions data for each compliance year based on audited emissions, and Figure 3-2 compares these audited aggregate annual SOx emissions with the aggregate annual SOx RTC supply. As shown in Table 3-2 and Figure 3-2, RECLAIM facilities have not exceeded their SOx allocations on an aggregate basis in any compliance year since program inception. In Compliance Year 2024, 660 tons of unused SOx RTCs were available, yielding a SOx RTC availability of 30%.

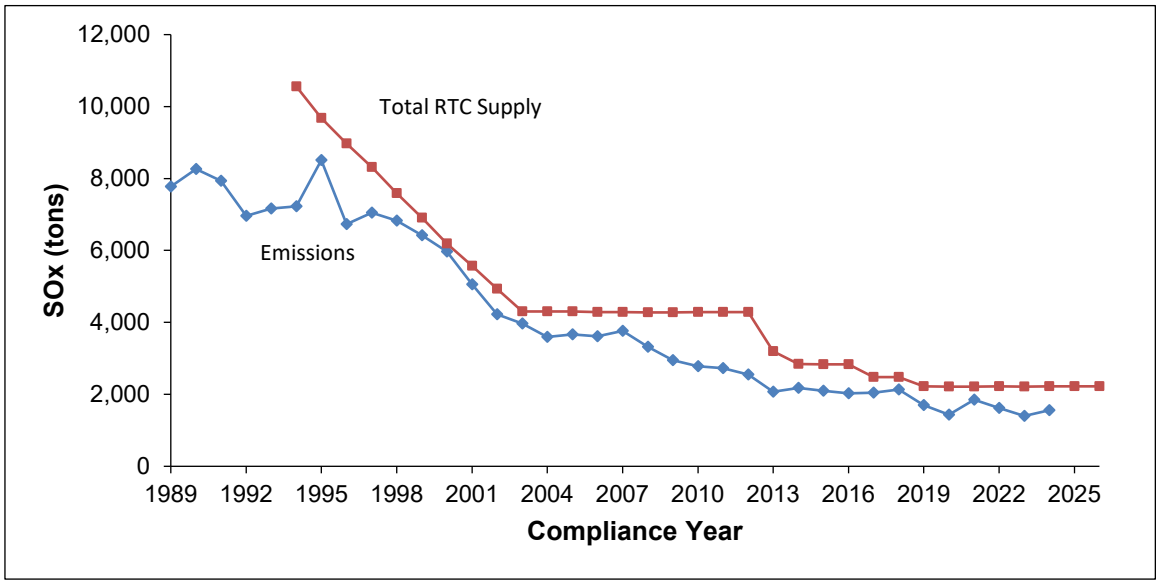
Table 3-2
Annual SOx Emissions for Compliance Years 1994 through 2024

Compliance Year	Audited Annual SOx Emissions[1] (tons)	Audited Annual SOx Emissions Change from 1994 (%)	Total SOx RTCs[2] (tons)	Unused SOx RTCs (tons)	Unused SOx RTCs (%)
1994	7,230	0%	10,559	3,329	32%
1995	8,508	18%	9,685	1,177	12%
1996	6,731	-6.9%	8,976	2,245	25%
1997	7,048	-2.5%	8,317	1,269	15%
1998	6,829	-5.5%	7,592	763	10%
1999	6,420	-11%	6,911	491	7.1%
2000	5,966	-17%	6,194	228	3.7%
2001	5,056	-30%	5,567	511	9.2%
2002	4,223	-42%	4,932	709	14%
2003	3,968	-45%	4,299	331	7.7%
2004	3,597	-50%	4,299	702	16%
2005	3,663	-49%	4,300	637	15%
2006	3,610	-50%	4,282	672	16%
2007	3,759	-48%	4,286	527	12%
2008	3,319	-54%	4,280	961	22%
2009	2,946	-59%	4,280	1,334	31%
2010	2,775	-62%	4,282	1,507	35%
2011	2,727	-62%	4,283	1,556	36%
2012	2,552	-65%	4,283	1,731	40%
2013	2,066	-71%	3,198	1,132	35%
2014	2,176	-70%	2,839	663	23%
2015	2,096	-71%	2,836	740	26%
2016	2,024	-72%	2,836	812	29%
2017	2,043	-72%	2,474	431	17%
2018	2,134	-70%	2,474	340	14%
2019	1,701	-76%	2,221	520	23%
2020	1,436	-80%	2,214	778	35%
2021	1,846	-75%	2,213	367	17%
2022	1,621	-78%	2,221	600	27%
2023	1,398	-81%	2,215	817	37%
2024	1,559	-78%	2,219	660	30%

[1] The RECLAIM universe is divided into two cycles with compliance schedules staggered by six months. Compliance years for Cycle 1 facilities run from January 1 through December 31 and Cycle 2 compliance years are from July 1 through June 30.

[2] Total RTCs = Allocated RTCs + RTCs from ERC conversion.

Figure 3-2
SOx Emissions and Available RTCs



Concerns were expressed during program development that RECLAIM might cause sources to increase their aggregate emissions during the early years of the program due to perceived over-allocation of emissions. As depicted in Figures 3-1 and 3-2, which show NOx and SOx emissions from RECLAIM sources since 1989, the analysis of emissions from RECLAIM sources indicates that overall, RECLAIM emissions have been in a downward trend since program inception, and the emission increases during early years of RECLAIM that were anticipated by some did not materialize.

Program Amendments

On March 3, 2017, the Board adopted a resolution during the adoption of the 2016 AQMP that directed staff to modify Control Measure CMB-05 – Further NOx Reductions from RECLAIM Assessment to achieve an additional five tons per day NOx emission reductions as soon as feasible but no later than 2025, and to transition the RECLAIM program to a command-and-control regulatory structure requiring BARCT level controls as soon as practicable. Additionally, California State Assembly Bill (AB) 617 was approved in July 2017, requiring an expedited schedule for implementing BARCT at RECLAIM facilities that are covered by the California State Greenhouse Gas (GHG) cap-and-trade program no later than December 31, 2023.

To support the transition of the RECLAIM program, on January 5, 2018, the Board amended Rule 2001, precluding facilities from entering RECLAIM, and Rule 2002, establishing procedures for facilities to exit the RECLAIM program. Then, on October 5, 2018, the Board amended Rule 2001, revising RECLAIM's rule applicability exemption to phase in NOx BARCT implementation at RECLAIM facilities. With this amendment to Rule 2001(j), RECLAIM facilities are required to comply with the NOx emission provisions of the subsumed rules listed in Table 1 of Rule 2001 that are amended on or after October 5, 2018. However, in accordance with U.S. EPA direction, facilities will not be allowed to exit the RECLAIM program until all rules associated with the RECLAIM transition (including those to address NSR offset availability issues) are amended and

adopted into the SIP. As such, Rule 2001(g) was amended on July 12, 2019, prohibiting the exit of RECLAIM facilities from the program.

Staff have completed initiating the implementation of NOx BARCT at RECLAIM facilities via amendment and adoption of numerous landing rules. These landing rules largely include amendments to the subsumed rules listed in Table 1 of Rule 2001 to render their updated NOx BARCT requirements applicable to RECLAIM sources. In addition, related monitoring, reporting, and recordkeeping (MRR) rules were also amended to increase consistency between RECLAIM and command-and-control MRR requirements. Since development efforts for the landing rules were completed last year, this year's report will not include information on the landing rules. A detailed account of the landing rules amended and adopted to support the transition of the RECLAIM program to a command-and-control regulatory structure requiring BARCT-level controls can be found in Chapter 3 of the Annual RECLAIM Audit Report for 2023 Compliance Year, under the section titled “Program Amendments”.

Comparison to Command-and-Control Rules

As required by Rule 2015(b)(1)(K), each annual RECLAIM audit report includes an assessment of the impacts of emission control requirements on RECLAIM sources as compared to other stationary sources identified in the AQMP. Staff perform this assessment by evaluating recent rulemaking affecting NOx and SOx emission control requirements and comparing the impacts of these requirements on RECLAIM NOx and SOx sources versus non-RECLAIM sources.

During Compliance Year 2024, the Governing Board amended two rules affecting NOx emission control requirements: Rule 1148.1 – Oil and Gas Production Wells, and Rule 1135 – Emissions of Oxides of Nitrogen from Electricity Generating Facilities. The NOx emission provisions of these recent amendments to Rules 1148.1 and 1135 contain no exemptions for their applicability to RECLAIM sources.

On August 2, 2024, the Governing Board amended Rule 1148.1 – Oil and Gas Production Wells, to reduce the impact of NOx, volatile organic compounds (VOCs), and toxics emissions on surrounding communities, resulting from the operation and maintenance of wells and the handling of produced gas at oil and gas production facilities. This amendment was prompted in part by the Community Emission Reduction Plans (CERPs) for the Wilmington, Carson, West Long Beach and South Los Angeles AB 617 communities, and 2022 AQMP Control Measure FUG-01: Improved Leak Detection and Repair. For affected oil and gas production facilities, amended Rule 1148.1 establishes NOx emission limits for subject produced gas-powered equipment and requires source testing as applicable to demonstrate compliance with these NOx limits. Amended Rule 1148.1 also requires that workover rigs operated at oil and gas production facilities be equipped with an engine that meets the minimum emission standards of a Tier 4 Final engine. Additionally, this amendment incorporates other measures that address VOC leaks and ban the use of odorants and toxic neutralizing agents.

On October 4, 2024, the Governing Board amended Rule 1135 – Emissions of Oxides of Nitrogen from Electricity Generating Facilities, with a focus on reducing NOx emissions from applicable electric generating units at electricity generating facilities (EGFs) located on Santa Catalina Island. Rule 1135 was previously amended in 2018 and 2022 to support the implementation of NOx BARCT for RECLAIM sources at EGFs. Recently, utilizing an updated BARCT assessment, Rule 1135 was amended on October 4, 2024,

to revise annual NOx mass emission limits and their compliance dates for electric generating units at Santa Catalina Island EGFs (45 tons by 2027, 30 tons by 2028, 13 tons by 2030, and 6 tons by 2035) and to update requirements to guide aggregate NOx emissions from electric generating units towards these annual mass limits. This amendment to Rule 1135 provides time extensions to meet annual NOx mass emission limits and establishes monitoring, reporting, and recordkeeping requirements for near-zero-emission electric generating units. Lastly, amended Rule 1135 requires the owner or operator of applicable EGFs on Santa Catalina Island to submit a feasibility analysis for both the 13-ton and 6-ton annual NOx limits.

In summary, both recent amendments to Rule 1148.1 and Rule 1135 contain no exemptions from the applicability of their NOx provisions to RECLAIM sources, therefore it can be said that there are no disparate impacts resulting from RECLAIM's implementation with respect to rules recently amended to modify NOx emission control requirements.

Breakdowns

Pursuant to Rule 2004(i) – Breakdown Provisions, a facility may request that emission increases due to a breakdown not be counted towards the facility's allocations. In order to qualify for such exclusion, the facility must demonstrate that the excess emissions were the result of a fire, or a mechanical or electrical failure caused by circumstances beyond the facility's reasonable control. The facility must also take steps to minimize emissions resulting from the breakdown and mitigate the excess emissions to the maximum extent feasible. Applications for exclusion of unmitigated breakdown emissions from a facility's total reported annual RECLAIM emissions must be approved or denied in writing by South Coast AQMD. In addition, facilities are required to quantify unmitigated breakdown emissions for which an exclusion request has been approved in their APEP report.

As part of the annual program audit report, Rule 2015(d)(3) requires South Coast AQMD to determine whether excess emissions approved to be excluded from RTC reconciliation have been programmatically offset by unused RTCs within the RECLAIM program. If the breakdown emissions exceed the total unused RTCs within the program, any excess breakdown emissions must be offset by either: (1) deducting the amount of emissions not programmatically offset from the RTC holdings for the subsequent compliance year from facilities that had unmitigated breakdown emissions, proportional to each facility's contribution to the total amount of unmitigated breakdown emissions; and/or (2) RTCs obtained by the Executive Officer for the compliance year following the completion of the annual program audit report in an amount sufficient to offset the unmitigated breakdown emissions.

As shown in Table 3-3, a review of APEP reports for Compliance Year 2024 found that no facilities requested to exclude breakdown emissions from being counted against their allocations. Thus, for Compliance Year 2024, no additional RTCs are required to offset breakdown emissions pursuant to Rule 2015(d)(3).

Table 3-3
Breakdown Emission Comparison for Compliance Year 2024

Pollutant	Compliance Year 2024 Unused RTCs (tons)	Unmitigated Breakdown Emissions[1] (tons)	Remaining Compliance Year 2024 RTCs (tons)
NOx	1,033	0	1,033
SOx	660	0	660

[1] Data for unmitigated breakdown emissions (not counted against Allocation) as reported under APEP reports.

Backstop Provisions

Rule 2015 requires that South Coast AQMD review the RECLAIM program and implement necessary measures to amend it whenever aggregate emissions exceed the aggregate allocations by five percent or more. Compliance Year 2024 aggregate NOx and SOx emissions were both below aggregate allocations as shown in Figures 3-1 and 3-2. Therefore, there is no need to initiate a program review due to emissions exceeding aggregate allocation in Compliance Year 2024.

CHAPTER 4
NEW SOURCE REVIEW ACTIVITY

Summary

The annual program audit assesses NSR activity from RECLAIM facilities to ensure that RECLAIM is complying with federal NSR requirements and state no net increase (NNI) in emissions requirements while providing flexibility to facilities in managing their operations and allowing new sources into the program. In Compliance Year 2024, a total of eight NOx RECLAIM facilities had NSR NOx emission increases, and no SOx RECLAIM facilities had an NSR SOx emission increase due to expansion or modification. Consistent with all prior compliance years, there were sufficient NOx and SOx RTCs available to allow for expansion, modification, and modernization by RECLAIM facilities.

RECLAIM is required to comply with federal NSR emissions offset requirements at a 1.2-to-1 offset ratio programmatically for NOx emission increases and a 1-to-1 offset ratio for SOx emission increases on a programmatic basis. In Compliance Year 2024, RECLAIM demonstrated federal equivalency with a programmatic NOx offset ratio of 143-to-1 based on the compliance year's total unused allocations and total NSR emission increases for NOx. There were no SOx NSR emission increases that resulted from starting operations of new or modified permitted sources during the compliance year. RECLAIM inherently complies with the federally-required 1-to-1 SOx offset ratio for any compliance year, provided aggregate SOx emissions under RECLAIM are lower than or equal to aggregate SOx allocations for that compliance year. As shown in Chapter 3 (Table 3-2 and Figure 3-2), there was a surplus of SOx RTCs during Compliance Year 2024. Therefore, RECLAIM more than complied with the federally-required SOx offset ratio and further quantification of the SOx offset ratio is unnecessary. Also, the NNI requirement is satisfied by the program's 1-to-1 offset ratio. In addition, RECLAIM requires application of, at a minimum, California Best Available Control Technology (BACT), which is at least as stringent as federal Lowest Achievable Emission Rate (LAER) for major sources. The same BACT guidelines are used to determine BACT applicable to RECLAIM and non-RECLAIM facilities.

Background

Emissions increases from the construction of new or modified stationary sources in non-attainment areas are regulated by both federal NSR and state NNI requirements to ensure that progress toward attainment of ambient air quality standards is not hampered. RECLAIM is designed to comply with federal NSR and state NNI requirements without hindering facilities' ability to expand or modify their operations.[1]

[1] Federal NSR applies to federal major sources [(sources with the potential to emit at least 10 tons of NOx or 70 tons of SOx per year for the South Coast Air Basin and the Riverside County portion of the Salton Sea Air Basin (also known as the Coachella Valley)] and state NNI requirements apply to all NOx sources and to SOx sources with the potential to emit at least 15 tons per year in the South Coast Air Basin. RECLAIM's NSR provisions apply to all facilities in the program, including those not subject to federal NSR or state NNI. (Although the threshold for RECLAIM inclusions is four tons per year of NOx or SOx emissions, some RECLAIM facilities have actual emissions much less than four tons per year).

Title 42, United States Code Section 7511a, paragraph (e), requires major sources in extreme non-attainment areas to offset emission increases of extreme non-attainment pollutants and their precursors at a 1.5-to-1 ratio based on potential to emit. However, if all major sources in the extreme non-attainment area are required to implement federal BACT, a 1.2-to-1 offset ratio may be used. Federal BACT is comparable to California's BARCT. South Coast AQMD requires all major sources to employ federal BACT/California BARCT at a minimum and, therefore, is eligible for a 1.2-to-1 offset ratio for ozone precursors (*i.e.*, NOx and VOC).

The federal offset requirement for major SO_2 sources is at least a 1-to-1 ratio, which is lower than the aforementioned 1.2-to-1 ratio. Even though the South Coast Air Basin is in attainment with SO_2 standards, SOx is a precursor to PM2.5. This Basin is in Serious Non-attainment with the 2006 Federal 24-hour average standard and 2012 Federal annual standard for PM2.5. The applicable offset ratio for PM2.5 is at least 1-to-1, thus, the applicable offset ratio for SOx is 1-to-1. Health and Safety Code Section 40920.5 requires "no net increase in emissions from new or modified stationary sources of nonattainment pollutants or their precursors" (*i.e.*, a 1-to-1 offset ratio on an actual emissions basis). All actual RECLAIM emissions are offset at a 1-to-1 ratio provided there is not a programmatic exceedance of aggregate allocations, thus satisfying the federal offset ratio for SOx and state NNI requirements for both SOx and NOx. Annual RTC allocations follow a programmatic reduction to reflect changes in federal BACT/California BARCT and thereby comply with federal and state offset requirements.

RECLAIM requires, at a minimum, California BACT for all new or modified sources with increases in hourly potential to emit of RECLAIM pollutants. South Coast AQMD uses the same BACT guidelines in applying BACT to both RECLAIM and non-RECLAIM facilities. Furthermore, BACT for major sources is at least as stringent as LAER (LAER is not applicable to minor facilities as defined in Rule 1302(t)). Thus, RECLAIM complies with both state and federal requirements regarding control technologies for new or modified sources. In addition to offset and BACT requirements, RECLAIM subjects RTC trades that are conducted to mitigate emissions increases over the sum of the facility's starting allocation and non-tradable/non-usable credits to trading zone restrictions to ensure net ambient air quality improvement within the sensitive zone established by Health and Safety Code Section 40410.5. Furthermore, facilities with actual RECLAIM emissions that exceed their initial allocation by 40 tons per year or more are required to analyze the potential impact of their emissions increases through air quality modeling.

Rule 2005 requires RECLAIM facilities to provide (hold), prior to the start of operation, sufficient RTCs to offset the annual increase in potential emissions for the first year of operation at a 1-to-1 ratio. The same rule also requires all new RECLAIM facilities[2] and all other RECLAIM facilities that increase their annual allocations above the level of their starting allocations plus non-tradable allocation credits to provide sufficient RTCs to offset the annual potential emissions increase from new or modified source(s) at a 1-to-1 ratio at the commencement of each compliance year after the start of operation of the new or modified source(s). Although RECLAIM allows a 1-to-1 offset ratio for emissions increases, RECLAIM complies with the federal 1.2-to-1 offset requirement for NOx on an aggregate basis as explained earlier. This annual program audit report assesses NSR permitting activities for Compliance Year 2024 to verify that programmatic compliance of RECLAIM with federal and state NSR requirements has been maintained.

[2] New facilities are facilities that received all South Coast AQMD Permits to Construct on or after October 15, 1993.

NSR Activity

Evaluation of NSR data for Compliance Year 2024 shows that RECLAIM facilities were able to expand and modify their operations while complying with NSR requirements. During Compliance Year 2024, a total of eight NOx RECLAIM facilities (four facilities in Cycle 1 and four facilities in Cycle 2) were issued permits to operate, which resulted in a total of 7.254 tons per year of NOx emission increases from starting operations of new or modified sources. There were no SOx NSR emission increases that resulted from starting operations of new or modified permitted sources. These emission increases were calculated pursuant to Rule 2005(d) – Emission Increase. As in previous years, there were adequate unused RTCs (NOx: 1,033 tons, SOx: 660 tons; see Chapter 3) in the RECLAIM universe available for use to offset emission increases at the appropriate offset ratios.

NSR Compliance Demonstration

RECLAIM is designed to programmatically comply with the federal NSR offset requirements. Meeting the NSR requirement (offset ratio of 1.2-to-1 for NOx and at least 1-to-1 for SOx) also demonstrates compliance with the state NNI requirements. Section 173 (c) of the federal Clean Air Act (CAA) states that only emissions reductions beyond the requirements of the CAA, such as federal Reasonably Available Control Technology (RACT), shall be considered creditable as emissions reductions for offset purposes. Since the initial allocations (total RTC supply in Compliance Year 1994) already met federal RACT requirements when the program was initially implemented, any emissions reductions beyond the initial allocations are available for NSR offset purposes until RACT becomes more stringent. The programmatic offset ratio calculations presented in the Annual RECLAIM Audit Reports for Compliance Years 1994 through 2004 relied upon aggregate Compliance Year 1994 allocations as representing RACT. However, staff recognizes that RACT may have become more stringent in the intervening years, so that it may no longer be appropriate to calculate the programmatic offset ratio based upon aggregate 1994 allocations.

Aggregate allocations for each compliance year represent federal BACT, which is equivalent to local BARCT. Federal BACT is more stringent than federal RACT (*i.e.*, the best available control technology is more stringent than what is reasonably available), so staff started using current allocations (federal BACT) as a surrogate for RACT as the basis for calculating programmatic NOx and SOx offset ratios in the annual program audit report since Compliance Year 2005. This is a more conservative (*i.e.*, more stringent) approach than using actual RACT and is much more conservative than using aggregate Compliance Year 1994 allocations. The advantage of this approach is that, as long as the calculated NOx offset ratio is at least 1.2-to-1, it provides certainty that RECLAIM has complied with federal and state offset requirements without the need to know exactly what RACT is for RECLAIM facilities. However, if this very conservative approach should ever fail to demonstrate that the aggregate NOx offset ratio for any year is at least 1.2-to-1, that will not necessarily mean RECLAIM has not actually complied with the federally-required 1.2-to-1 NOx offset ratio. Rather it will indicate that further analysis is required to accurately identify RACT so that the actual offset ratio can be calculated, and a compliance determination made.

Provided aggregate RECLAIM emissions do not exceed aggregate allocations, all RECLAIM emissions are offset at a ratio of 1-to-1. This leaves all unused allocations available to provide offsets beyond the 1-to-1 ratio for NSR emission increases. Unused allocations are based on all Cycle 1 and Cycle 2 RTCs of a given compliance year and

the aggregate RECLAIM emissions for the selected time period. The NSR emission increase is the sum of emission increases due to permit activities at all RECLAIM facilities during the same compliance year. The aggregate potential RECLAIM offset ratios are expressed by the following formula:

$$\text{Offset Ratio} = \left(1 + \frac{\text{compliance year's total unused allocations}}{\text{total NSR emission increases}}\right)\text{-to-1}$$

As stated in the paragraph under the title "NSR Activity", permits to operate issued to eight RECLAIM facilities resulted in 7.254 tons of NOx emission increase pursuant to Rule 2005(d). Additionally, as identified in Table 3-1 (Annual NOx Emissions for Compliance Years 1994 through 2024), 1,033 tons of Compliance Year 2024 NOx RTCs remained unused. Therefore, the Compliance Year 2024 NOx programmatic offset ratio calculated from this methodology is 143-to-1 as shown below:

$$\text{NOx Offset Ratio} = \left(1 + \frac{1{,}033 \text{ tons}}{7.254 \text{ tons}}\right)\text{-to-1}$$

$$= \quad 143\text{-to-1}$$

RECLAIM continues to generate sufficient excess emission reductions to provide a NOx offset ratio greater than the 1.2-to-1 required by federal law. Since RECLAIM does not dedicate all unused RTCs to NSR uses in any given year, it does not actually provide a 143-to-1 offset ratio; but this analysis does demonstrate that RECLAIM provides more than enough unused RTCs to account for the 1.2-to-1 required offset ratio. This compliance with the federal offset requirements is built into the RECLAIM program through annual reductions of the allocations assigned to RECLAIM facilities and the subsequent allocation adjustments adopted by the Board to implement BARCT. The required offset ratio for SOx is 1-to-1. Since RECLAIM facilities are required to secure, at a minimum, adequate RTCs to cover their actual emissions, the SOx 1-to-1 offset ratio is met automatically provided there is no programmatic exceedance of aggregate SOx allocations for that compliance year. As identified in Table 3-2 (Annual SOx Emissions for Compliance Years 1994 through 2024), there were 660 tons of excess (unused) SOx RTCs for Compliance Year 2024. Since there were no SOx emission increases that resulted from starting operations of new or modified permitted sources during the compliance year, there is certainty that both the federally-required SOx offset ratio and the California NNI requirement for SOx were satisfied.

BACT and modeling are also required for any RECLAIM facility that installs new equipment or modifies sources if the installation or modification results in an increase in emissions of RECLAIM pollutants. Furthermore, the RTC trading zone restrictions in Rule 2005, limit trades conducted to offset emission increases over the sum of the facility's starting allocation and non-tradable/non-usable credits to ensure net ambient air quality improvement within the sensitive zone, as required by state law.

The result of the review of NSR activity in Compliance Year 2024 shows that RECLAIM complies with both state NNI and federal NSR requirements. South Coast AQMD staff will continue to monitor NSR activity under RECLAIM to assure continued progress

toward attainment of ambient air quality standards without hampering economic growth in South Coast AQMD.

Modeling Requirements

Rule 2004, as amended in May 2001, requires RECLAIM facilities with actual NOx or SOx emissions exceeding their initial allocation in Compliance Year 1994 by 40 tons per year or more to conduct modeling to analyze the potential impact of the increased emissions. The modeling analysis is required to be submitted within 90 days of the end of the compliance year. For Compliance Year 2024, one RECLAIM facility was subject to the 40-ton modeling requirement for NOx emissions, and no facilities for SOx emissions.

This modeling is performed with an U.S. EPA approved air dispersion model to assess the impact of a facility's NOx or SOx emission increase on compliance with all applicable state and federal ambient air quality standards (AAQS). Air dispersion modeling submitted by each facility is reviewed by staff and revised as necessary to comply with South Coast AQMD's air dispersion modeling procedures including use of appropriate meteorological data for the facility location. Per Rule 2004(q)(3), the modeling submitted by a facility must include source parameters and emissions for every major source located at the facility. For comparison against applicable state and federal AAQS, the predicted modeling impacts due to a facility's NOx or SOx emission increases are added to the highest background NOx or SOx concentration measured at the nearest ambient air monitoring station during the previous three years. Modeling runs are performed with worst-case emissions data for averaging periods that coincide with the averaging period of each applicable AAQS (*e.g.*, 1-hr, 24-hr, annual).

One facility had initial NOx allocations in 1994 and exceeded their initial allocations by more than 40 tons in Compliance Year 2024. The facility submitted modeling that demonstrated that NOx emissions from their major sources during 2024 will not cause an exceedance of any state or federal NO_2 AAQS.

CHAPTER 5
COMPLIANCE

Summary

*Based on the South Coast AQMD Compliance Year 2024 annual audit, 215 of the 224 NOx RECLAIM facilities complied with their NOx allocations, and 27 of the 27 SOx facilities complied with their SOx allocations. The nine facilities that exceeded their NOx allocations contributed to a total exceedance of 57.1 tons. The NOx exceedance amounts are relatively small compared to the overall RTC supply for Compliance Year 2024 (approximately 1% of 5,292 tons of total NOx RTC supply). The exceedances from these facilities did not impact the overall RECLAIM emission reduction goals. The overall RECLAIM NOx and SOx emission reduction targets and goals were met for Compliance Year 2024 (*i.e.*, aggregate emissions for all RECLAIM facilities were below aggregate allocations). Pursuant to Rule 2010(b)(1)(A), all affected facilities had their respective exceedances deducted from their annual allocations for the compliance year subsequent to the date of South Coast AQMD determination that the facilities exceeded their Compliance Year 2024 allocations.*

Background

RECLAIM facilities have the flexibility to choose their compliance options for meeting their annual allocations by reducing emissions, trading RTCs, or by a combination of both. However, this flexibility must be supported by standardized emission MRR requirements to ensure the reported emissions are real, quantifiable, and enforceable. As a result, detailed MRR protocols are specified in the RECLAIM regulation to provide accurate and verifiable emission reports.

The MRR requirements are designed to provide accurate and up-to-date emission reports. Mass emissions from RECLAIM facilities are determined directly by monitoring and reporting equipment for some sources and from data generated by monitoring equipment for others. If monitoring equipment fails to produce quality-assured data or the facility fails to file timely emissions reports, RECLAIM rules require emissions be determined by a rule-prescribed methodology known as Missing Data Procedures or "MDP." Depending on past performance of the monitoring equipment (*i.e.*, availability of quality-assured data) and the duration of the missing data period, MDP defines a tiered approach to calculate emissions. As availability of quality-assured data increases, the MDP-calculated emissions become more representative of the actual emissions, but when the availability of quality-assured data is low, MDP calculations become more conservative and approach, to some extent, "worst case" assessments.

Allocation Compliance

Requirements

At the beginning of the RECLAIM program in 1994 or at the time a facility is subsequently included in the RECLAIM program, each RECLAIM facility is issued an annual allocation for each compliance year pursuant to the methodology prescribed in Rule 2002. A facility in existence prior to October 1993 is issued allocations by South Coast AQMD based on its historical production rate. A facility without an operating history prior to 1994 receives no allocation and must purchase enough RTCs to cover

the emissions for their operations, except facilities that have ERCs to offset emission increases prior to entering RECLAIM are issued RTCs generated by converting the surrendered ERCs to RTCs. Knowing their emission goals, RECLAIM facilities have the flexibility to manage their operations in order to meet their allocations in the most cost-effective manner. Facilities may employ emission control technology or process changes to reduce emissions, buy RTCs, or sell unneeded RTCs.

Facilities may buy RTCs or sell excess RTCs at any time during the year in order to ensure that their emissions are covered. There is a thirty-day reconciliation period commencing at the end of each of the first three quarters of each compliance year. In addition, after the end of each compliance year, there is a 60-day reconciliation period (instead of 30 days as at the end of the first three quarters) during which facilities have a final opportunity to buy or sell RTCs for that compliance year. These reconciliation periods are provided for facilities to review and correct their emission reports as well as securing adequate allocations. Each RECLAIM facility must hold sufficient RTCs in its allocation account to cover (or reconcile with) its quarterly as well as year-to-date emissions for the compliance year at the end of each reconciliation period. By the end of each quarterly and annual reconciliation period, each facility is required to certify the emissions for the preceding quarter and/or compliance year by submitting its Quarterly Certification of Emissions Reports (QCERs) and/or APEP report, respectively.

Compliance Audit

Since the beginning of the program, South Coast AQMD staff has conducted annual audits of RECLAIM facilities emission reports to ensure their integrity and reliability. All facilities that operated during the compliance year are subject to compliance audits, even for those that are shutdown or have a change of operator. This may result in a number of additional facility compliance audits beyond the number of active facilities in the universe at the end of a given compliance year. For Compliance Year 2024, a total of 224 facility compliance audits were completed. The compliance audit process may also include conducting field inspections to check process equipment, monitoring devices, and operational records. Additionally, emissions calculations are subject to review during this process to verify emissions reported electronically to South Coast AQMD or submitted in QCER and APEP reports. The compliance audit process and procedures are maintained and updated periodically for consistency.

Compliance Status

During this compliance year, a total of nine RECLAIM facilities did not reconcile their emissions (all facilities exceeded their NOx Allocations only). Eight of these nine facilities did not have adequate RTCs to offset their reported emissions, in addition to their audited emissions. The remaining facility exceeded its allocation based on the facility's audited emissions only. The list of facilities that did not reconcile their emissions during Compliance Year 2024 is provided in Appendix D.

Overall, the Compliance Year 2024 allocation compliance rates for facilities are 96 percent (215 out of 224 facilities) for NOx RECLAIM and 100 percent (27 out of 27 facilities) for SOx RECLAIM. In Compliance Year 2024, the nine facilities that had NOx emissions in excess of their individual NOx allocations had a total exceedance of 57.1 tons. The NOx exceedance amounts are relatively small compared to the overall RTC supply for Compliance Year 2024 (5,292 tons of aggregate NOx RTC supply). Pursuant to Rule 2010(b)(1)(A), all affected facilities had their NOx Allocation exceedance deducted from their annual emissions allocations for the compliance year subsequent to

South Coast AQMD's determination that the facilities exceeded their Compliance Year 2024 allocations.

CHAPTER 6
REPORTED JOB IMPACTS

Summary

*This chapter compiles data as reported by RECLAIM facilities in their APEP reports. The analysis focuses exclusively on job impacts at RECLAIM facilities and determining if those job impacts were directly attributable to RECLAIM as reported by those facilities. Additional benefits to the local economy (*e.g.*, generating jobs for consulting firms, source testing firms and CEMS vendors) attributable to the RECLAIM program, as well as factors outside of RECLAIM (*e.g.*, the prevailing economic climate), impact the job market. However, these factors are not evaluated in this report. Also, job losses and job gains are strictly based on RECLAIM facilities' reported information. South Coast AQMD staff is not able to independently verify the accuracy of the facility reported job impact information.*

According to the Compliance Year 2024 employment survey data gathered from APEP reports, RECLAIM facilities reported 90,765 initial jobs and 89,930 final jobs for an overall net loss of 835 jobs, representing 0.92 percent of their total employment. One RECLAIM facility cited RECLAIM as a factor contributing to the addition of one job during Compliance Year 2024. No facilities reported jobs lost due to RECLAIM during Compliance Year 2024.

Background

The APEP reports submitted by RECLAIM facilities include survey forms that are used to evaluate the socioeconomic impacts of the program. Facilities were asked to indicate the number of jobs at the beginning of Compliance Year 2024 and any changes in the number of jobs that took place during the compliance year in each of three categories: manufacturing, sale of products, and non-manufacturing. The numbers of jobs gained and lost reported by facilities in each category during the compliance year were tabulated.

Additionally, APEP reports ask facilities that shut down during Compliance Year 2024 to provide the reasons for their closure. APEP reports also allow facilities to indicate whether the RECLAIM program led to the creation or elimination of jobs during Compliance Year 2024.

Since data regarding job impacts and facility shutdowns are derived from the APEP reports, the submittal of these reports is essential to assessing the influence that the RECLAIM program has on these issues. The following discussion represents data obtained from APEP reports submitted to South Coast AQMD for Compliance Year 2024. South Coast AQMD staff is not able to verify the accuracy of the reported job impact information.

Job Impacts

Table 6-1 summarizes job impact data gathered from Compliance Year 2024 APEP reports. A total of 112 facilities reported 7,153 job gains, and 129 facilities reported a total of 8,209 job losses. Net job gains were reported in one category: manufacturing (1,007). Net job losses were reported in the final two categories: sales of products (19) and non-manufacturing (1,823). Table 6-1 shows a total net loss of 835 jobs, which

represents a net decrease of 0.92 percent at RECLAIM facilities during Compliance Year 2024.

Table 6-1
Job Impacts at RECLAIM Facilities for Compliance Year 2024

Description	Manufacturing	Sales of Products	Non-Manufacturing	Total*
Initial Jobs Reported	33,839	418	56,508	90,765
Total Job Gain Reported	4,000	29	3,124	7,153
Total Job Loss Reported	2,995	47	5,167	8,209
Final Jobs Reported**	34,846	399	54,685	89,930
Net Job Change	1,007	-19	-1,823	-835
Percent (%) Job Change	2.98%	-4.55%	-3.23%	-0.92%
Number of Facilities Reporting Job Gains	72	12	74	112
Number of Facilities Reporting Job Losses	89	18	76	129

* The total number of facilities reporting job gains or losses does not equal the sum of the number of facilities reporting job changes in each category (*i.e.*, the manufacturing, sales of products, and non-manufacturing categories) due to the fact that some facilities may report changes under more than one of these categories.

** The number of final jobs reported is the cumulative number of reported final jobs in each category and therefore may not equal the sum of initial jobs and job gains, minus job losses, due to potential discrepancies in reported jobs data.

The data for the eight RECLAIM facilities that ceased operation in Compliance Year 2024, as listed in Appendix C, are included in Table 6-1. These eight facilities cited the following factors in their shutdowns: the selling of the facility, high cost of manufacturing, production, or raw materials, consolidation of operations, and more attractive utility of land or resources. According to 2024 APEP reports, the shutdown of these eight facilities led to a total loss of 107 manufacturing jobs, 2 sales jobs, and 27 non-manufacturing jobs.

One RECLAIM facility attributed job losses or gains to RECLAIM as required in Part III, Section B, of their APEP for Compliance Year 2024. The facility reported one job gained due to RECLAIM.

The analysis in this report only considers job gains and losses at RECLAIM facilities. It should be noted that this analysis of socioeconomic impacts based on APEP reports is focused exclusively on changes in employment that occurred at RECLAIM facilities. The effect of the program on the local economy outside of RECLAIM facilities, including consulting and source testing jobs, is not considered.

It is not possible to compare the impact of the RECLAIM program on the job market *vis-à-vis* a scenario without RECLAIM. This is because factors other than RECLAIM (*e.g.*, the prevailing economic climate) also impact the job market. Furthermore, there is no way to directly compare job impacts attributed to RECLAIM to job impacts attributed to command-and-control rules that would have been adopted in RECLAIM's absence, because these command-and-control rules do not exist for these facilities. As mentioned previously, the effect of the RECLAIM program on the local economy outside of

RECLAIM facilities (*e.g.*, generating jobs for consulting firms, source testing firms and CEMS vendors) is also not considered in this report.

CHAPTER 7
AIR QUALITY AND PUBLIC HEALTH IMPACTS

Summary

Quarterly calendar year 2024 NOx emissions fluctuated within six percent of the mean NOx emissions for the year. Quarterly calendar year 2024 SOx emissions fluctuated within four percent of the year's mean SOx emissions. There was no significant shift in seasonal emissions from the winter season to the summer season for either pollutant.

The California Clean Air Act (CCAA) required a 50 percent reduction in population exposure to ozone, relative to a baseline averaged over three years (1986 through 1988), by December 31, 2000. The South Coast Air Basin achieved the December 2000 target for ozone well before the deadline. In calendar year 2025, the per capita exposure to ozone (the average length of time each person is exposed) continued to be well below the target set for December 2000.

Air toxic health risk is primarily caused by emissions of certain volatile organic compounds (VOCs) and fine particulates, such as metals. RECLAIM facilities are subject to the same air toxic, VOC, and particulate matter regulations as other sources in the Basin. All sources are subject, where applicable, to the NSR rule for toxics (Rule 1401 – New Source Review of Toxic Air Contaminants). In addition, new or modified sources with NOx or SOx emission increases are required to be equipped with BACT, which minimizes to the extent feasible the increase of NOx and SOx emissions. RECLAIM and non-RECLAIM facilities that emit air toxics are required to report those emissions to South Coast AQMD. Those emissions reports are used to identify candidates for the Air Toxics Hot Spots program (AB 2588). This program requires emission inventories and, depending on the type and amount of emissions, facilities may be required to do public notice and/or prepare and implement a plan to reduce emissions. There is no evidence that RECLAIM has caused or allowed higher health risks from air toxics in areas adjacent to RECLAIM facilities than would occur under command-and-control, because RECLAIM facilities must comply with the same air toxics rules as non-RECLAIM facilities.

Background

RECLAIM is designed to achieve the same, or higher level of, air quality and public health benefits as would have been achieved from implementation of the control measures and command-and-control rules that RECLAIM subsumed. Therefore, as a part of each annual program audit, South Coast AQMD staff evaluates per capita exposure to air pollution, air toxic risk reductions, and seasonal fluctuations in emissions. South Coast AQMD staff also generates quarterly emissions maps depicting the geographic distribution of RECLAIM emissions. These maps are generated and posted quarterly on South Coast AQMD's website[1]. This chapter addresses the following criteria in the South Coast Air Basin (SCAB)[2]:

[1] Quarterly emission maps can be found at: http://www.aqmd.gov/home/programs/business/about-reclaim/quarterly-emission-maps.

[2] The RECLAIM universe of facilities consists of facilities primarily in the South Coast Air Basin, also referred to as the Basin in this report, and two additional RECLAIM facilities located in the Riverside

- Seasonal fluctuations in emissions;
- Per capita exposure to air pollution; and
- Toxics impacts.

Seasonal Fluctuation in Emissions for RECLAIM Sources

Another concern during program development was that RECLAIM might cause facilities to shift emissions from the winter season into the summer ozone season and exacerbate poor summer air quality since RECLAIM emission goals are structured on an annual basis. To address this concern, "seasonal fluctuations" were added as part of the analysis required by Rule 2015. Accordingly, South Coast AQMD staff performed a two-part analysis of the quarterly variation in RECLAIM emissions:

1. In the first part, staff qualitatively compared the quarterly variation in Compliance Year 2024 RECLAIM emissions to the quarterly variation in emissions from the RECLAIM universe prior to the implementation of RECLAIM.
2. In the second part, staff analyzed quarterly audited emissions during calendar year 2024 and compared them with quarterly audited emissions for prior years to assess if there had been such a shift in emissions. This analysis is reflected in Figures 7-1 through 7-4.

Quarterly emissions data from the facilities in RECLAIM before they were in the program is not available. Therefore, a quantitative comparison of the seasonal variation of emissions from these facilities while operating under RECLAIM with their seasonal emissions variation prior to RECLAIM is not feasible. However, a qualitative comparison has been conducted, as follows:

- NOx emissions from RECLAIM facilities are dominated by refineries and power plants.
- SOx emissions from RECLAIM facilities are dominated by refineries.
- Prior to RECLAIM, refinery production was generally highest in the summer months because more people travel during summer, thus increasing demand for gasoline and other transportation fuels.
- Electricity generation prior to RECLAIM was generally highest in the summer months because of increased demand for electricity to drive air conditioning units.

Historically, emissions from refineries (NOx and SOx) and from power plants (NOx) are typically higher in the summer months, which was the trend prior to implementation of RECLAIM for the reasons described above. Therefore, provided a year's summer quarter RECLAIM emissions do not exceed that year's quarterly average emissions by a substantial amount, it can be concluded that, for that year, RECLAIM has not resulted in a shift of emissions to the summer months relative to the pre-RECLAIM emission pattern.

Figure 7-1 shows the 2024 mean quarterly NOx emission level, which is the average of the aggregate audited emissions for each of the four quarters, and the 2024 audited quarterly emissions. Figure 7-2 compares the 2024 quarterly NOx emissions with the quarterly emissions from 2020 through 2023. During calendar year 2024, quarterly NOx emissions varied from six percent below the mean in the second quarter (April through June) to about four percent above the mean in the third quarter (July through

County portion of the Salton Sea Air Basin, or Non-Palo Verde, Riverside County portion of the Mojave Desert Air Basin.

September). Figure 7-2 shows that the calendar year 2024 quarterly emissions profile is roughly consistent with previous years under RECLAIM, albeit with reduced NOx emissions. Figures 7-1 and 7-2, along with the qualitative analysis performed above show that in calendar year 2024 there has not been a significant shift in NOx emissions from the winter months to the summer months.

Figure 7-1
Calendar Year 2024 NOx Quarterly Emissions

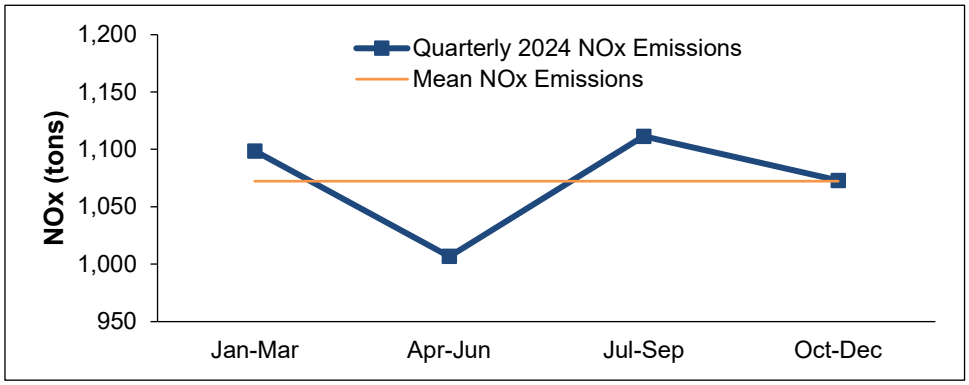
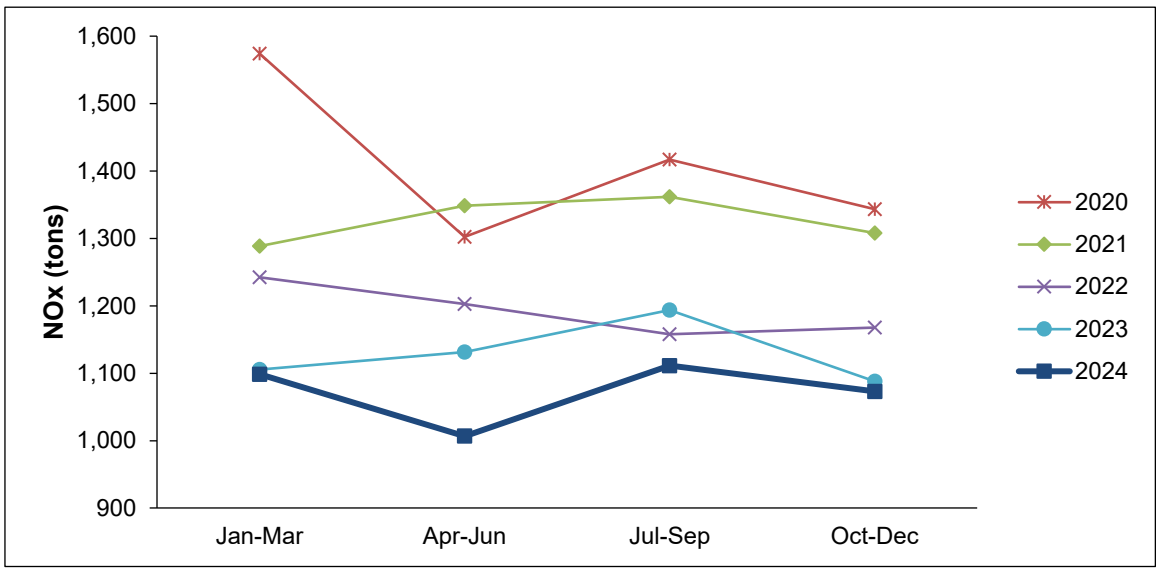


Figure 7-2
Quarterly NOx Emissions from Calendar Years 2020 through 2024



Like Figure 7-1 and 7-2 for NOx quarterly emissions, Figure 7-3 presents the 2024 mean quarterly SOx emissions and the 2024 audited quarterly emissions, while Figure 7-4 compares the 2024 quarterly SOx emissions with the quarterly emissions from 2020 through 2023. Figure 7-3 shows that quarterly SOx emissions during calendar year 2024 varied from four percent below the mean in the first quarter (January through March) to about four percent above the mean in the third quarter (July through September). Figure 7-4 shows that the calendar year 2024 quarterly emissions profile is roughly consistent with previous years under RECLAIM. Both Figures 7-3 and 7-4, along with the qualitative

analysis performed above, show that in calendar year 2024 there was not a significant shift in SOx emissions from the winter months to the summer months.

Figure 7-3
Calendar Year 2024 SOx Quarterly Emissions

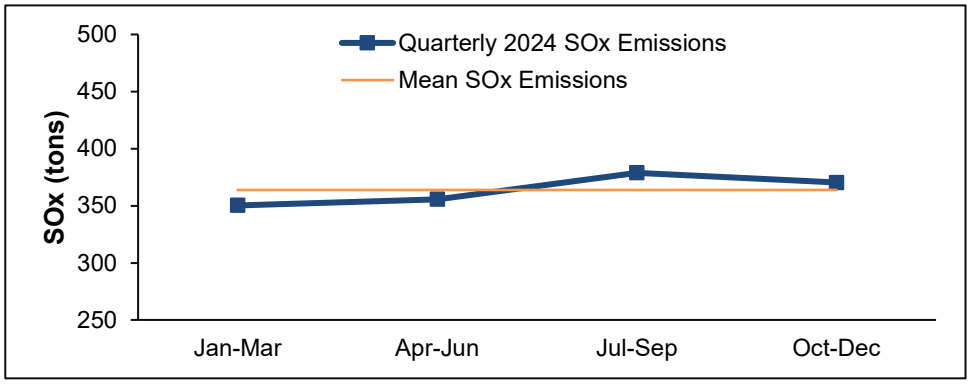
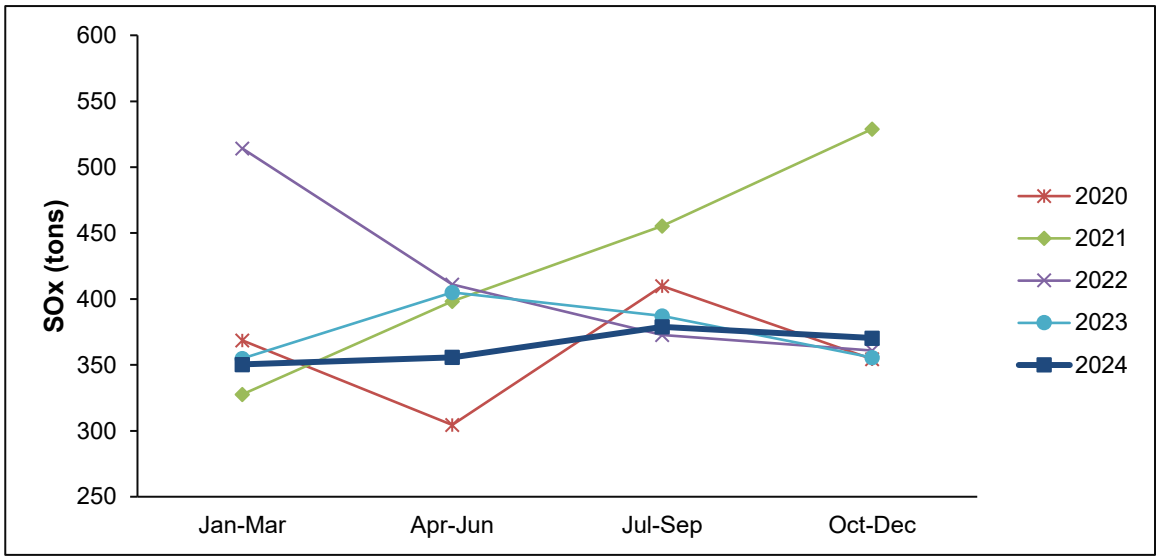


Figure 7-4
Quarterly SOx Emissions from Calendar Years 2020 through 2024



Per Capita Exposure to Pollution

The predicted effects of RECLAIM on air quality and public health were thoroughly analyzed through modeling during program development. One of the criteria examined in the analysis was per capita population exposure, which reflects the length of time each person is exposed to unhealthful air quality.

As part of the Children's Environmental Health Protection Act that was passed in 1999, and in consultation with the Office of Environmental Health Hazard Assessment (OEHHA), CARB is to "review all existing health-based ambient air quality standards to determine whether these standards protect public health, including infants and children, with an adequate margin of safety." As a result of that requirement, in addition to the 1-

hour ozone standard (0.09 ppm) already in place, CARB adopted a new 8-hour ozone standard (0.070 ppm), which became effective May 17, 2006.

In July 1997, the U.S. EPA established an ozone National Ambient Air Quality Standard (NAAQS) of 0.08 ppm based on an 8-hour average measurement. As part of the Phase I implementation that was finalized in June 2004, the federal 1-hour ozone standard (0.12 ppm) was revoked effective June 2005. Then, effective May 27, 2008, the 8-hour NAAQS for ozone was reduced to 0.075 ppm. Finally, effective December 28, 2015, the 8-hour NAAQS for ozone was further reduced to 0.070 ppm, the level of the current California Ambient Air Quality Standard.

Table 7-1 summarizes ozone data for calendar years 2001 through 2025 in terms of the number of days that exceeded the state's 1-hour and 8-hour ozone standards, the 2008 and 2015 federal ambient 8-hour ozone standard, and both the Basin's maximum 1-hour and 8-hour ozone concentrations in each calendar year. Table 7-1 shows that the South Coast Air Basin exceeded both the newer 8-hour federal 0.07 ppm standard and the state 0.07 ppm standard by 108 days and 111 days, respectively, in 2025. A difference in the number of days per year the Basin exceeds each standard may periodically occur due to the differing language and methods for deriving exceedance days in the federal and state rules. This table shows that the number of days that exceeded each standard in 2025 decreased when compared to 2024.

Table 7-1
Summary of Ozone Data[3]

Year	Days exceeding state 1-hour standard (0.09 ppm)	Days exceeding state 8-hour standard (0.07 ppm)	Days exceeding old federal 8-hour standard (0.075 ppm)	Days exceeding new federal 8-hour standard (0.07 ppm)	Basin Maximum 1-hour ozone concentration (ppm)	Basin Maximum 8-hour ozone concentration (ppm)
2001	121	154	128	N/A	0.19	0.144
2002	116	147	132	N/A	0.169	0.144
2003	125	153	133	N/A	0.194	0.153
2004	105	152	115	N/A	0.163	0.145
2005	99	138	116	N/A	0.182	0.145
2006	102	128	112	N/A	0.175	0.142
2007	96	127	108	N/A	0.171	0.137
2008	102	140	119	N/A	0.176	0.131
2009	102	131	113	N/A	0.176	0.128
2010	79	124	102	N/A	0.143	0.123
2011	90	125	106	N/A	0.160	0.136
2012	97	140	111	N/A	0.147	0.112
2013	70	119	88	N/A	0.151	0.122
2014	74	129	92	N/A	0.141	0.11
2015	71	115	81	113	0.144	0.127
2016	83	132	103	132	0.163	0.121
2017	109	148	122	145	0.158	0.136
2018	84	141	108	141	0.142	0.125
2019	82	129	101	126	0.137	0.117
2020	132	160	142	157	0.185	0.139
2021	91	135	113	130	0.148	0.12
2022	88	126	106	123	0.155	0.122
2023	76	115	94	115	0.155	0.118
2024	109	141	123	138	0.147	0.131
2025	73	111	87	108	0.130	0.112

The CCAA, which was enacted in 1988, established targets for reducing overall population exposure to severe non-attainment pollutants in the Basin—a 25 percent reduction by December 31, 1994, a 40 percent reduction by December 31, 1997, and a 50 percent reduction by December 31, 2000, relative to a calendar years' 1986-88 baseline. These targets are based on the average

[3] The reported number of days exceeding each ozone standard and Basin maximum concentrations for 2001 to 2020 statistics have been revised in accordance with updated rounding methodologies, consistent with the methodology used for ongoing AQMP development. Calendar year 2025 exceedance statistics and maximum concentrations are based on preliminary data and are subject to change.

number of hours a person is exposed ("per capita exposure"[4]) to ozone concentrations above the state 1-hour standard of 0.09 ppm. Table 7-2 shows the 1986-88 baseline per capita exposure, the actual per capita exposures each year since 1994 (RECLAIM's initial year), and the 1997 and 2000 targets set by the CCAA for each of the four counties in the district and the Basin overall. As shown in Table 7-2, the per capita exposure continues to remain much lower than the CCAA targets. Relative to calendar year 2024, the 2025 per capita exposures were lower for the Basin at large, including Los Angeles, Orange, Riverside, and San Bernardino Counties. For calendar year 2025, the actual per capita exposure for the Basin was 1.35 hours, which represents a 98.3 percent reduction from the 1986-88 baseline level.

[4] South Coast AQMD staff divides the air Basin into a grid of square cells and interpolates recorded ozone data from ambient air quality monitors to determine ozone levels experienced in each of these cells. The total person-hours in a county experiencing ozone higher than the state ozone standard is determined by summing over the whole county the products of the number of hours exceeding the state ozone standard per grid cell with the number of residents in the corresponding cell. The per capita ozone exposures are then calculated by dividing the sum of person-hours by the total population within a county. Similar calculations are used to determine the Basin-wide per capita exposure by summing and dividing over the whole Basin.

Table 7-2
Per Capita Exposure to Ozone above the State One-Hour Standard of 0.09 ppm (hours)

Calendar Year	Basin	Los Angeles	Orange	Riverside	San Bernardino
1986-88 baseline[1]	80.5	75.8	27.2	94.1	192.6
1994 actual	37.6	26.5	9	71.1	124.9
1995 actual	27.7	20	5.7	48.8	91.9
1996 actual	20.3	13.2	4	42.8	70
1997 actual	5.9	3	0.6	13.9	24.5
1998 actual	12.1	7.9	3.1	25.2	40.2
2000 actual	3.8	2.6	0.7	8.5	11.4
2001 actual	1.73	0.88	0.15	6	5.68
2002 actual	3.87	2.16	0.13	11.12	12.59
2003 actual	10.92	6.3	0.88	20.98	40.21
2004 actual	3.68	2.26	0.50	6.82	12.34
2005 actual	3.11	1.43	0.03	6.06	12.54
2006 actual	4.56	3.08	0.68	8.02	13.30
2007 actual	2.90	1.50	0.35	4.65	10.53
2008 actual	4.14	2.04	0.26	7.50	14.71
2009 actual	2.87	1.54	0.08	3.88	10.54
2010 actual	1.18	0.38	0.11	2.45	4.48
2011 actual	2.10	0.85	0.02	3.46	8.13
2012 actual	2.37	1.05	0.05	2.59	9.78
2013 actual	1.31	0.52	0.07	1.61	5.50
2014 actual	1.84	1.26	0.29	1.47	6.02
2015 actual	1.96	0.76	0.10	2.14	8.47
2016 actual	2.64	1.14	0.07	2.19	11.56
2017 actual	4.55	2.56	0.24	4.73	16.79
2018 actual	1.97	0.90	0.14	2.37	7.79
2019 actual	2.34	1.15	0.33	2.25	9.16
2020 actual	6.82	5.67	2.02	4.60	18.25
2021 actual	2.05	0.56	0.07	2.41	9.64
2022 actual	2.10	1.05	0.14	1.48	8.77
2023 actual	2.56	1.78	0.56	2.34	7.93
2024 actual	4.57	2.76	1.49	4.62	14.81
2025 actual	1.35	0.85	0.37	0.91	4.70
1997 target[2]	48.3	45.5	16.3	56.5	115.6
2000 target[3]	40.2	37.9	13.6	47	96.3

[1] Average over three years, 1986 through 1988.

[2] 60% of the 1986-88 baseline exposures.

[3] 50% of the 1986-88 baseline exposures.

Table 7-2 shows that actual per capita exposures during all the years mentioned were well under the 1997 and 2000 target exposures limits. It should also be noted that air quality in the Basin is a complex function of meteorological conditions and an array of different emission sources, including mobile, area, RECLAIM stationary sources, and non-RECLAIM stationary sources. Therefore, the reduction of per capita exposure beyond the projected level is not necessarily wholly attributable to implementation of the RECLAIM program in lieu of the command-and-control regulations.

Toxic Impacts

Based on a comprehensive toxic impact analysis performed during program development, it was concluded that RECLAIM would not result in any significant impacts on air toxic emissions. Nevertheless, to ensure that the implementation of RECLAIM does not result in adverse toxic impacts, each annual program audit is required to assess any increase in the public health exposure to air toxics potentially caused by RECLAIM.

One of the safeguards to ensure that the implementation of RECLAIM does not result in adverse air toxic health impacts is that RECLAIM sources are subject to the same air toxic statutes and regulations (*e.g.*, South Coast AQMD Regulation XIV, State AB 2588, State Air Toxics Control Measures, Federal National Emissions Standards for Hazardous Air Pollutants, etc.) as other sources in the Basin. Additionally, air toxic health risk is primarily caused by emissions of VOC and fine particulates such as certain metals. VOC sources at RECLAIM facilities are subject to source-specific command-and-control rules the same way as are non-RECLAIM facilities, in addition to the air toxics requirements described above. Sources of fine particulates and toxic metal emissions are also subject to the above-identified regulations pertaining to air toxic emissions. Moreover, new or modified RECLAIM sources with NOx or SOx emission increases are also required to be equipped with BACT, which minimizes to the extent feasible NOx and SOx emissions, which are precursors to particulate matter.

There have been concerns raised that trading RTCs could allow for higher production at a RECLAIM facility, which may indirectly cause higher emissions of air toxics, and thereby make the health risk in the vicinity of the facility worse. Other South Coast AQMD rules and programs for air toxics apply to facilities regardless of them being in RECLAIM or under traditional command and control rules. Emission increases at permit units are subject to new source review. RECLAIM facilities must also comply with any applicable Regulation XIV rules for toxics. Permits generally include limiting throughput conditions for new source review or applicable source specific rules. AB 2588 and Rule 1402 – Control of Toxic Air Contaminants from Existing Sources could also be triggered based on risk, which would require the facility to take appropriate risk reduction measures.

Three categories of facilities are subject to South Coast AQMD's Annual Emissions Reporting (AER) Program: 1) those exceeding Rule 301 annual criteria pollutant thresholds (four tons or more of VOC, NOx, SOx, PM; 100 tons of CO), or by exceeding annual thresholds for toxic air pollutants shown in Table IV; 2) those facilities that are part of the AB 2588 Program; or 3) facilities described under CARB's Regulation for the Reporting of Criteria Air Pollutants and Toxic Air Contaminants (CTR)[5]. Facilities meeting the Rule 301 reporting threshold are subject to reporting listed toxic air contaminants and ozone depleting compounds. Facilities subject to the AB 2588 Program or CTR are subject to reporting from a list of over 400 toxic air contaminants. The data collected in the AER Program is used for various purposes, such as for the state and national emissions inventories, for AQMP and rule development, and for rule

[5] Additional information on CTR can be found at: https://ww2.arb.ca.gov/our-work/programs/criteria-and-toxics-reporting

compliance determination, such as identifying additional facilities that may be subject to the AB 2588 or Title V Programs.

Facilities in the AB 2588 Program are required to submit a comprehensive toxics inventory, which is then prioritized using Board-approved procedures[6] into one of three categories: low, intermediate, or high priority. Facilities ranked with low priority are potentially exempt from the AB 2588 Program and future reporting. Facilities ranked with intermediate priority are classified as South Coast AQMD tracking facilities, which are then required to continue reporting a complete toxics inventory through AER every four years. In addition to reporting their toxic emissions quadrennially, facilities designated as high priority are required to conduct further investigation, which may include submitting a health risk assessment (HRA) to determine their impacts to the surrounding community.

The Governing Board also approved Rule 1402 – Control of Toxic Air Contaminants from Existing Sources to further reduce the health risk associated with emissions of toxic air contaminants from existing sources by establishing limits for maximum individual cancer risk, cancer burden, and non-cancer acute and chronic hazard indices applicable to total facility emissions. This rule requires facilities that exceed these limits to implement Risk Reduction Plans to achieve the specified risk limits within two and a half years from plan approval, and within two years for Potentially High Risk Level Facilities.

The impact of the above rules and measures are analyzed in Multiple Air Toxic Exposure Studies (MATES), which South Coast AQMD staff conducts periodically to assess cumulative air toxic impacts to the residents and workers of southern California. The fifth version of MATES (*i.e.*, MATES V) was conducted over a one-year period from May 2018 to April 2019, and the final MATES V report was released in 2021.[7] Monitoring conducted at that time indicated that the Basin-wide population-weighted air toxics exposure was reduced by 54 percent since MATES IV (conducted from July 2012 to June 2013). The results of these recent MATES continue to show that the region-wide cumulative air toxic impacts on residents and workers in southern California have been declining. Therefore, staff has not found any evidence that would suggest that the RECLAIM Program caused a significant increase in public exposure to air toxic emissions relative to what would have happened if the RECLAIM program was not implemented.

[6] The toxics prioritization procedures can be found at: https://www.aqmd.gov/home/rules-compliance/compliance/toxic-hot-spots-ab-2588/prioritization.

[7] The Final MATES V Report can be found at: http://www.aqmd.gov/docs/default-source/planning/mates-v/mates-v-final-report-9-24-21.pdf.

APPENDIX A
RECLAIM UNIVERSE OF SOURCES

The RECLAIM universe of active sources as of the end of Compliance Year 2024 is provided below.

Facility ID	Cycle	Facility Name	Program
800088	2	3M COMPANY	NOx
23752	2	AEROCRAFT HEAT TREATING CO INC	NOx
115394	1	AES ALAMITOS, LLC	NOx
115389	2	AES HUNTINGTON BEACH, LLC	NOx/SOx
148236	2	AIR LIQUIDE LARGE INDUSTRIES U.S., LP	NOx/SOx
3417	1	AIR PROD & CHEM INC	NOx
101656	2	AIR PRODUCTS AND CHEMICALS, INC.	NOx
201938	1	AIR PRODUCTS MANUFACTURING LLC	NOx/SOx
5998	1	ALL AMERICAN ASPHALT	NOx
114264	1	ALL AMERICAN ASPHALT	NOx
3704	2	ALL AMERICAN ASPHALT, UNIT NO.01	NOx
199260	2	AMAZON.COM SERVICES LLC – DJT4	NOx
800196	2	AMERICAN AIRLINES, INC,	NOx
16642	1	ANHEUSER-BUSCH LLC., (LA BREWERY)	NOx/SOx
117140	2	AOC, LLC	NOx
174406	1	ARLON GRAPHICS LLC	NOx
183832	2	AST TEXTILE GROUP, INC.	NOx
117290	2	B BRAUN MEDICAL, INC	NOx
800016	2	BAKER COMMODITIES INC	NOx
40034	1	BENTLEY PRINCE STREET INC	NOx
166073	1	BETA OFFSHORE	NOx
132068	1	BIMBO BAKERIES USA INC	NOx
198222	1	BLUESCOPE COATED PRODUCTS, LLC	NOx
185574	1	BRIDGE ENERGY, LLC	NOx
185575	2	BRIDGE ENERGY, LLC	NOx
185600	2	BRIDGE ENERGY, LLC	NOx
185601	2	BRIDGE ENERGY, LLC	NOx
190051	2	BRIDGE POINT LONG BEACH LLC	NOx/SOx
25638	2	BURBANK CITY, BURBANK WATER & POWER	NOx
128243	1	BURBANK CITY, BURBANK WATER & POWER, SCPPA	NOx

Facility ID	Cycle	Facility Name	Program
800344	1	CALIFORNIA AIR NATIONAL GUARD, MARCH AFB	NOx
46268	1	CALIFORNIA STEEL INDUSTRIES INC	NOx
107653	2	CALMAT CO	NOx
107654	2	CALMAT CO	NOx
107655	2	CALMAT CO	NOx
107656	2	CALMAT CO	NOx
153992	1	CANYON POWER PLANT	NOx
94930	1	CARGILL INC	NOx
22911	2	CARLTON FORGE WORKS	NOx
141555	2	CASTAIC CLAY PRODUCTS, LLC	NOx
14944	1	CENTRAL WIRE, INC.	NOx/SOx
195649	2	CENTRIO ENERGY LOS ANGELES INC.	NOx
148925	1	CHERRY AEROSPACE	NOx
800030	2	CHEVRON PRODUCTS CO.	NOx/SOx
172077	1	CITY OF COLTON	NOx
129810	1	CITY OF RIVERSIDE PUBLIC UTILITIES DEPT	NOx
139796	1	CITY OF RIVERSIDE PUBLIC UTILITIES DEPT	NOx
164204	2	CITY OF RIVERSIDE, PUBLIC UTILITIES DEPT	NOx
182561	1	COLTON POWER, LP	NOx
182563	1	COLTON POWER, LP	NOx
38440	2	COOPER & BRAIN - BREA	NOx
83102	2	CUSTOM ALLOY SALES, INC.	NOx
63180	1	DARLING INGREDIENTS INC.	NOx
3721	2	DART CONTAINER CORP OF CALIFORNIA	NOx
7411	2	DAVIS WIRE CORP	NOx
143738	2	DCOR LLC	NOx
143739	2	DCOR LLC	NOx
143740	2	DCOR LLC	NOx
143741	1	DCOR LLC	NOx
800037	2	DEMENNO-KERDOON DBA WORLD OIL RECYCLING	NOx
125579	1	DIRECTV	NOx
800189	1	DISNEYLAND RESORT	NOx
142536	2	DRS SENSORS & TARGETING SYSTEMS, INC	NOx
117227	2	DTRS SANTA MONICA, LLC	NOx
180908	1	ECO SERVICES OPERATIONS CORP.	NOx/SOx
8547	1	ECOBAT RESOURCES CALIFORNIA, INC.	NOx/SOx

Facility ID	Cycle	Facility Name	Program
115663	1	EL SEGUNDO ENERGY CENTER LLC	NOx
195782	2	EMERALD SOCAL, LLC	NOx
186899	1	ENERY HOLDINGS LLC/LGHTHP_6_ICEGEN	NOx
800372	2	EQUILON ENTER. LLC, SHELL OIL PROD. US	NOx/SOx
95212	1	FABRICA	NOx
11716	1	FONTANA PAPER MILLS INC	NOx
346	1	FRITO-LAY, INC.	NOx
2418	2	FRUIT GROWERS SUPPLY CO	NOx
12428	2	GOLD BOND BUILDING PRODUCTS, LLC.	NOx
137471	2	GRIFOLS BIOLOGICALS INC	NOx
156741	2	HARBOR COGENERATION CO, LLC	NOx
157359	1	HENKEL ELECTRONIC MATERIALS, LLC	NOx
123774	1	HERAEUS PRECIOUS METALS NO. AMERICA, LLC	NOx
113160	2	HILTON COSTA MESA	NOx
2912	2	HOLLIDAY ROCK CO INC	NOx
800003	2	HONEYWELL INTERNATIONAL INC	NOx
196134	2	HONOR RANCHO WAYSIDE CANYON HOLDINGS LLC	NOx
196133	2	HONOR RANCHO WAYSIDE CANYON HOLDINGS, LLC	NOx
187348	2	HYDRO EXTRUSION USA, LLC	NOx
193561	1	IBY, LLC	NOx
124808	2	INEOS POLYPROPYLENE LLC	NOx/SOx
157363	2	INTERNATIONAL PAPER CO	NOx
16338	1	KAISER ALUMINUM FABRICATED PRODUCTS, LLC	NOx
187823	2	KIRKHILL INC	NOx
800335	2	LA CITY, DEPT OF AIRPORTS	NOx
800170	1	LA CITY, DWP HARBOR GENERATING STATION	NOx
800074	1	LA CITY, DWP HAYNES GENERATING STATION	NOx
800075	1	LA CITY, DWP SCATTERGOOD GENERATING STN	NOx
800193	2	LA CITY, DWP VALLEY GENERATING STATION	NOx
61962	1	LA CITY, HARBOR DEPT	NOx
550	1	LA CO., INTERNAL SERVICE DEPT	NOx
173904	2	LAPEYRE INDUSTRIAL SANDS, INC	NOx
192519	1	LEGACY BY-PRODUCTS LLC	NOx
144455	2	LIFOAM INDUSTRIES, LLC	NOx
7416	1	LINDE INC.	NOx
42630	1	LINDE INC.	NOx

Facility ID	Cycle	Facility Name	Program
115314	2	LONG BEACH GENERATION, LLC	NOx
17623	2	LOS ANGELES ATHLETIC CLUB	NOx
58622	2	LOS ANGELES COLD STORAGE CO	NOx
800080	2	LUNDAY-THAGARD CO DBA WORLD OIL REFINING	NOx/SOx
14049	2	MARUCHAN INC	NOx
3029	2	MATCHMASTER DYEING & FINISHING INC	NOx
182970	1	MATRIX OIL CORP	NOx
2825	1	MCP FOODS INC	NOx
176952	2	MERCEDES-BENZ WEST COAST CAMPUS	NOx
94872	2	METAL CONTAINER CORP	NOx
800207	1	METRO ST HOSP (EIS USE)	NOx
12372	1	MISSION CLAY PRODUCTS	NOx
195849	1	MITTERA CALIFORNIA LLC	NOx
11887	2	NASA JET PROPULSION LAB	NOx
172005	2	NEW- INDY ONTARIO, LLC	NOx
131732	2	NEWPORT FAB, LLC	NOx
800408	1	NORTHROP GRUMMAN SYSTEMS	NOx
18294	1	NORTHROP GRUMMAN SYSTEMS CORP	NOx
800409	2	NORTHROP GRUMMAN SYSTEMS CORPORATION	NOx
89248	2	OLD COUNTRY MILLWORK INC	NOx
47781	1	OLS ENERGY-CHINO	NOx
183564	2	ONNI TIMES SQUARE LP	NOx
183415	2	ONTARIO INTERNATIONAL AIRPORT AUTHORITY	NOx
35302	2	OWENS CORNING ROOFING AND ASPHALT, LLC	NOx/SOx
7427	1	OWENS-BROCKWAY GLASS CONTAINER INC	NOx/SOx
45746	2	PABCO BLDG PRODUCTS LLC, PABCO PAPER, DBA	NOx/SOx
17953	1	PACIFIC CLAY PRODUCTS INC	NOx
2946	1	PACIFIC FORGE INC	NOx
800168	1	PASADENA CITY, DWP	NOx
171107	2	PHILLIPS 66 CO/LA REFINERY WILMINGTON PL	NOx/SOx
171109	1	PHILLIPS 66 COMPANY/LOS ANGELES REFINERY	NOx/SOx
11435	2	PQ LLC	NOx/SOx
136	2	PRESS FORGE CO	NOx
105903	1	PRIME WHEEL	NOx
19167	2	R J. NOBLE COMPANY	NOx
20604	2	RALPHS GROCERY CO	NOx

Facility ID	Cycle	Facility Name	Program
193132	1	RAYTHEON COMPANY	NOx
193134	2	RAYTHEON COMPANY	NOx
193153	2	RAYTHEON COMPANY	NOx
20203	2	RECONSERVE OF CALIFORNIA-LOS ANGELES INC	NOx
195532	1	REDU HOLDINGS, LLC	NOx
180410	2	REICHHOLD LLC 2	NOx
800113	2	ROHR, INC.	NOx
4242	2	SAN DIEGO GAS & ELECTRIC	NOx
15504	2	SCHLOSSER FORGE COMPANY	NOx
14926	1	SEMPRA ENERGY (THE GAS CO)	NOx
152707	1	SENTINEL ENERGY CENTER LLC	NOx
184288	2	SENTINEL PEAK RESOURCES CALIFORNIA, LLC	NOx
184301	1	SENTINEL PEAK RESOURCES CALIFORNIA, LLC	NOx
188635	1	SFII FLYTE, LLC	NOx
800129	1	SFPP, L.P.	NOx
37603	1	SGL TECHNIC LLC	NOx
196103	1	SHADOW WOLF ENERGY, LLC	NOx
16639	1	SHULTZ STEEL CO	NOx
191415	2	SIERRA ALUMINUM, DIV OF SAMUEL, SON & CO	NOx
191420	2	SIERRA ALUMINUM, DIV OF SAMUEL, SON & CO	NOx
101977	1	SIGNAL HILL PETROLEUM INC	NOx
119596	2	SNAK KING CORPORATION	NOx
185352	2	SNOW SUMMIT, LLC.	NOx
4477	1	SO CAL EDISON CO	NOx
800127	1	SO CAL GAS CO	NOx
800128	1	SO CAL GAS CO	NOx
8582	1	SO CAL GAS CO/PLAYA DEL REY STORAGE FAC	NOx
169754	1	SO CAL HOLDING, LLC	NOx
5973	1	SOCAL GAS CO	NOx
14871	2	SONOCO PRODUCTS CO	NOx
160437	1	SOUTHERN CALIFORNIA EDISON	NOx
800338	2	SPECIALTY PAPER MILLS INC	NOx
1634	2	STEELCASE INC, WESTERN DIV	NOx
126498	2	STEELSCAPE, INC	NOx
105277	2	SULLY MILLER CONTRACTING CO	NOx
19390	1	SULLY-MILLER CONTRACTING CO.	NOx

Facility ID	Cycle	Facility Name	Program
3968	1	TABC, INC	NOx
174591	1	TESORO REF & MKTG CO LLC, CALCINER	NOx/SOx
174655	2	TESORO REFINING & MARKETING CO, LLC	NOx/SOx
151798	1	TESORO REFINING AND MARKETING CO, LLC	NOx/SOx
800436	1	TESORO REFINING AND MARKETING CO, LLC	NOx/SOx
96587	1	TEXOLLINI INC	NOx
199197	1	TEX-TECH ENGINEERED COMPOSITES INC.	NOx
16660	2	THE BOEING COMPANY	NOx
115241	1	THE BOEING COMPANY	NOx
800067	1	THE BOEING COMPANY	NOx
14736	2	THE BOEING CO-SEAL BEACH COMPLEX	NOx
11119	1	THE GAS CO./ SEMPRA ENERGY	NOx
153199	1	THE KROGER CO/RALPHS GROCERY CO	NOx
97081	1	THE TERMO COMPANY	NOx
800330	1	THUMS LONG BEACH	NOx
129497	1	THUMS LONG BEACH CO	NOx
800325	2	TIDELANDS OIL PRODUCTION CO	NOx
68118	2	TIDELANDS OIL PRODUCTION COMPANY ETAL	NOx
171960	2	TIN, INC. DBA INTERNATIONAL PAPER	NOx
137508	2	TONOGA INC, TACONIC DBA	NOx
181667	1	TORRANCE REFINING COMPANY LLC	NOx/SOx
182049	2	TORRANCE VALLEY PIPELINE CO LLC	NOx
182050	1	TORRANCE VALLEY PIPELINE CO LLC	NOx
182051	1	TORRANCE VALLEY PIPELINE CO LLC	NOx
43436	1	TST, INC.	NOx
800026	1	ULTRAMAR INC	NOx/SOx
9755	2	UNITED AIRLINES INC	NOx
800149	2	US BORAX INC	NOx
800150	1	US GOVT, AF DEPT, MARCH AIR RESERVE BASE	NOx
800393	1	VALERO WILMINGTON ASPHALT PLANT	NOx
193552	1	VERNON ENVIRONMENTAL RESPONSE TRUST	NOx/SOx
14502	2	VERNON PUBLIC UTILITIES	NOx
195802	2	VERNON PUBLIC UTILITIES	NOx
14495	2	VISTA METALS CORPORATION	NOx
191677	1	VORTEQ PACIFIC	NOx
146536	1	WALNUT CREEK ENERGY, LLC	NOx/SOx

Facility ID	Cycle	Facility Name	Program
42775	1	WEST NEWPORT OIL CO	NOx/SOx
1073	1	WESTLAKE ROYAL ROOFING LLC	NOx
195338	2	WG HOLDINGS SPV, LLC	NOx
195344	2	WG HOLDINGS SPV, LLC	NOx
127299	2	WILDFLOWER ENERGY LP/INDIGO GEN., LLC	NOx
193314	2	ZENITH ENERGY WEST COAST TERMINALS LLC	NOx
193318	2	ZENITH ENERGY WEST COAST TERMINALS LLC	NOx
193323	1	ZENITH ENERGY WEST COAST TERMINALS LLC	NOx
193329	1	ZENITH ENERGY WEST COAST TERMINALS LLC	NOx
193330	2	ZENITH ENERGY WEST COAST TERMINALS LLC	NOx

APPENDIX B
FACILITY INCLUSIONS

As discussed in Chapter 1, no facilities were added to the RECLAIM universe in Compliance Year 2024. As of January 5, 2018, inclusion of new facilities is not allowed pursuant to amendments to Rule 2001.

APPENDIX C
RECLAIM FACILITIES CEASING OPERATION OR EXCLUDED

South Coast AQMD staff is aware of the following RECLAIM facilities that permanently shut down all operations, inactivated all their RECLAIM permits, or were excluded from the RECLAIM universe during Compliance Year 2024. The reasons for shutdowns and exclusions cited below are based on the information provided by the facility and other information available to South Coast AQMD staff.

Facility ID	115536
Facility Name	AES REDONDO BEACH, LLC
City and County	Redondo Beach, Los Angeles County
SIC	4911
Pollutant(s)	NOx
1994 Allocation	2,540,631 lbs.
Reason for Shutdown	The facility ceased operations in December 2023 and all equipment was rendered inoperable in April 2024. The facility was a peaker plant whose power contract expired.

Facility ID	181510
Facility Name	AVCORP COMPOSITE FABRICATION, INC
City and County	Gardena, Los Angeles County
SIC	3089
Pollutant(s)	NOx
1994 Allocation	28,449 lbs.
Reason for Shutdown	The facility ceased operations in March 2023 and the site was demolished as of April 2024. The facility cited a declining demand for products and the high cost of manufacturing, production, or raw material as the reasons for the shutdown.

Facility ID	142267
Facility Name	FS PRECISION TECH LLC
City and County	Compton, Los Angeles County
SIC	3369
Pollutant(s)	NOx
1994 Allocation	5,498 lbs.
Reason for Shutdown	The facility ceased operations in October 2024 and all the equipment removed by December 2024. The company stated they were acquired by another company and were being dissolved, and consolidated their production in Texas.

Facility ID	129816
Facility Name	INLAND EMPIRE ENERGY CENTER, LLC
City and County	Menifee, Riverside County
SIC	4911
Pollutant(s)	NOx
1994 Allocation	0 lbs.
Reason for Shutdown	The facility ceased operations in December 2019 and all permits were inactivated in April 2025. The facility cited a declining demand for products and the high cost of manufacturing, production, or raw material as the reasons for the shutdown.

Facility ID	130211
Facility Name	NOVIPAX, INC
City and County	La Verne, Los Angeles County
SIC	2621
Pollutant(s)	NOx
1994 Allocation	67,590 lbs.
Reason for Shutdown	The facility ceased operations in April 2023 and removed all equipment by August 2023. High cost of manufacturing, production, or raw material and more attractive utility of land or resources were indicated by the facility as reasons for the shutdown. The facility reported that they were selling the land. The site is planned to be a mixed-use development.

Facility ID	131850
Facility Name	SHAW DIVERSIFIED SERVICES INC
City and County	Santa Fe Springs, Los Angeles County
SIC	2273
Pollutant(s)	NOx
1994 Allocation	26,568 lbs.
Reason for Shutdown	The facility ceased operations in March 2024 and the site was demolished by October 2024. The facility reported they consolidated their operations in Georgia.

Facility ID	187885
Facility Name	SMITHFIELD PACKAGED MEATS CORP
City and County	Vernon, Los Angeles County
SIC	2011
Pollutant(s)	NOx
1994 Allocation	16,626 lbs.
Reason for Shutdown	The facility ceased operations in June 2023, and the building was demolished by June 2024. The facility reported they were selling the land. The site is planned to be a data center.

Facility ID	191386
Facility Name	THE NEWARK GROUP, INC. DBA GREIF, INC
City and County	City of Commerce, Los Angeles County
SIC	2631
Pollutant(s)	NOx
1994 Allocation	553,660 lbs.
Reason for Shutdown	The facility was removed from RECLAIM in March 2025. Equipment permitted under RECLAIM was inactivated.

APPENDIX D
FACILITIES THAT EXCEEDED THEIR ANNUAL ALLOCATION FOR COMPLIANCE YEAR 2024

The following is a list of facilities that did not have enough RTCs to cover their NOx emissions in Compliance Year 2024 based on the results of audits conducted by South Coast AQMD staff.

Facility ID	Facility Name	Pollutant
20604	Ralphs Grocery Co	NOx
35302	Owens Corning Roofing and Asphalt, LLC	NOx
37603	SGL Technic LLC	NOx
124808	Ineos Polypropylene LLC	NOx
126498	Steelscape, Inc	NOx
143740	DCOR LLC	NOx
186899	Enery Holdings LLC/LGHTHP_6_ICEGEN	NOx
188635	SFII Flyte, LLC	NOx
198222	Bluescope Coated Products LLC	NOx

APPENDIX E
REPORTED JOB IMPACTS ATTRIBUTED TO RECLAIM

Each year RECLAIM facility operators are asked to provide employment data in their APEP reports. The report asks company representatives to quantify job increases and/or decreases, and to report the positive and/or negative impacts of the RECLAIM program on employment at their facilities. This appendix is included in each Annual RECLAIM Audit Report to provide detailed information for facilities reporting that RECLAIM contributed to job gains or losses.

Facilities with reported job gains or losses attributed to RECLAIM:

One (1) RECLAIM facility reported a single job gained due to RECLAIM for Compliance Year 2024 as reported in Part III – B. Socioeconomic Impacts.

Facility ID:	3029
Facility Name:	MATCHMASTER DYEING & FINISHING INC
City and County:	Los Angeles, Los Angeles County
SIC:	22690
Pollutant(s):	NOx
Cycle:	2
Job Gain:	1
Comments:	The facility reported that the single job gained was a consultant's role.

ATTACHMENT B

RESOLUTION NO. 26-____

A Resolution of the Governing Board of the South Coast Air Quality Management District (South Coast AQMD) to approve staff's recommendation to determine that paragraphs (d)(1) through (d)(4) of Rule 2004 continue without change, as reported in the prior year's evaluation and review of the compliance and enforcement aspects of the RECLAIM program, with confirmation that circumstances have not changed, and additional analysis in response to the continued Rule 2015 price threshold exceedance is not required.

A Resolution of the South Coast AQMD Governing Board directing the Executive Officer to submit to CARB and U.S. EPA the Annual RECLAIM Audit with Report and recommendation, including the determination that paragraphs (d)(1) through (d)(4) of Rule 2004 continue without change.

WHEREAS, Rule 2015 requires the Executive Officer to present an annual program audit of the RECLAIM program that includes the average annual price of each type of RECLAIM Trading Credit (RTC) price, including NOx RTC, to the South Coast AQMD Governing Board;

WHEREAS, the Executive Officer prepared the Annual RECLAIM Audit Report for 2024 Compliance Year and presented the annual program audit of the RECLAIM program on March 6, 2026;

WHEREAS, the Executive Officer determined that NOx RTC prices continued to exceed $15,000 per ton as part of the Annual RECLAIM Audit Report for 2024 Compliance Year;

WHEREAS, Rule 2015 (b)(6) requires the Executive Officer to conduct an evaluation and review of the compliance and enforcement aspects of the NOx RECLAIM program, including the deterrent effect of Rule 2004 paragraphs (d)(1) through (d)(4), following the determination of a NOx RTC price exceedance of $15,000 per ton;

WHEREAS, Rule 2015 provides that if the South Coast AQMD Governing Board determines that applicable RTC pricing thresholds in Rule 2015 are exceeded, then the South Coast AQMD Governing Board may elect to amend paragraphs (d)(1) through (d)(4) of Rule 2004 if revisions are determined to be appropriate in light of the results of the evaluation;

WHEREAS, the Executive Officer has previously determined that NOx RTC prices exceeded $15,000 per ton as part of the Annual RECLAIM Audit Report for 2020 Compliance Year presented to the South Coast AQMD Governing Board on March 4, 2022;

WHEREAS, staff conducted the Rule 2015 evaluation and review which concluded and recommended that paragraphs (d)(1) through (d)(4) of Rule 2004 of the NOx RECLAIM program should continue without change on August 5, 2022;

WHEREAS, the South Coast AQMD Governing Board on August 5, 2022, approved the staff recommendation that paragraphs (d)(1) through (d)(4) of Rule 2004 continue without change, as reported in the evaluation and review of the compliance and enforcement aspects of the RECLAIM program;

WHEREAS, review of the current RECLAIM program relative to the August 5, 2022 evaluation has confirmed that the circumstances associated with the compliance and enforcement aspects of the RECLAIM program have not changed and that continuing analysis in response to the continued Rule 2015 price threshold exceedance is not required; and

NOW, THEREFORE BE IT RESOLVED that the South Coast AQMD Governing Board does hereby approve the Annual RECLAIM Audit Report for 2024 Compliance Year;

BE IT FURTHER RESOLVED, that the South Coast AQMD Governing Board does hereby approve staff's recommendation to determine that paragraphs (d)(1) through (d)(4) of Rule 2004 continue without change, as reported in the August 5, 2022, evaluation and review of the compliance and enforcement aspects of the RECLAIM program, with staff's confirmation that circumstances have not changed, and continuing analysis in response to the continued Rule 2015 price threshold exceedance is not required;

BE IT FURTHER RESOLVED, that the South Coast AQMD Governing Board does hereby direct the Executive Officer to submit to CARB and U.S. EPA the Annual RECLAIM Audit Report for 2024 Compliance Year and the August 5, 2022, evaluation and review of the compliance and enforcement aspects of the RECLAIM program, including the determination that paragraphs (d)(1) through (d)(4) of Rule 2004 continue without change.

DATE: _____ _____

CLERK OF THE BOARDS

Attachment C

Annual RECLAIM Audit Report for 2024 Compliance Year

Board Meeting

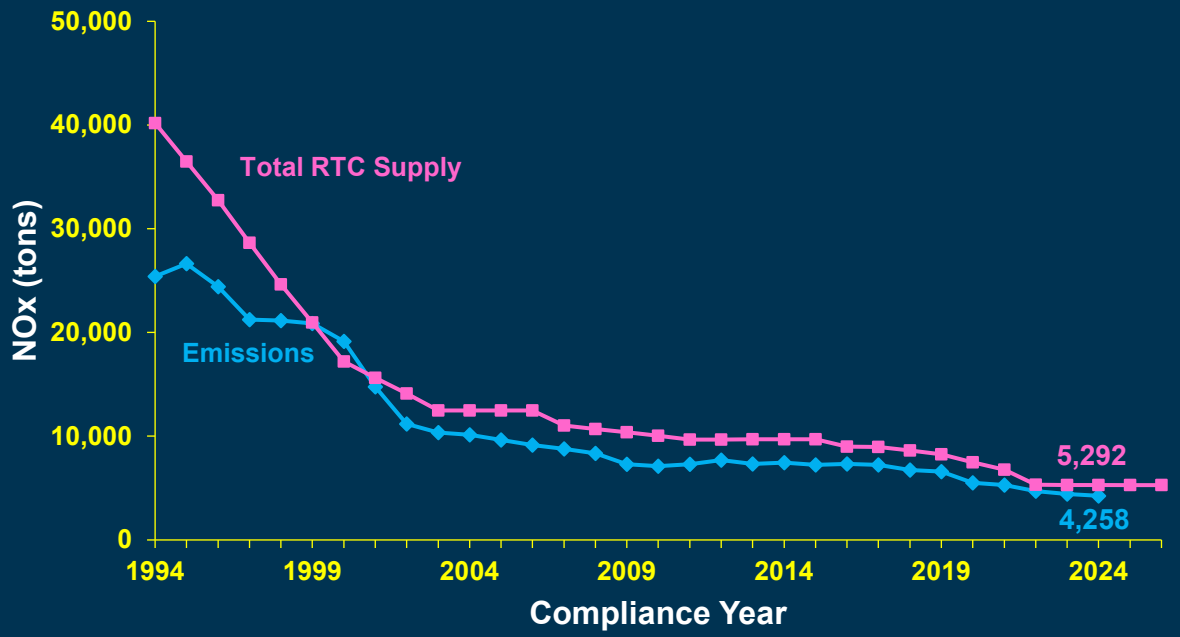
March 6, 2026

Background

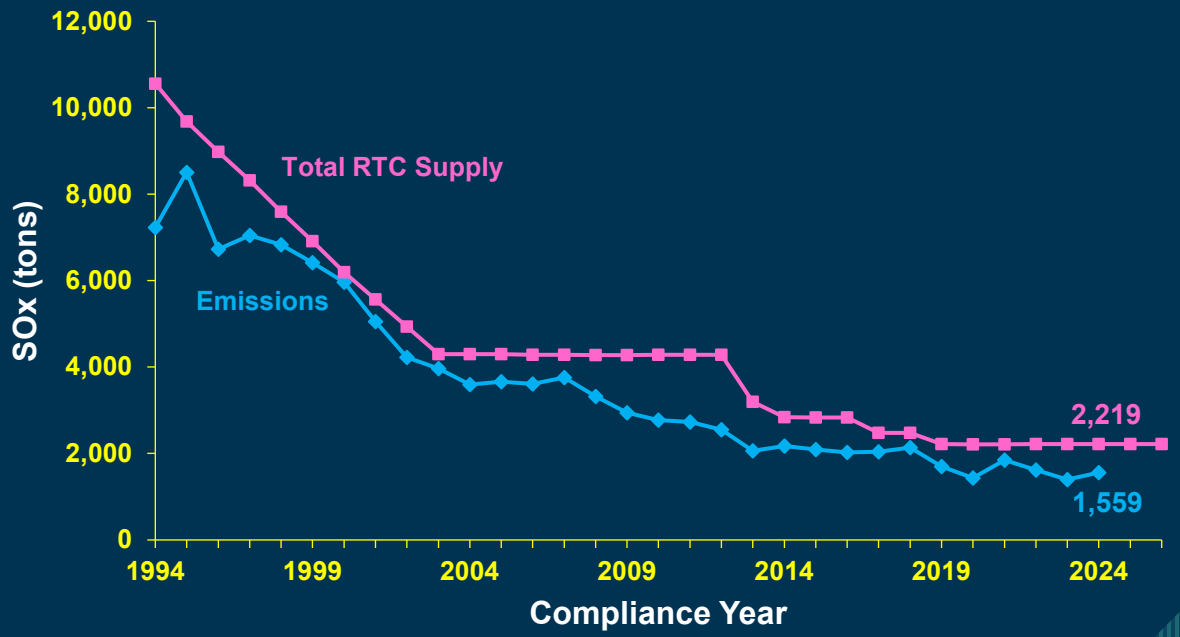
- Regional Clean Air Incentives Market (RECLAIM) – Adopted October 1993
  - Cap and trade program for largest NOx and SOx sources
  - Each facility was issued an allocation of RECLAIM Trading Credits (RTCs) that declines over time
  - At the end of each compliance year, operators must hold sufficient RTCs to cover annual emissions
  - Operators can make reductions or purchase RTCs
- Rule 2015 requires an annual audit of the RECLAIM program
  - This is the Annual RECLAIM Audit Report for Compliance Year 2024

NOx and SOx Emissions and Allocations Trend

NOx Emissions in Compliance Year 2024 Below Allocations by 1,033 Tons (20%)



SOx Emissions in Compliance Year 2024 Below Allocations by 660 Tons (30%)



2024 Annual RECLAIM Audit Findings

Number of Facilities

220 facilities at the end of Compliance Year 2024

8 less facilities than Compliance Year 2023

Overall Goals

Met overall NOx and SOx program goals

Implemented NOx/SOx allocation shaves

Compliance Rate

High rate of facility compliance for holding sufficient RTCs to reconcile emissions

96% of NOx facilities
100% of SOx facilities

RTC Price

Annual average discrete prices for future NOx RTCs below $58,802/ton* threshold

Compliance Year 2025: $12,950
Compliance Year 2026: $37,000

* Health and Safety Code 39616 program review. Adjusted by August 2025 CPI.

NOx RTC Price Exceedances

Summary and Recommendation

Rule 2015 Threshold
$15,000 per ton

- RTC prices have exceeded Rule 2015 threshold since calendar year 2021
- Required analysis of RECLAIM program performed and reported to Board in 2022
- Board determined that the program continue without change and directed staff to send report to CARB and U.S. EPA
- Circumstances have not changed since previous analysis and staff recommends no additional analysis and no further action in response to the continued Rule 2015 price threshold exceedance

Health and Safety Code 39616 Threshold
$58,802 per ton

- Adjusted annually by CPI
- Annual average discrete-year prices for future NOx RTCs are below threshold
- No action required

Summary

- Programmatic compliance achieved (NOx and SOx emissions were 20% and 30% below allocations, respectively)
- Individual facility compliance rate remained high (96% and 100% for NOx and SOx, respectively)
- Annual average discrete-year NOx prices below H&SC threshold of $58,802, there were no SOx RTCs traded with price in calendar year 2025
- Annual average discrete-year NOx price for Compliance Year 2026 RTCs traded in Calendar Year 2025 continues to exceed the $15,000 per ton Rule 2015 backstop threshold
- For continuing RTC price exceedance, staff recommends no additional analysis because circumstances have not changed since the prior review

Staff Recommendations

- Approve the Annual RECLAIM Audit Report for 2024 Compliance Year
- Determine that paragraphs (d)(1) through (d)(4) of Rule 2004 continue without change, as reported in the August 2022, evaluation and review of the compliance and enforcement aspects of the RECLAIM program, with staff's confirmation that circumstances have not changed, and continuing analysis in response to the continued Rule 2015 price threshold exceedance is not required
- Direct the Executive Officer to submit to CARB and U.S. EPA, the Annual RECLAIM Audit Report for 2024 Compliance Year and the August 2022, evaluation and review of the compliance and enforcement aspects of the RECLAIM program, including the determination that paragraphs (d)(1) through (d)(4) of Rule 2004 continue without change