

BOARD MEETING DATE: September 4, 2026

AGENDA NO. 20

REPORT: Status Report on Regulation XIII – New Source Review

SYNOPSIS: This annual status report presents the state and federal Final Determination of Equivalency for January 2024 through December 2024. The report provides information regarding the status of Regulation XIII – New Source Review (NSR) in meeting state and federal NSR requirements and shows that South Coast AQMD's NSR program is in final compliance with applicable state and federal requirements from January 2024 through December 2024.

COMMITTEE: Stationary Source, August 21, 2026, Reviewed

RECOMMENDED ACTION:
Receive and file.

Wayne Natri
Executive Officer

JA:JW:DO:ST: JL

Background

South Coast AQMD originally adopted its NSR program in 1976. U.S. EPA approved South Coast AQMD's NSR program into the SIP initially on January 21, 1981 (46 FR 5965) and again on December 4, 1996 (61 FR 64291). Rule 1315 – Federal New Source Review Tracking System was initially adopted on September 8, 2006, in response to U.S. EPA's request for an administrative rule that formalized South Coast AQMD's accounting methodology for tracking changes to its internal NSR offset accounts. Rule 1315 was re-adopted on August 3, 2007, and then repealed on January 8, 2010. On February 4, 2011, a revised and enhanced version of Rule 1315 was adopted, which included a new CEQA environmental assessment. U.S. EPA approved Rule 1315 into the SIP in 2012 (77 FR 31200).

South Coast AQMD's NSR rules and regulations are designed to ensure that emission increases from new and modified sources do not interfere with efforts to attain and maintain the state and federal ambient air quality standards, while economic growth in the South Coast region is not unnecessarily impeded. Regulation XIII - New Source Review, regulates and accounts for all emission changes (both increases and decreases) from the permitting of new, modified, and relocated stationary sources within the South Coast AQMD's jurisdiction, excluding NO_x and SO_x emissions from sources that are subject to Regulation XX – Regional Clean Air Incentives Market (RECLAIM).^a

Rule 1315 maintains South Coast AQMD's ability to issue permits to major sources that require offsets but obtain offset credits from South Coast AQMD's Priority Reserve under Rule 1309.1 – Priority Reserve, and/or that are exempt from offsets under South Coast AQMD Rule 1304 – Exemptions. Since these sources are not exempt from offsets under the federal Clean Air Act, South Coast AQMD provides offsets from South Coast AQMD's internal account balances, which have been generated primarily from orphan shutdowns (*i.e.*, emissions reductions from sources that have shut down, but the owner or operator did not apply for emission reduction credits). The purpose of this Determination of Equivalency is to show that there are sufficient offsets in the internal account balances to cover sources that used these offsets for the year in question and the offset needs projected for the following two years.

Rule 1315 requires that, commencing with calendar year 2010, and for each calendar year thereafter, the Executive Officer prepare a Preliminary Determination of Equivalency (PDE) and Final Determination of Equivalency (FDE). The accounting covers NSR activities for twelve-month periods. The calendar year 2024 PDE was reported to the South Coast AQMD Board at the February 2026 Board meeting, and the FDE is required to be reported at the September 2026 Board meeting. Rule 1315 also requires the Executive Officer to aggregate and track offsets debited from and deposited to South Coast AQMD's internal offset accounts for specified periods between October 1, 1990, and December 31, 2005, and each calendar year from 2006 through 2030 for the purpose of making periodic determinations of compliance. Rule 1315 also requires that, commencing with calendar year 2011, and for each calendar year thereafter, the Executive Officer include in each FDE: the cumulative net emission increase of each nonattainment air contaminant that occurred at major and minor facilities from February 4, 2011, the date of adoption of Rule 1315, through the end of the calendar year 2011 reporting period and through the end of each subsequent reporting period; and the projected cumulative net emission increases at the end of each of the two

^a While the RECLAIM program is different than command and control rules for NO_x and SO_x and provides greater regulatory flexibility to businesses, its NSR requirements, as specified in Rule 2005, are designed to comply with the governing principles of NSR contained in the federal Clean Air Act (CAA) and the California State Health and Safety Code. When it was developed, the RECLAIM program applied to facilities with annual emissions greater than four tons per year of NO_x or SO_x.

subsequent reporting periods.

Findings

This report on calendar year 2024 FDE demonstrates compliance with state and federal NSR requirements by establishing aggregate equivalence with state and federal offset requirements for sources that were not exempt from state and federal offset requirements, but were either exempt from offsets or obtained their offsets from South Coast AQMD pursuant to Regulation XIII.

- **2024 Federal Offset Accounts FDE** - The federal offset accounts FDE for calendar year 2024 is summarized in Table 1. For calendar year 2024, South Coast AQMD's NSR program has adequate offsets available to mitigate all applicable emission increases. The program is at least equivalent to the federal requirements on an aggregate basis. This conclusion results from the final ending federal offset account balances for the calendar year reporting period remaining positive for all pollutants.

Table 1
Federal Offset Accounts FDE for January 2024 through December 2024

Description	VOC	NO _x	SO _x	PM ₁₀
2023 Actual Ending Balance ^b (tons/day)	122.82	24.72	5.81	18.79
2024 Actual Total Debits ^c (tons/day)	-0.23	-0.20	0.00	-0.01
2024 Actual Total Credits ^d (tons/day)	2.31	1.53	0.41	0.58
2024 Discount of Credits for Surplus Adjustment ^e (tons/day)	-4.18	-0.99	0.00	0.00
2024 Actual Ending Balance ^f (tons/day)	120.72	25.06	6.22	19.36

^b Previously reported in Table 1 of the 2024 PDE dated February 6, 2026.

^c Debits are shown as negative.

^d Credits are shown as positive.

^e This adjustment is surplus at the time of use discount, which is also discussed in Rule 1315(c)(4).

^f Represents the "2023 Actual Ending Balance" reduced by "2024 Discount of Credits for Surplus Adjustment" and "2024 Actual Total Debits" plus "2024 Actual Total Credits."

- **2025-2026 Projections of South Coast AQMD's Federal Offset Account Balances-** Projections of South Coast AQMD's federal offset account balances for January 2025 through December 2025 and January 2026 through December 2026, as specified and required pursuant to Rule 1315(e) are summarized in Table 2. South Coast AQMD's projected federal offset account balances for 2025 and 2026 are projected to remain positive. This means that the sum of the estimated withdrawals from and deposits to South Coast AQMD's offset accounts during 2025 and 2026 are projected to remain positive and, therefore, demonstrates that South Coast AQMD's NSR program is equivalent to federal NSR requirements.

Table 2
Projections of South Coast AQMD's Federal Offset Account Balances for January 2025 through December 2025, and January 2026 through December 2026

Description	VOC	NOx	SOx	PM10
2024 Actual Ending Balance ^g (tons/day)	120.72	25.06	6.22	19.36
2025 Sum of Projected Debits/Credits ^h (tons/day)	2.34	0.49	0.37	0.49
2025 Projected Ending Balance ⁱ (tons/day)	123.06	25.55	6.59	19.85
2026 Sum of Projected Debits/Credits ^h (tons/day)	2.34	0.49	0.37	0.49
2026 Projected Ending Balance ^j (tons/day)	125.40	26.04	6.96	20.34

^g "2024 Actual Ending Balance" is as shown in Table 1.

^h Projections are based upon the average of the total annual debits and the average of the total annual credits for the five reporting periods most recently included in the PDE or the FDE, pursuant to Rule 1315(e).

ⁱ "2025 Projected Ending Balance" equals the "2024 Actual Ending Balance" plus the "2025 Sum of Projected Debits/Credits."

^j "2026 Projected Ending Balance" equals the "2025 Projected Ending Balance" plus the "2026 Sum of Projected Debits/Credits."

- **2024 Cumulative Net Emission Increase** - The cumulative net emission increase of each nonattainment air contaminant through the end of the calendar year 2024 reporting period, as required under Rule 1315(g), is summarized in Table 3. Projections of cumulative net emission increase for January 2025 through December 2025 and January 2026 through December 2026 are summarized in Table 4. The results demonstrate that both the cumulative net emission increase of each nonattainment air contaminant at major and minor facilities, and the projected cumulative net emission increase for 2025 and 2026 remained below the thresholds identified in Table B of Rule 1315(g)(4). Therefore, the Executive Officer can continue to issue permits to construct and permits to operate that rely on further use of Rule 1304 exemptions or Rule 1309.1 Priority Reserve offsets to major and minor sources.

Table 3
Cumulative Net Emission Increase (February 4, 2011 – December 31, 2024)

Description	VOC	NO _x	SO _x	PM ₁₀
2023 Cumulative Net Emission Increase^k (tons/day)	-30.79	-4.02	-2.16	-2.58
2024 Increases in Potential to Emit ^l (tons/day)	1.59	0.54	0.09	0.33
2024 Decreases in Potential to Emit ^m (tons/day)	-2.89	-1.91	-0.51	-0.72
2024 Cumulative Net Emission Increaseⁿ (tons/day)	-32.09	-5.39	-2.58	-2.97
Rule 1315(g) Table B Threshold (through December of 2024 - tons/day)	17.73	1.27	0.42	2.63

^k Updated “2023 Cumulative Net Emission Increase.” Balances previously reported in Table 3 of the 2023 FDE report dated September 5, 2025, needed to be updated.

^l Increases in potential to emit that occur at major and minor facilities pursuant to Rule 1304 or Rule 1309.1.

^m Decreases in potential to emit that occur at major and minor facilities pursuant to Rule 1304 or Rule 1309.1.

ⁿ “2024 Cumulative Net Emission Increase” is the sum of the increases and decreases in the potential to emit that occur at major and minor facilities pursuant to Rule 1304 or Rule 1309.1 over the period of February 4, 2011 through December 31, 2024.

^o “2025 Projected Emission Increase” and “2025 Projected Emission Decrease” are the averages of the 2020, 2021, 2022, 2023, and 2024 increases and decreases, respectively, in potential to emit.

Table 4
Projections of Cumulative Net Emission Increase January 2025 through December 2025 and January 2026 through December 2026

DESCRIPTION	VOC	NOX	SOX	PM10
2024 Cumulative Net Emission Increaseⁿ (tons/day)	-32.09	-5.39	-2.58	-2.97
2025 Projected Emission Increase ^o (tons/day)	1.35	0.52	0.09	0.28
2025 Projected Emission Decrease ^o (tons/day)	-3.16	-0.66	-0.38	-0.66
2025 Projected Cumulative Net Emission Increase^p (tons/day)	-33.90	-5.53	-2.87	-3.35
Rule 1315(g) Table B 2025 Threshold (tons/day)	18.98	1.39	0.45	2.83
2026 Projected Emission Increase ^q (tons/day)	1.35	0.52	0.09	0.28
2026 Projected Emission Decrease ^q (tons/day)	-3.16	-0.66	-0.38	-0.66
2026 Projected Cumulative Net Emission Increase^r (tons/day)	-35.71	-5.67	-3.16	-3.73
Rule 1315(g) Table B 2026 Threshold (tons/day)	20.23	1.50	0.48	3.03

- **2024 State Offset Accounts FDE** - The state offset accounts for calendar year 2024 are summarized in Table 5. For calendar year 2024, South Coast AQMD's NSR program is equivalent to the state requirements on an aggregate basis. This conclusion results from the actual ending state offset account balances for the calendar year reporting period remaining positive for all pollutants.

^p "2025 Projected Cumulative Net Emission Increase" is the sum of the "2025 Projected Emission Increase" and "2025 Projected Emission Decrease," added to the "2024 Cumulative Net Emission Increase."

^q "2026 Projected Emission Increase" and "2026 Projected Emission Decrease" are the averages of the 2020, 2021, 2022, 2023, and 2024 increases and decreases, respectively, in potential to emit.

^r "2026 Projected Cumulative Net Emission Increase" is the sum of the "2026 Projected Emission Increase" and "2026 Projected Emission Decrease," added to the "2025 Projected Cumulative Net Emission Increase."

^s "2024 Actual Starting Balance" is from Table 3 of the PDE report dated February 6, 2026.

^t For an explanation of the sources of debits and credits, please refer to the Debit and Credit Accounting sections of Attachment A. Status Report on Regulation XII-New Source Review. Debits are shown as negative and

Table 5
State Offset Accounts FDE for January 2024 through December 2024

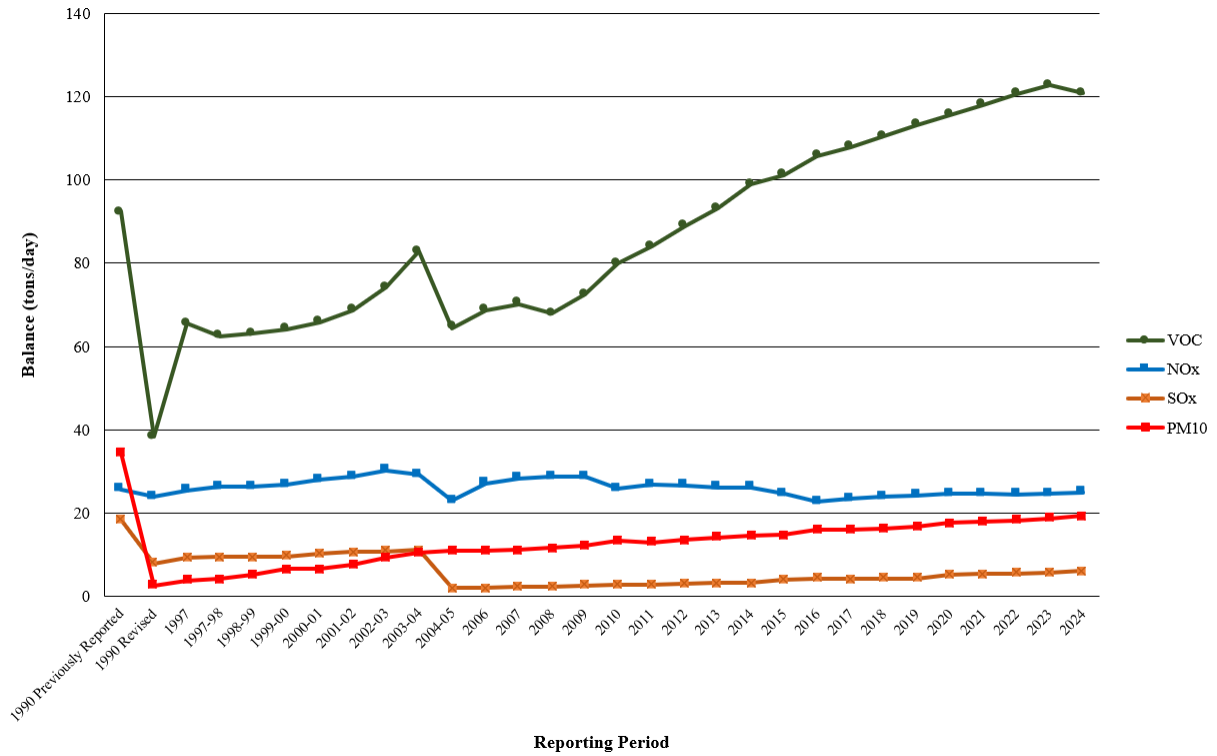
DESCRIPTION	VOC	NO _x	SO _x	PM ₁₀
2024 Actual Starting Balance ^s (tons/day)	92.75	35.92	10.31	24.58
2024 Sum of Actual Debits/Credits ^t (tons/day)	1.04	1.10	0.37	0.52
2024 Actual Ending Balance ^u (tons/day)	93.79	37.02	10.68	25.10

- ***Determination of Equivalency with Federal Offset Requirements*** - Figure 1 illustrates South Coast AQMD's federal offset account balances for calendar years 1990 and after. This graph illustrates the historical trends of offset account balances over the course of the program, demonstrating a consistent pattern of equivalency. The decline in Federal Account balances reflects the removal of pre-1990 balances in two phases: the initial removal of balances prior to 1990, followed by the complete removal of remaining pre-1990 balances in 2005. As shown in Table 1, there was a decrease in VOC and NO_x balances due to surplus adjustment of Best Available Retrofit Control Technology (BARCT) based on amendments to Rules 1178 and 1118.1, respectively.

credits as positive, while the sums of debits/credits are shown as positive or negative, as appropriate.

^u "2024 Actual Ending Balance" equals the "2024 Actual Starting Balance" plus the "2024 Sum of Actual Debits/Credits."

Figure 1
South Coast AQMD Federal Offset Account Balances
for Calendar Year 1990 – 2024



Attachments

A. Status Report on Regulation XIII – New Source Review

B. Detailed Listings of Actual Debits, Credits, and Sum of Debits and Credits

ATTACHMENT A

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

Status Report on Regulation XIII – New Source Review

September 2026

Deputy Executive Officer
Engineering and Permitting
Jason Aspell

Assistant Deputy Executive Officer
Engineering and Permitting
Jillian Wong, Ph. D.

Senior Engineering Manager
Engineering and Permitting
David Ono

AUTHORS: Jhoann Catherine Lopez, Senior Air Quality Engineer
Chwen-Jy Chang, Air Quality Engineer II
Ernan Nava, Air Quality Engineer II
German Bravo-Villaseñor, Air Quality Engineer II
Sandys Thomas, Air Quality Engineer II

CONTRIBUTORS: Sang-Mi Lee, Planning & Rules Manager
Andy Yen, Air Quality Engineer II

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

SECTION	PAGE
<i>Summary</i>	<i>1</i>
<i>Background</i>	<i>6</i>
<i>Federal Law</i>	<i>7</i>
<i>State Law</i>	<i>8</i>
<i>Overview of Analysis Methodology</i>	<i>8</i>
<i>South Coast AQMD's Offset Accounts</i>	<i>9</i>
Debit Accounting.....	<i>9</i>
Credit Accounting.....	<i>9</i>
<i>Determination of Equivalency with Federal Offset Requirements</i>	<i>10</i>
<i>California Environmental Quality Act Backstop Provisions</i>	<i>11</i>
<i>Conclusions</i>	<i>11</i>

SUMMARY

South Coast AQMD's NSR rules and regulations are designed to ensure that emission increases from new and modified sources do not interfere with efforts to attain and maintain the state and federal ambient air quality standards, while economic growth in the South Coast region is not unnecessarily impeded. Regulation XIII - New Source Review, regulates and accounts for all emission changes (both increases and decreases) from the permitting of new, modified, and relocated stationary sources within the South Coast AQMD's jurisdiction, excluding NO_x and SO_x emissions from sources that are subject to Regulation XX – Regional Clean Air Incentives Market (RECLAIM).¹

Rule 1315 – Federal New Source Review Tracking System was adopted by the Board on February 4, 2011, to maintain South Coast AQMD's ability to issue permits to major sources that require offsets but obtain offset credits from South Coast AQMD's Priority Reserve under Rule 1309.1 – Priority Reserve, and/or that are exempt from offsets under South Coast AQMD Rule 1304 – Exemptions. Since these sources are not exempt from offsets under the federal Clean Air Act, South Coast AQMD provides offsets from South Coast AQMD's internal account balances, which have been generated primarily from orphan shutdowns (*i.e.*, emissions reductions from sources that have shut down, but the owner or operator did not apply for emission reduction credits). The purpose of this Determination of Equivalency is to show that there are sufficient offsets in the internal account balances to cover sources that used these offsets for the year in question and the offset needs projected for the following two years.

Rule 1315 requires that, commencing with calendar year 2010, and for each calendar year thereafter, the Executive Officer prepares a Preliminary Determination of Equivalency (PDE) and Final Determination of Equivalency (FDE). The accounting covers NSR activities for twelve-month periods. The calendar year 2024 PDE was reported to the South Coast AQMD Board at the February 2026 Board meeting and the FDE is required to be reported at the September 2026 Board meeting. Rule 1315 also requires the Executive Officer to aggregate and track offsets debited from and deposited to South Coast AQMD's internal offset accounts for specified periods between October 1, 1990, and December 31, 2005, and each calendar year from 2006 through 2030 for the purpose of making periodic determinations of compliance. The last report submitted to the Board on February 6, 2026, presented the PDE for calendar year 2024 and demonstrated that South Coast AQMD's NSR program met the state and federal offset requirements for calendar year 2024.

Rule 1315 also requires that, commencing with calendar year 2011, and for each calendar year thereafter, the Executive Officer include in each FDE: the cumulative net emission increase of each nonattainment air contaminant that occurred at major and minor facilities from February 4, 2011, the date of adoption of Rule 1315, through the end of the calendar year 2011 reporting period and through the end of each subsequent reporting period; and

¹ While the RECLAIM program is different than command and control rules for NO_x and SO_x, and provides greater regulatory flexibility to businesses, its NSR requirements, as specified in Rule 2005, are designed to comply with the governing principles of NSR contained in the federal Clean Air Act (CAA) and the California State Health and Safety Code. When it was developed, the RECLAIM program applied to facilities with annual emission greater than four tons per year of NO_x or SO_x.

the projected cumulative net emission increases at the end of each of the two subsequent reporting periods. The calendar year 2024 FDE contains the cumulative net emission increases through the end of calendar year 2024 and the projected cumulative net emission increases at the end of calendar years 2025 and 2026.

This report, which presents the FDE covering the calendar year 2024 reporting period, demonstrates compliance with state and federal NSR requirements by establishing aggregate equivalence with state and federal offset requirements for sources that were not exempt from state and federal offset requirements, but were either exempt from offsets or obtained their offsets from South Coast AQMD pursuant to Regulation XIII.

The federal offset accounts FDE for calendar year 2024 is summarized in Table 1. Projections of South Coast AQMD's federal offset account balances for January 2025 through December 2025 and January 2026 through December 2026, as specified and required pursuant to Rule 1315(e), are presented in Table 2. These tables demonstrate that there were, and project that there will be, adequate offsets available to mitigate all applicable emission increases during these reporting periods.

The cumulative net emission increase of each nonattainment air contaminant that occurred at major and minor facilities that were issued permits pursuant to Rule 1304 exemptions or Rule 1309.1 Priority Reserve from February 4, 2011, the date of adoption of Rule 1315, through the end of the calendar year 2024 reporting period, as required under Rule 1315(g), is summarized in Table 3. Projections of cumulative net emission increase for January 2025 through December 2025 and January 2026 through December 2026 are summarized in Table 4. These results demonstrate that the cumulative net emission increase, and projections of cumulative net emission increase, of each nonattainment air contaminant remained below the thresholds identified in Table B of Rule 1315(g)(4), and therefore the Executive Officer can continue to issue permits to construct and permits to operate that rely on further use of Rule 1304 exemptions or Rule 1309.1 Priority Reserve offsets to major and minor sources.

The state offset accounts for calendar year 2024 are summarized in Table 5. This report demonstrates that, for calendar years 2024 through 2026, South Coast AQMD's NSR program continues and is projected to meet, state and federal offset requirements and is equivalent² to those requirements on an aggregate basis. The South Coast Air Basin and Coachella Valley were designated as being in attainment with the federal and state CO standards, and therefore South Coast AQMD does not report CO accumulated credits and account balances in this equivalency determination. U.S. EPA designated the South Coast Air Basin as being in attainment with the federal PM₁₀ standard effective July 26, 2013. However, the Coachella Valley has not attained the PM₁₀ National Ambient Air Quality Standards (NAAQS), therefore, South Coast AQMD will continue to track and report PM₁₀ (in the South Coast Air Basin) accumulated credits and account balances for informational purposes only.³

² South Coast AQMD's NSR program is deemed to be equivalent to state and federal offset requirements. South Coast AQMD's ending offset account balances remained positive, indicating there were adequate offsets during this reporting period.

³ Rule 1315 does not distinguish accumulated credits and account balances between designated areas.

Table 1
Federal Offset Accounts FDE for January 2024 through December 2024

DESCRIPTION	VOC	NOX	SOX	PM10
2023 Actual Ending Balance^a (tons/day)	122.82	24.72	5.81	18.79
2024 Discount of Credits for Surplus Adjustment ^b (tons/day)	-4.18	-0.99	0.00	0.00
2024 Starting Balance (tons/day)	118.64	23.73	5.81	18.79
2024 Actual Total Debit ^c (lbs./day)	-464	-406	0.00	-27
2024 Actual Total Debits^c (tons/day)	-0.23	-0.20	0.00	-0.01
2024 Actual Total Credits ^c (lbs./day)	4,628	3,062	810	1,156
2024 Actual Total Credits^c (tons/day)	2.31	1.53	0.41	0.58
2024 Actual Ending Balance^d (tons/day)	120.72	25.06	6.22	19.36

^a Previously reported in Table 1 of the 2024 PDE dated February 6, 2026.

^b This adjustment is surplus at the time of use discount, which is also discussed in Rule 1315(c)(4). For CY 2024, there was a decrease in VOC and NOx balances due to amendments to Rules 1178 and 1118.1, respectively.

^c For an explanation of the sources of credits and debits, please refer to the Debit and Credit Accounting sections of this report as well as Rule 1315(c) and the February 4, 2011, Rule 1315 staff report. Debits are shown as negative and credits as positive.

^d Represents the “2024 Actual Ending Balance” equals the “2023 Actual Ending Balance,” reduced by any surplus adjustments and 2024 actual total debits, plus 2024 actual total credits.

Table 2
Projections of South Coast AQMD’s Federal Offset Account Balances for
January 2025 through December 2025, and January 2026 through December
2026

DESCRIPTION	VOC	NOX	SOX	PM10
2024 Actual Ending Balance^a (tons/day)	120.72	25.06	6.22	19.36
2025 Total Projected Debits ^b (lbs./day)	-380	-500	0	-80
2025 Total Projected Credits ^b (lbs./day)	5,060	1,480	740	1,060
2025 Sum of Projected Debits/Credits ^b (lbs./day)	4,680	980	740	980
2025 Sum of Projected Debits/Credits^b (tons/day)	2.34	0.49	0.37	0.49
2025 Projected Ending Balance^c (tons/day)	123.06	25.55	6.59	19.85
2026 Total Projected Debits ^b (lbs./day)	-380	-500	0	-80
2026 Total Projected Credits ^b (lbs./day)	5,060	1,480	740	1,060
2026 Sum of Projected Debits/Credits ^b (lbs./day)	4,680	980	740	980
2026 Sum of Projected Debits/Credits^b (tons/day)	2.34	0.49	0.37	0.49
2026 Projected Ending Balance^d (tons/day)	125.40	26.04	6.96	20.34

^a “2024 Actual Ending Balance” is as shown in Table 1.

^b Projections are based upon the average of the total annual debits and the average of the total annual credits for the five reporting periods most recently included in the PDE or the FDE, pursuant to Rule 1315(e). For an explanation of the sources of debits and credits please refer to the Debit and Credit Accounting sections of this report as well as Rule 1315(c) and the February 4, 2011, Rule 1315 staff report. Debits are shown as negative and credits as positive, while the sum of debits/credits are shown as negative or positive, as appropriate.

^c “2025 Projected Ending Balance” equals the “2024 Actual Ending Balance” plus the “2025 Sum of Projected Debits/Credits.”

^d “2026 Projected Ending Balance” equals the “2025 Projected Ending Balance” plus the “2026 Sum of Projected Debits/Credits.”

Table 3
Cumulative Net Emission Increase (February 4, 2011 – December 31, 2024)

DESCRIPTION	VOC	NOX	SOX	PM10
2023 Cumulative Net Emission Increase^a (tons/day)	-30.79	-4.02	-2.16	-2.58
2024 Increases in Potential to Emit ^b (tons/day)	1.59	0.54	0.09	0.33
2024 Decreases in Potential to Emit ^c (tons/day)	-2.89	-1.91	-0.51	-0.72
2024 Cumulative Net Emission Increase^d (tons/day)	-32.09	-5.39	-2.58	-2.97
Rule 1315(g) Table B Threshold (through December of 2024 – tons/day)	17.73	1.27	0.42	2.63

^a “2023 Cumulative Net Emission Increase.” Balances previously reported in Table 3 of the 2023 FDE report dated September 7, 2025.

^b Increases in potential to emit that occur at major and minor facilities pursuant to Rule 1304 or Rule 1309.1.

^c Decreases in potential to emit that occur at major and minor facilities pursuant to Rule 1304 or Rule 1309.1.

^d “2024 Cumulative Net Emission Increase” is the sum of the increases and decreases in the potential to emit that occur at major and minor facilities pursuant to Rule 1304 or Rule 1309.1 over the period of February 4, 2011, through December 31, 2024.

Table 4
**Projections of Cumulative Net Emission Increase January 2025 through December 2025
and January 2026 through December 2026**

DESCRIPTION	VOC	NOX	SOX	PM10
2024 Cumulative Net Emission Increase^a (tons/day)	-32.09	-5.39	-2.58	-2.97
2025 Projected Emission Increase ^b (tons/day)	1.35	0.52	0.09	0.28
2025 Projected Emission Decrease ^b (tons/day)	-3.16	-0.66	-0.38	-0.66
2025 Projected Cumulative Net Emission Increase^c (tons/day)	-33.90	-5.53	-2.87	-3.35
Rule 1315(g) Table B 2025 Threshold (tons/day)	18.98	1.39	0.45	2.83
2026 Projected Emission Increase ^d (tons/day)	1.35	0.52	0.09	0.28
2026 Projected Emission Decrease ^d (tons/day)	-3.16	-0.66	-0.38	-0.66
2026 Projected Cumulative Net Emission Increase^e (tons/day)	-35.71	-5.67	-3.16	-3.73
Rule 1315(g) Table B 2026 Threshold (tons/day)	20.23	1.50	0.48	3.03

^a “2024 Cumulative Net Emission Increase” from Table 3.

^b “2025 Projected Emission Increase” and “2025 Projected Emission Decrease” are the averages of the 2020, 2021, 2022, 2023, and 2024 increases and decreases, respectively, in potential to emit.

^c “2025 Projected Cumulative Net Emission Increase” is the sum of the “2025 Projected Emission Increase” and “2025 Projected Emission Decrease” added to the “2024 Cumulative Net Emission Increase.”

^d “2026 Projected Emission Increase” and “2026 Projected Emission Decrease” are the averages of the 2020, 2021, 2022, 2023, and 2024 increases and decreases, respectively, in potential to emit.

^e “2026 Projected Cumulative Net Emission Increase” is the sum of the “2026 Projected Emission Increase” and “2026 Projected Emission Decrease” added to the “2025 Projected Cumulative Net Emission Increase.”

Table 5
State Offset Accounts FDE for January 2024 through December 2024

DESCRIPTION	VOC	NOX	SOX	PM10
2024 Actual Starting Balance^a (tons/day)	92.75	35.92	10.31	24.58
2024 Actual Total Credits ^b (tons/day)	2.31	1.53	0.41	0.58
2024 Actual Total Debits ^b (tons/day)	-1.27	-0.43	-0.04	-0.06
2024 Sum of Actual Debits/Credits^b (tons/day)	1.04	1.10	0.37	0.52
2024 Actual Ending Balance^c (tons/day)	93.79	37.02	10.68	25.10

^a “2024 Actual Starting Balance” is from Table 3 of the PDE report dated February 6, 2026.

^b For an explanation of the sources of debits and credits please refer to the Debit and Credit Accounting sections of this report. Debits are shown as negative and credits as positive, while the sums of debits/credits are shown as positive or negative, as appropriate.

^c “2024 Actual Ending Balance” equals the “2024 Actual Starting Balance” plus the “2024 Sum of Actual Debits/Credits.”

BACKGROUND

South Coast AQMD originally adopted its NSR program in 1976. U.S. EPA approved South Coast AQMD’s NSR program into the SIP initially on January 21, 1981 (46 FR 5965) and again on December 4, 1996 (61 FR 64291). U.S. EPA approved the May 3, 2002, Rule 1309.1 amendments into the SIP on June 19, 2006 (71 FR 35157). The original program has evolved into the current version of the Regulation XIII rules in response to state and federal legal requirements and the changing needs of the local environment and economy. Amendments to the NSR rules were adopted by the Board on December 6, 2002, to facilitate and provide additional options for credit generation and use. Rule 1315 was adopted and re-adopted on September 8, 2006, and August 3, 2007, respectively. Rule 1309.1 was amended and replaced on September 8, 2006, and August 3, 2007, respectively. On November 3, 2008, in response to a lawsuit filed by a group of environmental organizations, a California State Superior Court Judge in the County of Los Angeles invalidated the August 3, 2007, adopted Rule 1315 and amendments to Rule 1309.1, and prohibited South Coast AQMD from taking any action to implement Rule 1315 or the amendments to Rule 1309.1 until it had prepared a new environmental assessment under CEQA. On February 4, 2011, South Coast AQMD adopted a revised and enhanced version of Rule 1315, which included a new CEQA environmental assessment. U.S. EPA approved Rule 1315 into SIP in 2012 (77 FR 31200), and this approval was upheld by the U.S. Court of Appeals for the Ninth Circuit Court in 2015.

South Coast AQMD’s computerized emission tracking system is used to demonstrate equivalence with state and federal offset requirements on an aggregate basis. Specific NSR requirements of federal law are presented below.

FEDERAL LAW

Federal NSR requirements vary with respect to the area's attainment status and classification. Based on the current classification for the 1997 8-hour ozone standard, the South Coast Air Basin and the Riverside County portion of the Salton Sea Air Basin (also known as the Coachella Valley) are both extreme nonattainment areas for federal ozone National Ambient Air Quality Standards (NAAQS or standards). The South Coast Air Basin is in extreme nonattainment for all the 8-hour ozone standards set in 1997, 2008, 2015, and for the 1-hour ozone standards set in 1979. The Coachella Valley is in extreme nonattainment for the 1997 and 2008 8-hour ozone standards,⁴ and severe nonattainment for the 2015 ozone standard. South Coast AQMD requested a voluntary reclassification to extreme nonattainment for Coachella Valley for the 2015 ozone standard.⁵ As the NSR requirements are more stringent for a higher nonattainment classification and the more stringent requirements apply, both South Coast Air Basin and Coachella Valley must comply with the requirements for extreme nonattainment areas for ozone precursors (i.e., VOC and NOx). During the 2024 equivalency period, both the South Coast Air Basin and the Coachella Valley complied with their respective requirements for extreme nonattainment for ozone and serious nonattainment for PM_{2.5} and its precursors (i.e., VOC, NOx, SOx, and NH₃).⁶ Coachella Valley is in attainment for PM_{2.5} and CO. U.S. EPA designated the South Coast Air Basin in attainment with federal CO standards on June 11, 2007. Starting calendar year 2017, South Coast AQMD stopped reporting CO accumulated credits, debits, and account balances in the equivalency determination. Both South Coast Air Basin and Coachella Valley are considered in attainment for SO₂ and NO₂; however, SOx and NOx are precursors to pollutants for which both South Coast Air Basin and Coachella Valley are designated as in nonattainment.⁷ The non-Palo Verde, Riverside County portion of the Mojave Desert Air Basin under South Coast AQMD's jurisdiction is unclassifiable. Federal law requires the use of Lowest Achievable Emission Rate (LAER) and offsets for emissions of nonattainment pollutants (or their precursors) for new, modified, and relocated stationary sources, when the source is considered a major stationary

⁴ Coachella Valley is reclassified to "extreme" nonattainment for the 1997 and the 2008 8-hour ozone national ambient air quality standards, effective on July 10, 2019 (84 FR 32841) and April 7, 2023 (88 FR 14291), respectively.

⁵ South Coast AQMD requested U.S. EPA to reclassify the Coachella Valley's nonattainment status from "severe" to "extreme" for the 2015 8-hour ozone standards. As of August 18, 2026, the request is under U.S. EPA's review.

⁶ As of July 26, 2013, South Coast Air Basin was redesignated as attainment for the federal 24-hour PM₁₀ standard, and U.S. EPA approved a PM₁₀ maintenance plan. South Coast AQMD will continue to track and report PM₁₀ accumulated credits and account balances for informational purposes only in the South Coast Air Basin and for equivalency in the Coachella Valley.

⁷ SOx is a precursor to PM₁₀ and NOx is a precursor to both PM₁₀ and ozone.

source⁸ for the nonattainment pollutants (or their precursors). This report demonstrates compliance with the federal NSR offsets requirements.

STATE LAW

State law requires the use of BACT for new and modified sources (Health and Safety Code Sections 40440(b)(1) and 40920.5) and “no net increase in emissions” from certain permitted new or modified sources based on their potential to emit and the nonattainment classification of the area in which they are located. This report demonstrates South Coast AQMD’s compliance with the “no net emission increase” requirements of state law for the 2024 period by demonstrating compliance with the requirements for extreme ozone nonattainment areas for ozone precursors and with the requirements for serious nonattainment areas for PM10 and precursors to PM10. The South Coast Air Basin was designated as being in attainment with the state CO standards effective June 11, 2007.

OVERVIEW OF ANALYSIS METHODOLOGY

The two most important elements of state and federal nonattainment NSR requirements are BACT/LAER and emission offsetting. As set forth in South Coast AQMD’s BACT Guidelines, South Coast AQMD’s BACT requirements are at least as stringent as federal LAER for major sources and state BACT requirements for all sources. The NSR emission offset requirements that South Coast AQMD implements through its permitting process ensure that sources provide emission reduction credits (ERCs) to offset their emission increases in compliance with state and federal requirements. As a result, these sources each comply with state and federal offset requirements by providing ERCs. However, certain sources are exempt from South Coast AQMD’s offset requirements pursuant to Rule 1304 or qualify for offsets from South Coast AQMD’s Community Bank (applications received between October 1, 1990, and February 1, 1996, only) or Priority Reserve, both pursuant to Rule 1309.1. Providing offset exemptions and the Priority Reserve (as well as the previously administered Community Bank) are important to the NSR program and the local economy. Therefore, South Coast AQMD has assumed the responsibility of providing the necessary offsets for exempt sources, the Priority Reserve, and the Community Bank.

This report examines withdrawals from and deposits into South Coast AQMD emission offset accounts during calendar year 2024 and demonstrates programmatic equivalence on an aggregate basis with state and federal emission offset requirements for the sources

⁸ The major stationary source thresholds for South Coast Air Basin, Coachella Valley, and non-Palo Verde, Riverside County portion of the Mojave Desert Air Basin, based on their attainment status during the calendar year 2024 reporting periods are summarized below:

Pollutant	South Coast Air Basin	Coachella Valley	Non-Palo Verde, Riverside County Portion of Mojave Desert Air Basin
VOC	10 tons/year	10 tons/year	100 tons/year
NOx	10 tons/year	10 tons/year	100 tons/year
SOx	70 tons/year	70 tons/year	100 tons/year
PM10	70 tons/year	70 tons/year	100 tons/year
CO	50 tons/year	100 tons/year	100 tons/year

exempt from providing offsets and the sources that receive offsets from the Priority Reserve or the Community Bank.

SOUTH COAST AQMD'S OFFSET ACCOUNTS

For the purposes of this report, federal debit and credit accounting for South Coast AQMD offset accounts was conducted pursuant to the same procedures previously agreed to by U.S. EPA and as delineated in Rule 1315 and described in the staff report dated January 7, 2011. Each of the pollutants subject to offset requirements has a separate federal offset account. State debit and credit accounting for South Coast AQMD offset accounts was similarly conducted, with the difference that state offset requirements apply to all increases of VOC or NO_x from equipment subject to South Coast AQMD's permitting program and to increases of SO_x and PM₁₀ from facilities that emit 15 or more tons per year. South Coast AQMD's NSR program is considered to provide equivalent or greater offsets of emissions as required by state and federal requirements for each subject pollutant provided the balance of offsets in South Coast AQMD's state and federal offset account for each pollutant remains positive, indicating that there were adequate offsets available.

Debit Accounting

Staff tracks all emission increases that are offset through the Priority Reserve or the Community Bank, as well as all increases that are exempt from offset requirements pursuant to Rule 1304 exemptions. These increases are debited from South Coast AQMD's federal offset accounts when they occur at major sources. For federal equivalency demonstrations, South Coast AQMD uses an offset ratio of 1.2-to-1.0 for extreme nonattainment pollutants (ozone and ozone precursors, i.e., VOC and NO_x) and uses 1.0-to-1.0 for all other nonattainment pollutants (non-ozone precursors, i.e., SO_x and PM₁₀) to offset any such increases. That is, 1.2 pounds are deducted from South Coast AQMD offset accounts for each pound of maximum allowable permitted potential to emit VOC or NO_x increase at a major source and 1.0 pound is deducted for each pound of maximum allowable permitted potential to emit SO_x or PM₁₀ at a major source. A more detailed description of federal debit accounting is provided in the Rule 1315 staff report dated January 7, 2011, and Rule 1315(c)(2).

To comply with U.S. EPA's NSR Reform requirements applicable to extreme nonattainment areas for ozone, the South Coast AQMD tracks changes to facility-wide limits under Rule 1304 – Exemptions and debits any increases from the federal offset accounts accordingly.

State offset requirements are based on actual emissions rather than maximum allowable permitted potential to emit. South Coast AQMD methodology uses actual emissions as eighty percent of permitted potential to emit⁹. Thus, 0.8 pounds is debited from South Coast AQMD's state accounts for each pound of maximum allowable permitted emissions increase.

⁹ See Status Report on Regulation XIII – New Source Review dated April 2, 2004.

Credit Accounting

When emissions from a permitted source are permanently reduced (e.g., installation of control equipment, removal of the source) and the emission reduction is not required by rule or law and is not included in an AQMP control measure that has been assigned a target implementation date,¹⁰ the permit holder may apply for ERCs for the pollutants reduced. If the permit holder for the source generating the emission reduction had previously received offsets from South Coast AQMD or has a “positive NSR balance” (i.e., pre-1990 net emission increase), the quantity of South Coast AQMD offsets used or the amount of the positive NSR balance is subtracted from the reduction and “paid back” to South Coast AQMD’s accounts prior to issuance of an ERC pursuant to Rule 1306. In certain other cases, permit holders do not always submit applications to claim ERCs or do not qualify to obtain ERCs for their equipment shutdowns. These unclaimed reductions are referred to as “orphan shutdowns” and are deposited in South Coast AQMD’s offset accounts. Also deposited are qualified emission reductions from permitted sources that underwent a physical change and/or change in operation and received revised permits without claiming ERCs. These reductions, referred to as “orphan reductions,” are not required by any rule, regulation, law, approved Air Quality Management Plan control measure, or the SIP and do not result in ERC issuance. ERCs provided as offsets by major sources in excess of the applicable federally required offset ratio and all ERCs provided as offsets by minor sources not subject to federal offset requirements are also deposited in South Coast AQMD’s federal offset accounts. A more detailed description of federal credit accounting is provided in Rule 1315(c)(3)(A) and its staff report dated January 7, 2011.

DETERMINATION OF EQUIVALENCY WITH FEDERAL OFFSET REQUIREMENTS

Figure 1 illustrates South Coast AQMD’s federal offset account balances for calendar years 1990 and after.¹¹ The calendar year 2024 balances are based on final determinations.

¹⁰ Refer to Rule 1309(b) for a complete explanation of eligibility requirements.

¹¹ The 1990 and 2005 drops in federal account balances are due to the initial removal of pre-1990 balance and the 2005 removal of the remaining pre-1990 balance.

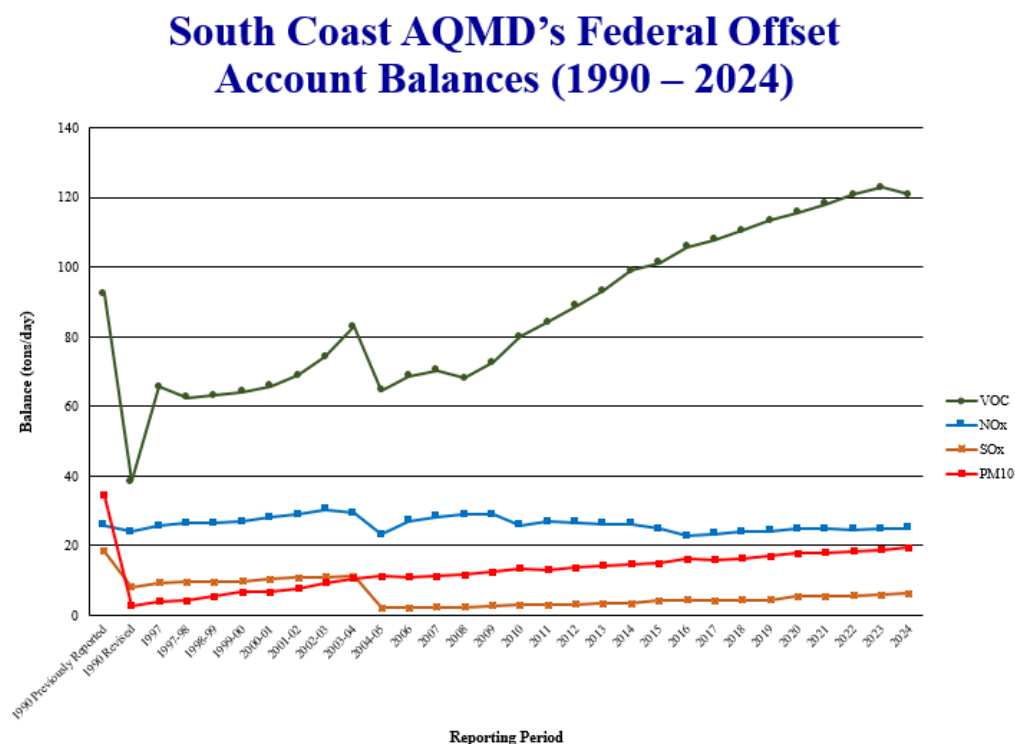


Figure 1. South Coast AQMD Federal Offset Account Balances from Calendar Year 1990-2024

The federal offset requirements FDE for calendar year 2024 and the projections for calendar years 2025 and 2026 are summarized in Tables 1 and 2, located above on pages 3 and 4, respectively. The detailed listing of actual final withdrawals, deposits and sum of withdrawals and deposits are shown in Tables A, B, and C of Attachment B; the account balances shown in Tables A and B reflect the tracking sequence described under Rule 1315(c)(5).

CALIFORNIA ENVIRONMENTAL QUALITY ACT BACKSTOP PROVISIONS

In addition to the equivalency demonstration with the federal offset requirements, Rule 1315(g) requires the tracking of all increases in potential to emit and emission reductions that occur at major and minor facilities and ensure that the cumulative net emission increases in any given year remain below the thresholds, established in Rule 1315.

Pursuant to Rule 1315(g)(1), net emission increases of nonattainment air contaminants at major and minor facilities are based on the sum of aggregate increases in potential to emit and aggregate emissions reductions at major and minor facilities pursuant to Rule 1304 or Rule 1309.1.

Aggregate increases in potential to emit for major and minor sources include potential to emit increases from the Priority Reserve or Community Bank pursuant to Rule 1309.1 and

exemptions from the offset requirements of Rule 1303 – Requirements pursuant to Rule 1304.

Aggregate emissions reductions for major and minor sources include, but are not limited to, potential to emit reductions as a result of orphan shutdowns and/or orphan reductions.

Pursuant to Rule 1315(g)(2), projections of cumulative net emission increases at the end of the two subsequent reporting periods are based upon the average of the aggregate increase in potential to emit of each nonattainment air contaminant and the average of the aggregate emissions reductions of the same nonattainment air contaminant for the five reporting periods most recently included in the PDE or the FDE for each of the reporting periods commencing with the 2011 reporting period, whichever is fewer reporting periods. For calendar year 2024 FDE, the averages are based on the 2020, 2021, 2022, 2023, and 2024 aggregate increases in potential to emit and aggregate emissions reductions. The purpose of Rule 1315(g) is to ensure that implementation of Rule 1315 does not cause emission increases beyond those analyzed in the CEQA document for Rule 1315.

Cumulative net emission increases and projected cumulative net emission increases must remain below the thresholds shown in Table B of Rule 1315 in order for the Executive Officer to be able to continue to issue permits to exempt sources pursuant to Rule 1304 or subject to Rule 1309.1 Priority Reserve.

CONCLUSIONS

The analysis presented in this report demonstrates the following:

- For calendar year 2024, South Coast AQMD's NSR program provided equivalent offsets to those required by state and federal NSR requirements. The program is equivalent to the state and federal requirements on an aggregate basis. This conclusion is based on the determination that the actual ending state and federal offset account balances for the calendar year reporting period, as shown in Tables 1 and 3, remained positive for all pollutants.
- South Coast AQMD's projected federal offset account balances for 2025 and 2026 are projected to remain positive. This means that the sum of the estimated withdrawals from and deposits to South Coast AQMD's offset accounts during 2025 and 2026 are projected to remain positive and, therefore, demonstrates that South Coast AQMD's NSR program is equivalent to federal NSR requirements, as shown in Table 2.
- The cumulative net emission increase for each nonattainment air contaminant at major and minor facilities from the date of adoption of Rule 1315 (February 4, 2011) to the end of calendar year 2024, and the projected cumulative net emission increases through the end of calendar years 2025 and 2026, remained below the thresholds identified in Table B of Rule 1315. Therefore, the Executive Officer can continue to issue permits to construct and permits to operate that rely on further use of Rule 1304 exemptions or Rule 1309.1 Priority Reserve offsets to major and minor sources, as shown in Tables 3 and 4.

ATTACHMENT B

Detailed Listings of Actual Debits, Credits, and Sum of Debits and Credits

Table A
Total Actual Debits from South Coast AQMD's Federal Offset Accounts
(January 2024 through December 2024)

SOUTH COAST AQMD OFFSETS USED	VOC	NO_x	SO_x	PM₁₀
Priority Reserve (lbs./day)	-55	-224	0	0
Community Bank (lbs./day)	0	0	0	0
Rule 1304 Exemptions (lbs./day)	-332	-114	0	-27
Total of South Coast AQMD Offsets (lbs./day)	-387	-338	0	-27
1.2-to-1.0 Offset Ratio (lbs./day)	-77	-68	0	0
Total Actual Debits to South Coast AQMD Account (lbs./day)	-464	-406	0	-27
Total Actual Debits to South Coast AQMD Account (tons/day)	-0.23	-0.20	0	-0.01

Table B
Total Actual Credits to South Coast AQMD's Federal Offset Accounts
(January 2024 through December 2024)

SOUTH COAST AQMD CREDITS RECEIVED	VOC	NO_x	SO_x	PM₁₀
Major Source Orphan Credits (lbs./day)	294	2,832	0	84
Minor Source Orphan Credits (lbs./day)	5,491	996	1,013	1,361
Total Orphan Credits (lbs./day)	5,785	3,828	1,013	1,445
Adjustment to Actual Emissions ^a (lbs./day)	-1,157	-766	-203	-289
Discount of ERCs ^b (lbs./day)	0	0	0	0
Creditable Minor Source ERC Use (lbs./day)	0	0	0	0
Creditable Major Source ERC Use (lbs./day)	0	0	0	0
Total Actual Credits to South Coast AQMD Account (lbs./day)	4,628	3,062	810	1,156
Total Actual Credits to South Coast AQMD Account (tons/day)	2.31	1.53	0.41	0.58

^a Adjustment of orphan shutdown and orphan reduction offset credits deposited in South Coast AQMD offset accounts to correct from potential emissions to actual emissions as discussed in Rule 1315(c)(3)(B)(i).

^b Prior to issuance of ERCs, they are discounted for NSR "Payback," which includes payback of NSR balance, Community Bank and Priority Reserve allocations, and offset exemptions, as discussed in Rule 1315(c)(3)(A)(v) and Rule 1306(c).

Table C
Sum of Final Debits/Credits Activities in South Coast AQMD's
Federal Offset Accounts (January 2024 through December 2024)

DESCRIPTION	VOC	NO_x	SO_x	PM₁₀
Total Actual Debits (lbs./day)	-464	-406	0	-27
Total Actual Credits (lbs./day)	4,628	3,062	810	1,156
Sum of Actual Debits (-)/Credits (+) (lbs./day)	4,164	2,656	810	1,129
Sum of Actual Debits (-)/Credits (+) (tons/day)	2.08	1.33	0.41	0.56