

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

Preliminary Draft Staff Report Proposed Rule 317.1 – Clean Air Act Nonattainment Fees for the 8-Hour Ozone Standards

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TABLE OF CONTENTS

EXECUTIVE SUMMARY	iii
CHAPTER 1 – BACKGROUND.....	1-1
1.1. Introduction	1-2
1.2. Ozone Trends and Emissions Sources	1-4
1.3. Clean Air Act Section 185 nonattainment fees Requirements	1-6
1.4. Use of Funds.....	1-11
1.5. Need for Rulemaking	1-11
1.6. Affected IndustrIES/Facilities	1-12
1.7. Public Process.....	1-13
CHAPTER 2 - SUMMARY OF PROPOSED RULE 317.1.....	2-1
2.1. Overview of PR 317.1.....	2-2
2.2. Proposed Rule 317.1	2-2
CHAPTER 3 – IMPACT ASSESSMENT	3-1
3.1. Introduction	3-2
3.2. Emissions Impact.....	3-2
3.3. California Environmental Quality Act Assessment	3-2
3.4. Socioeconomic Impact Assessment	3-2
3.5. Preliminary Cost Assumptions and Impacts.....	3-2
3.6. Draft Findings under Health and Safety Code Section 40727.....	3-8
APPENDIX A: Affected facilities	A-1

LIST OF FIGURES

Figure 1-1 U.S. EPA Nonattainment Area Designations	1-2
Figure 1-2 U.S. EPA NAAQS Attainment Regions in South Coast AQMD’s Jurisdiction	1-3
Figure 1-3 8-Hour Ozone Design Values	1-5
Figure 1-4 Source Contributions for Ozone Precursors	1-6
Figure 1-5 Example Calculation of Annual CAA Section 185 Fee Amount for a Major Stationary Source of VOC Emissions for the 1997 8-Hour Ozone Standard	1-8
Figure 1-6 Major Stationary Source Projected Calendar Year 2025 Facility Universe	1-13
Figure 2-1 1997 8-Hour Ozone NAAQS Reporting and Payment for Hypothetical Major Stationary Source	2-7
Figure 3-1 1997 8-Hour Ozone Standard CAA Nonattainment Fee Projections Accounting for Rule 1109.1 NOx Reductions	3-5
Figure 3-2 2008 8-Hour Ozone Standard CAA Nonattainment Fee Projections Accounting for Rule 1109.1 NOx Reductions	3-6
Figure 3-3 1997 and 2008 8-Hour Ozone Standards VOC and NOx CAA Nonattainment Fee Projections Accounting for Rule 1109.1 NOx Reductions	3-7
Figure 3-4 Major Stationary Source Projected Calendar Year 2025 CAA Nonattainment Fee Universe	3-8

LIST OF TABLES

Table 1-1 U.S. EPA Ozone NAAQS Attainment Classifications	1-4
Table 1-2 Major Stationary Source Potential to Emit Emissions Thresholds for VOC and NOx	1-7
Table 1-3 Ozone NAAQS Nonattainment Fee Summary and Compliance Pathway Overview	1-11
Table 2-1 Baseline Emissions Applicable Rule Provision Base on when Major Stationary Source Became Applicable to PR 317.1	2-4
Table 2-2 1997 8-Hour Ozone NAAQS Assessment Years Based on when a Facility Becomes Applicable to Rule 317.1	2-5
Table 3-1 Major Stationary Source Projected Calendar Year 2025 Facility Universe by Industry NAICS Code	3-3
Table A-1 PR 317.1 Potentially Impacted Major Stationary Sources	A-2

EXECUTIVE SUMMARY

Section 185 was included in the 1990 amendments to the federal Clean Air Act (CAA) as a backstop provision for areas that are classified as “severe” or “extreme” and do not attain the national ambient air quality standards (NAAQS or standards) for ozone by their assigned attainment dates. Both volatile organic compounds (VOC) and nitrogen oxides (NO_x) are precursors of ozone. Section 185 requires that major stationary sources of VOC and/or NO_x in those nonattainment areas either reduce their emissions by 20% from a baseline amount or pay a CAA nonattainment fee. If a major stationary source does not reduce emissions below 20% from a baseline amount, a nonattainment fee will be assessed annually for each excess ton of VOC and for each excess ton of NO_x emissions above their respective 80% thresholds. The fee would be collected for each calendar year beginning after the attainment date and shall continue until the area is redesignated as an attainment area for that ozone standard. Additionally, the United States Environmental Protection Agency (U.S. EPA) is required to collect the fees if the state implementation plan (SIP) does not meet the requirements or if a state is not administering and enforcing CAA section 185. As such, South Coast AQMD is required to promulgate a rule to fulfill the obligations of CAA section 185.

The objective of Proposed Rule 317.1 – Clean Air Act Nonattainment Fees for the 8-Hour Ozone Standards (PR 317.1) is to implement CAA section 185 until the U.S. EPA declares that the nonattainment area is in attainment with the federal 8-hour standard for ozone. PR 317.1 establishes the regulatory pathway necessary to comply with the requirements of the CAA section 185 for the 1997 and 2008 8-hour ozone standards. The provisions of PR 317.1 would address when and how the CAA nonattainment fees would be assessed and collected.

CHAPTER 1 – BACKGROUND

INTRODUCTION

OZONE TRENDS AND EMISSIONS SOURCES

CLEAN AIR ACT SECTION 185 NONATTAINMENT FEES
REQUIREMENTS

USE OF FUNDS

NEED FOR RULEMAKING

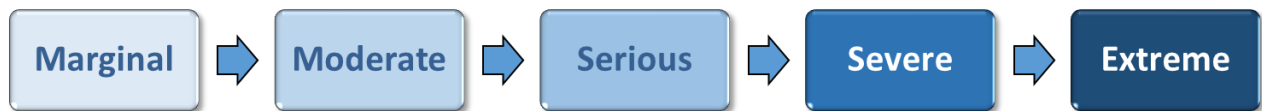
AFFECTED INDUSTRIES/FACILITIES

PUBLIC PROCESS

1.1. INTRODUCTION

The 1990 amendments to the federal Clean Air Act (CAA) require the United States Environmental Protection Agency (U.S. EPA) to establish national ambient air quality standards (NAAQS or standards) for various air pollutants to be protective of human health and the environment. The CAA requires the U.S. EPA to designate areas across the nation as meeting (attainment) or not meeting (nonattainment) the standard.¹ As shown in Figure 1-1, areas not meeting the ozone standards are designated as nonattainment areas and are classified (e.g., “extreme,” “severe,” “serious,” “moderate,” or “marginal”) based on their exceedance level for each standard.

Figure 1-1
U.S. EPA Nonattainment Area Designations



In 1979, the U.S. EPA approved a 1-hour ozone standard (120 ppb) that was replaced in 1997 with a more stringent 8-hour ozone standard (80 ppb). The U.S. EPA subsequently revoked the 1-hour standard entirely effective June 15, 2005. The 8-hour ozone standard was subsequently lowered to 75 ppb in 2008 and to 70 ppb in 2015. The U.S. EPA subsequently revoked the 8-hour ozone standard (80 ppb), effective April 6, 2015, as it was inadequate for protecting public health, but still requires adherence to anti-backsliding measures.

Even though, pursuant to 40 CFR 51.1105(d), CAA sections 181(b)(2) and 179(c) no longer obligate the U.S. EPA to determine whether an area has attained the revoked 1997 8-hour ozone standard by the area’s attainment date, the U.S. EPA is still required to determine whether an area has attained a revoked standard by the area’s attainment date in order to address the applicable requirements for nonattainment contingency measures and CAA section 185 fee programs, such as that of PR317.1, solely for anti-backsliding purposes.^{2,3} For a revoked standard, an area may submit a request for redesignation accompanied by a maintenance plan, at which point, the the U.S. EPA would perform a “functional redesignation.”

The jurisdiction of the South Coast AQMD covers (Figure 1-2) an area of approximately 10,743 square miles, consisting of the South Coast Air Basin, and the Riverside County portions of the Salton Sea Air Basin (SSAB, also referred to as Coachella Valley Planning Area or Coachella Valley) and the Mojave Desert Air Basin (MDAB). The boundaries of each air basin are defined in 40 Code of Federal Regulations Section 81.305.⁴ The South Coast Air Basin, which is a sub-region of the South Coast AQMD’s jurisdiction, is bounded by the Pacific Ocean to the west and the San Gabriel, San Bernardino, and San Jacinto mountains to the north and east. It includes all

¹ U.S. EPA. (2023, November 28). *Learn About Ozone Designations*. <https://www.epa.gov/ozone-designations/learn-about-ozone-designations#process>.

² 40 CFR 51.1105(d). <https://www.ecfr.gov/current/title-40/chapter-I/subchapter-C/part-51/subpart-AA>.

³ CAA. (2023, November 29). *Part D - Plan Requirements for Nonattainment Areas*. <https://www.epa.gov/clean-air-act-overview/clean-air-act-title-i-air-pollution-prevention-and-control-parts-through-d#id>.

⁴ U.S. EPA. *40 Code of Federal Regulations Section 81.305*. <https://www.govinfo.gov/content/pkg/CFR-2014-title40-vol18/pdf/CFR-2014-title40-vol18-sec81-305.pdf>.

of Orange County and major portions of Los Angeles, Riverside, and San Bernardino counties. The Coachella Valley (Riverside County portion of the SSAB) is a federal nonattainment area that is part of a sub-region of Riverside County in the SSAB that is bounded by the San Jacinto Mountains to the west and the eastern boundary of the Coachella Valley. The Riverside County portion of the MDAB within the South Coast AQMD jurisdiction is bounded by the eastern boundary of the Coachella Valley in the west and spans eastward to the Palo Verde Valley. The SSAB and MDAB were previously included in a single large basin called the Southeast Desert Air Basin (SEDAB).

Figure 1-2
U.S. EPA NAAQS Attainment Regions in South Coast AQMD’s Jurisdiction

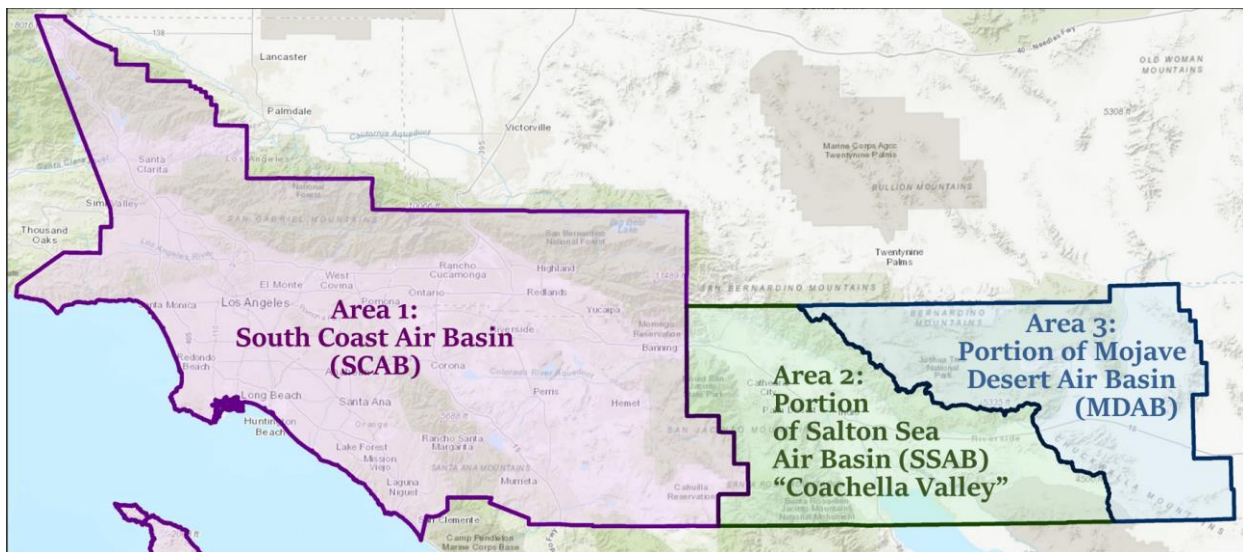


Table 1-1 shows the four U.S. EPA promulgated NAAQS for ozone as well as the attainment status and attainment deadline for each region in the South Coast AQMD’s jurisdiction. As the Riverside County portion of the MDAB is not classified as nonattainment for the 8-hour ozone standards, it is excluded from Table 1-1.^{5,6,7} For the 8-hour ozone standards, the South Coast Air Basin and Coachella Valley have been classified as “extreme” nonattainment for the 1997 and 2008 standards and as “extreme” and “severe” for the 2015 standard, respectively. As an “extreme” ozone nonattainment area for the 1997 8-hour ozone standard, the attainment deadline is June 15, 2024.

⁵ U.S. EPA. (2024, February 29). Green Book. 8-Hour Ozone (1997) Designated Area/State Information with Design Values - NAAQS Revoked. <https://www3.epa.gov/airquality/greenbook/gbtcw.html>.

⁶ U.S. EPA. (2024, February 29). Green Book. 8-Hour Ozone (2008) Designated Area/State Information with Design Values. <https://www3.epa.gov/airquality/greenbook/hbtcw.html>.

⁷ U.S. EPA. (2024, February 29). Green Book. 8-Hour Ozone (2015) Designated Area/State Information with Design Values. <https://www3.epa.gov/airquality/greenbook/jbtcw.html>.

Table 1-1
U.S. EPA Ozone NAAQS Attainment Classifications

NAAQS Year	Averaging Time	NAAQS Concentration (ppb)	Revoked Effective	Region ¹	Attainment Status	Attainment Deadline
1979	1-Hour	120	06/15/2005	SCAB	Extreme Nonattainment	12/31/2022
				Coachella Valley	Attainment ²	11/15/2007
1997	8-Hour	80	04/06/2015	SCAB	Extreme Nonattainment	06/15/2024
				Coachella Valley	Extreme Nonattainment	06/15/2024
2008	8-Hour	75	N/A	SCAB	Extreme Nonattainment	07/20/2032
				Coachella Valley	Extreme Nonattainment	07/20/2032
2015	8-Hour	70	N/A	SCAB	Extreme Nonattainment	08/03/2038
				Coachella Valley	Severe Nonattainment ³	08/03/2033 ³

¹ South Coast AQMD portion of MDAB is designated as unclassifiable.

² U.S. EPA. (04/15/2015). Finding of Attainment in 80 FR 20166. <https://www.govinfo.gov/content/pkg/FR-2015-04-15/pdf/2015-08582.pdf>.

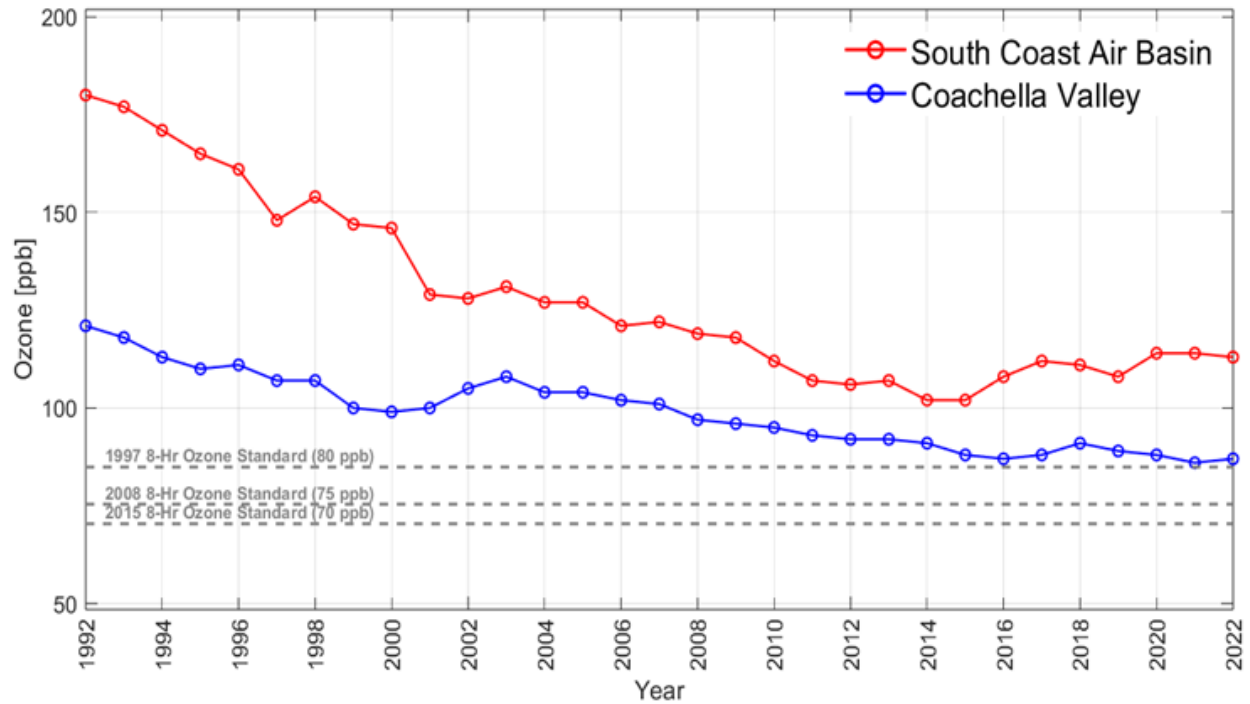
³ Voluntary reclassification to “extreme” nonattainment is pending U.S. EPA approval and would allow 5 more years to attain the standard.

1.2. OZONE TRENDS AND EMISSIONS SOURCES

1.2.1. Ozone Trends

Despite improvements in cleaner technology and strict regulations that have reduced ozone levels since their peak in the mid-twentieth century, ozone levels have remained high over the past decade. This trend is due to the changes in climate and other weather conditions such as the increase in hot, stagnant days that can lead to the formation of ozone that we have experienced in recent years. Although the Coachella Valley has reached attainment with the 1-hour ozone standard, the Coachella Valley and SCAB have not yet reached attainment with any of the three 8-hour standards (Figure 1-3). Attainment with the 1998 8-hour standard is due by June 15, 2024 and current ozone concentrations impart that the South Coast AQMD will not be able to meet this deadline. Overall, air quality has improved and continued emissions reductions will be needed to further reduce ozone.

Figure 1-3
8-Hour Ozone Design Values¹



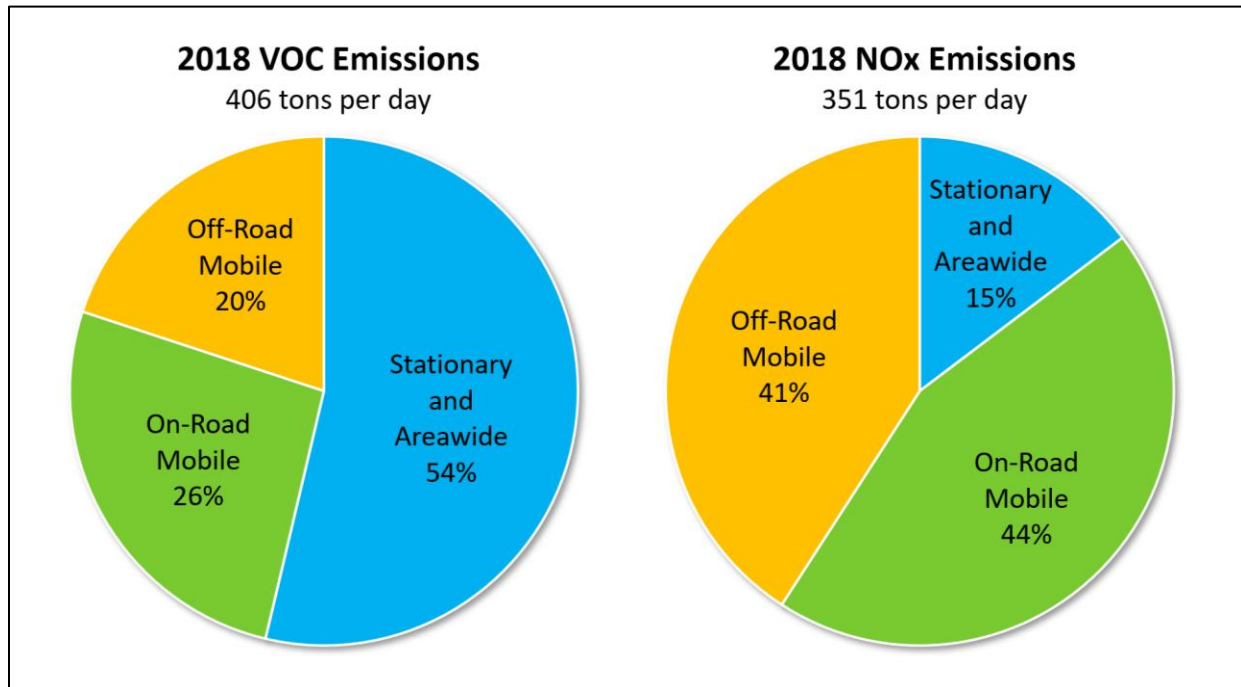
¹ Annual 4th highest 8-hour average concentration, averaged over 3 years.

1.2.2. Emissions Sources of Ozone

Unlike most other air pollutants, ground level ozone is not emitted directly into the atmosphere, but formed by the reaction of ozone precursors, nitrogen oxides (NO_x) and volatile organic compounds (VOC), in the presence of sunlight. The Figure 1-4 pie charts illustrate the calendar year 2018 emissions inventory for VOC and NO_x. They show that 54% of the VOC emissions originate from stationary and area sources while 46% of the VOC emissions originate from mobile sources. Additionally, 15% of the NO_x emissions originate from stationary and area sources while 85% of the NO_x emissions originate from mobile sources. To attain the 8-hour ozone standards, the 2022 Air Quality Management Plan (AQMP) demonstrates that the primary pollutants that must be controlled are NO_x.⁸ Although mobile sources are responsible for 85% of the of smog-forming pollution, the majority of South Coast AQMD's regulatory authority is for stationary sources with only limited authority to control mobile sources.

⁸ South Coast Air Quality Management District. (2022, December 2). *2022 Air Quality Management Plan*, Pgs. ES-4 and 2-47. <https://www.aqmd.gov/docs/default-source/clean-air-plans/air-quality-management-plans/2022-air-quality-management-plan/final-2022-aqmp/final-2022-aqmp.pdf?sfvrsn=16>.

Figure 1-4
Source Contributions for Ozone Precursors



1.3. CLEAN AIR ACT SECTION 185 NONATTAINMENT FEES REQUIREMENTS

CAA section 185 requires each major stationary source of VOC and/or NO_x, that is located in “severe” or “extreme” ozone nonattainment area where the area has failed to attain the NAAQS by the applicable attainment date, to either reduce their emissions by 20% from a baseline amount or pay a fee.⁹ CAA nonattainment fees only apply to major stationary sources of NO_x and/or VOC. A fee will only apply to a major stationary source of that particular pollutant. If a major stationary source is not a major stationary source of VOC or NO_x, no CAA nonattainment fees will be required.

Major stationary sources are defined in CAA sections 182(d), or 182(e) as applicable.¹⁰ Within South Coast AQMD’s jurisdiction a major stationary source is any facility which emits or has the potential to emit the following amounts or more:

⁹ CAA. Part D - Plan Requirements for Nonattainment Areas. *Section 185 [Section 7511d] Enforcement for Severe and Extreme ozone nonattainment areas for failure to attain.* <https://www.govinfo.gov/content/pkg/USCODE-2013-title42/html/USCODE-2013-title42-chap85-subchapI-partD-subpart2-sec7511d.htm>.

¹⁰ CAA. (2023, November 29). Part D - Plan Requirements for Nonattainment Areas. <https://www.epa.gov/clean-air-act-overview/clean-air-act-title-i-air-pollution-prevention-and-control-parts-through-d#id>.

**Table 1–2
Major Stationary Source Potential to Emit Emissions Thresholds for VOC and NOx**

Pollutant	SCAB (tons/year)	Riverside County Portion	
		SSAB (tons/year)	MDAB (tons/year)
Volatile Organic Compounds or Hydrocarbons (VOC)	10	10	100
Nitrogen Oxides (NOx)	10	10	100

Major sources are part of the South Coast AQMD Title V Program and have federally enforceable permits. The South Coast AQMD Title V Program universe consists of approximately 320 facilities.

The CAA section 185 nonattainment fees would be calculated separately for each standard the area has failed to attain. The fee shall be collected for each calendar year beginning after the attainment date and shall continue until the area is redesignated as an attainment area for that ozone standard. The fee does not go away when an ozone standard is revoked or a new ozone standard is promulgated. Additionally, the U.S. EPA is required to collect the fees if the state implementation plan (SIP) does not meet the requirements or if a state is not administering and enforcing CAA section 185.

1.3.1. Baseline Emissions

Pursuant to CAA section 185, a source's baseline emissions must be the lower of the amount of actual or allowable emissions under the permit applicable to the source (or if no permit has been issued for the attainment year, the amount of emissions allowed under the applicable implementation plan) during the attainment year. A facility will have separate facility baseline emissions for each applicable pollutant, VOC and/or NOx, for each of the applicable ozone standards the area has failed to attain.

1.3.2. Alternative Baseline Emissions

The CAA requires that the fee obligation is generally derived using a baseline amount based on applicable source emissions information in the attainment year. In some cases, the baseline emissions amount determined based on emissions in the attainment year may not be considered representative of the source's normal operating conditions and would not be appropriate for purposes of setting the CAA section 185 fee. In cases where a source's annual emissions are "irregular, cyclical, or otherwise vary significantly from year to year" the CAA provides that the U.S. EPA may issue guidance providing an acceptable alternative methodology for calculating an alternative baseline emissions amount.

On March 21, 2008, the U.S. EPA issued a memorandum outlining guidance for establishing alternative emissions baselines for areas that fail to attain the 1-hour ozone NAAQS by their

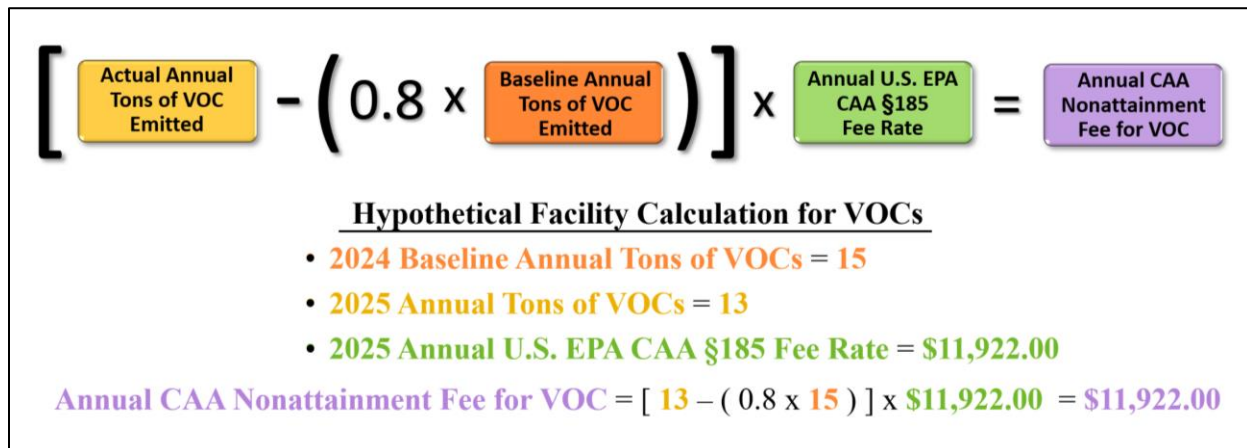
attainment deadline.^{11,12} The alternative methodology should provide an alternative baseline more representative of a source’s normal operations. This alternative method is provided for States to use at their discretion and the adequacy of given source operating data for the selected time period is to be determined on a case-by-case basis by the reviewing authority.

The U.S. EPA has not issued alternative baseline guidance for the 8-hour ozone standards.

1.3.3. Fee Determination

The fee collected shall be the annual CAA section 185 fee rate for each major stationary source of VOC and/or NOx per ton of applicable VOC and/or NOx emitted by the source during the calendar year in excess of 80 percent of the baseline amount for that pollutant. In 1990, the fee rate was set as \$5,000. The fee must be annually adjusted beginning in the year after 1990 for inflation based on the consumer price index (CPI) for the most recent calendar year on an annual basis.¹³ The annual U.S. EPA fee rates are published annually in the *Clean Air Act Section 185 Fee Rates Memorandum*, and is \$11,922 for calendar year 2023.¹⁴

Figure 1-5
Example Calculation of Annual CAA Section 185 Fee Amount for a Major Stationary Source of VOC Emissions for the 1997 8-Hour Ozone Standard



The example in Figure 1-5 is for the annual CAA nonattainment fee for VOC from a hypothetical major stationary source of VOC emissions that was subject to the rule prior to the attainment year for the 1997 8-hour ozone standard. The annual CAA nonattainment fee rate used in the calculation

¹¹ For background on the 1-hour standard, its revocation and relationship to the section 185 fee provisions, see the following documents: 40 CFR 50.9(b); 69 FR 23951 at 23968 (April 30, 2004); 70 FR 44470 (August 3, 2005); and *South Coast Air Quality Management Dist. v. EPA*, 472 F.3d 882 (D.C. Cir. 2006).

¹² U.S. EPA. (2028, March 21). *Guidance on Establishing Emissions Baselines under Section 185 of the Clean Air Act (CAA) for Severe and Extreme Ozone Nonattainment Areas that Fail to Attain the 1-Hour Ozone NAAQ by their Attainment Memorandum*. https://www3.epa.gov/ttn/naaqs/aqmguide/collection/cp2/20080321_harnett_emissions_baseline_185.pdf.

¹³ See <http://www.bls.gov/cpi/> which provides a tool for calculating adjustments based on the CPI.

¹⁴ U.S. EPA. (2023, October 12). *U.S. EPA Clean Air Act Section 185 Fee Rates Memorandum*. https://www.epa.gov/system/files/documents/2023-10/memorandum_sec-185-penalty-fees-for-year-2023_10-12-2023.pdf.

should be for the year in which the actual emissions occurred. If the annual actual emissions of VOC emissions in tons are less than or equal to 80% of the baseline emissions of VOC emissions in tons, there shall be no VOC CAA nonattainment fee assessed for the fee assessment year. If a major stationary source is not a major stationary source for NO_x emissions, there shall be no assessment of the CAA Nonattainment Fee for NO_x emissions. The same methodology would be used to calculate the annual CAA nonattainment fee for NO_x emissions. The total annual CAA nonattainment fees for a major stationary source of both VOC and NO_x would be the summation of the annual CAA nonattainment fee for VOC emissions and the annual CAA nonattainment fee for NO_x emissions.

The CAA nonattainment fees decrease as emissions decrease from the baseline emissions. The CAA nonattainment fees for a major stationary source of VOC or NO_x will cease if:

- Emissions are reduced by 20% from the baseline,
- Facility is no longer classified as a major stationary source of emissions,
- Area is redesignated as an attainment area for the ozone NAAQS, or
- U.S. EPA approves of an air district rule for CAA section 172(e) fee equivalency and the air district has adequate equivalency funds.

1.3.4. Alternative CAA Section 172(e) Fee Equivalency Approach

CAA section 172(e) requires the promulgation of requirements for an area which has not attained a relaxed standard which shall provide for controls which are not less stringent than the controls applicable to areas designated nonattainment before such relaxation.¹⁵ U.S. EPA issued a memorandum in 2010 noting that section 172(e) of the CAA allows for programs that are “not less stringent” than the section 185 program.¹⁶ Fee equivalent and emissions equivalent programs were identified as possible approaches under a section 172(e) construct. Fee equivalency may be approvable under the 172(e) concept if the program “clearly raises at least as much revenue as otherwise required Section 185 fee program [and] if the proceeds are spent to pay for emissions reductions” that will further improve ozone air quality. As the goal of the fee equivalency approach is to achieve further reductions in order to attain the standard, it should not rely on emissions reductions which are already obligated through an applicable SIP and should only include emissions reductions which are surplus to all applicable SIPs.

1.3.5. Equivalency Approach for 1979 1-Hour Ozone Standard

The existing Rule 317 implements an alternative program to the section 185 fee program for the 1979 1-hour ozone standard. South Coast AQMD continues to submit *Rule 317 Fee Assessment Reconciliation Reports* for failure to demonstrate attainment with this standard by the prior statutory attainment deadline of 11/15/2010. The South Coast AQMD’s aggregate CAA nonattainment fees for all major stationary sources has been fully offset by the fee equivalency account. The South Coast AQMD fee equivalency account consists of funds for emissions reductions projects that are surplus to any SIP obligations for the 1979 1-hour ozone standard. In

¹⁵ CAA, Part D - Plan Requirements for Nonattainment Areas. *Section 172 [Section 7502] Nonattainment plan provisions in general.* <https://www.govinfo.gov/content/pkg/USCODE-2013-title42/html/USCODE-2013-title42-chap85-subchapI-partD-subpart1-sec7502.htm>.

¹⁶ U.S. EPA. (2010, January 5). *Guidance on Developing Fee Programs Required by Clean Air Act Section 185 for the 1-Hour Ozone NAAQS Memorandum.* https://www.epa.gov/sites/default/files/2015-09/documents/1hour_ozone_nonattainment_guidance.pdf.

the event that the fee obligation is not fully offset, a backstop provision triggers adoption of a new rule for this standard. Rule 317 has been approved into the California’s State Implementation Plan.

1.3.6. Equivalency Approach for 1997 8-Hour Ozone Standard

The 2016 AQMP outlined the attainment strategies for the 1997 8-hour ozone standard, and it relied heavily on incentives to successfully achieve the emissions reductions needed to reach attainment with the 8-hour ozone NAAQS. CAA section 182(e)(5) emissions reductions account for a substantial portion of the NOx emissions reductions (approximately 200 tons per day) needed to reach attainment with the 8-hour ozone NAAQS. With such substantial emissions reduction obligations, adequate funding to utilize the fee equivalency approach to generate surplus emissions reductions for the 1997 8-hour standard is not available.

1.3.7. Equivalency Approach for 2008 and 2015 8-Hour Ozone Standard

The 2008 and 2015 8-hour ozone standards have not been revoked by the U.S. EPA. Consequently, the U.S. EPA would not allow use of this alternative approach for these standards and requires adherence to CAA section 185 though fee collection.

1.3.8. CAA Section 185 Compliance Pathway

For the 1997 8-hour ozone standard, which is a revoked standard, the fee equivalency approach is allowed, but adequate funding to utilize the fee equivalency approach is not available. For the 2008 8-hour ozone standard, which is not a revoked standard, the South Coast AQMD may not utilize a fee equivalency approach. Consequently, CAA nonattainment fee collection is proposed for both of these 8-hour ozone standards. The summary of the ozone NAAQS and an overview of the compliance pathway is provided in Table 1-3.

**Table 1-3
Ozone NAAQS Nonattainment Fee Summary and Compliance Pathway Overview**

		Rule 317 – Clean Air Act Non-Attainment Fees	PR 317.1 – Clean Air Act Nonattainment Fees for the 8-Hour Ozone Standards		TBD
		1979 Standard (revoked)	1997 Standard (revoked)	2008 Standard	2015 Standard
Section 185 Due Date		12/31/2000	Not Established	07/20/2022	08/03/2028
Baseline Year for Existing Major Stationary Source	South Coast	Fiscal Years 2005-06 and 2006-07	2024	2032	2038
	Coachella Valley	2007 ¹	2024	2032	2038 ²
Calendar Year Nonattainment Fees Begin	South Coast	2011	2025	2033	2039
	Coachella Valley	2008 ¹	2025	2033	2034 ²
U.S. EPA Currently Allows District to Utilize CAA §172(e) Fee Equivalency Approach		Yes	Yes	No	No
South Coast AQMD Currently has Emissions Reductions Surplus to Applicable SIP		Yes	No	Not Applicable	Not Applicable

¹ U.S. EPA. (2015, April 15). Finding of Attainment in 80 FR 20166. <https://www.govinfo.gov/content/pkg/FR-2015-04-15/pdf/2015-08582.pdf>.

² Voluntary reclassification to “extreme” nonattainment is pending U.S. EPA approval and would increase date by 5 years.

1.4. USE OF FUNDS

PR 317.1 is being developed to set the regulatory framework for collection of CAA nonattainment fees for the 1997 and 2008 ozone standards. The CAA does not provide direction on how these CAA nonattainment fees may be used. Overall, the CAA nonattainment fees collected by the South Coast AQMD would support South Coast AQMD’s efforts to improve air quality. Staff anticipates:

- Substantial resources will be needed to properly implement PR 317.1,
- Significant uncertainty in the amount of the future fees the South Coast AQMD will receive and is not able to commit funds which are not guaranteed,
- The fees would not be potentially assessed until calendar year 2026 for the 1997 8-hour ozone standard and calendar year 2033 for the 2008 8-hour ozone standard,
- Readily available technologies will continue to advance, and
- South Coast AQMD emissions reductions strategies will continuously be evolving.

For the aforementioned reasons, guidance on the spending of these potential funds would be determined in the future through a public process that would be separate from this rulemaking.

1.5. NEED FOR RULEMAKING

As shown in Table 1-3, a compliance deadline for rule development addressing the CAA nonattainment fees was not established for the revoked 1997 8-hour ozone standard, but a deadline

of July 20, 2022 was established for the 2008 8-hour ozone standard. As the attainment deadline for the 1997 8-hour ozone standard is June 15, 2024, the CAA nonattainment fees for the standard will need to be assessed as early as calendar year 2026. Consequently, it is necessary to promptly adopt a rule demonstrating compliance with section 185 of the CAA for these two ozone standards.

In addition, U.S. EPA is required to collect the fees if the SIP does not meet the requirements or if a state is not administering and enforcing CAA section 185. If the U.S. EPA makes a finding, disapproval, or determination of a failure to submit certain state implementation plans required for the ozone NAAQS, a federal sanction clock timeline is triggered. Pursuant to CAA section 179, if U.S. EPA has not affirmatively determined that the state has made a complete submission for the areas within 18 months from the effective date of U.S. EPA making a finding of failure, disapproval, or determination, the U.S. EPA is to implement a “first sanction” which may be either 1 or 2 below:

1) Increased offset ratio:

The ratio of emissions reductions to increased emissions shall be at least 2 to 1 for a new or modified source or emissions unit for which a permit is required.

2) Highway sanctions:

The highway funding sanction will apply in accordance with CAA section 179(b)(1).

If U.S. EPA has not affirmatively determined that the state has made a complete submission for the areas within 6 months from the “first sanction” being imposed, U.S. EPA is to impose the remaining sanction and may withhold “all or part of the grants for support of air pollution planning and control programs.”¹⁷ The CAA section 110(c) requires that no later than 24 months (2 years) after the effective date of U.S. EPA making a finding of failure to submit or a disapproval, U.S. EPA must promulgate a federal implementation plan (FIP).

Rulemaking is needed to comply with the requirements of the CAA section 185 for the 1997 and 2008 8-hour ozone NAAQS. PR 317.1 provides a compliance pathway to meet such requirements, and will be submitted into the SIP to fulfill the CAA obligations.

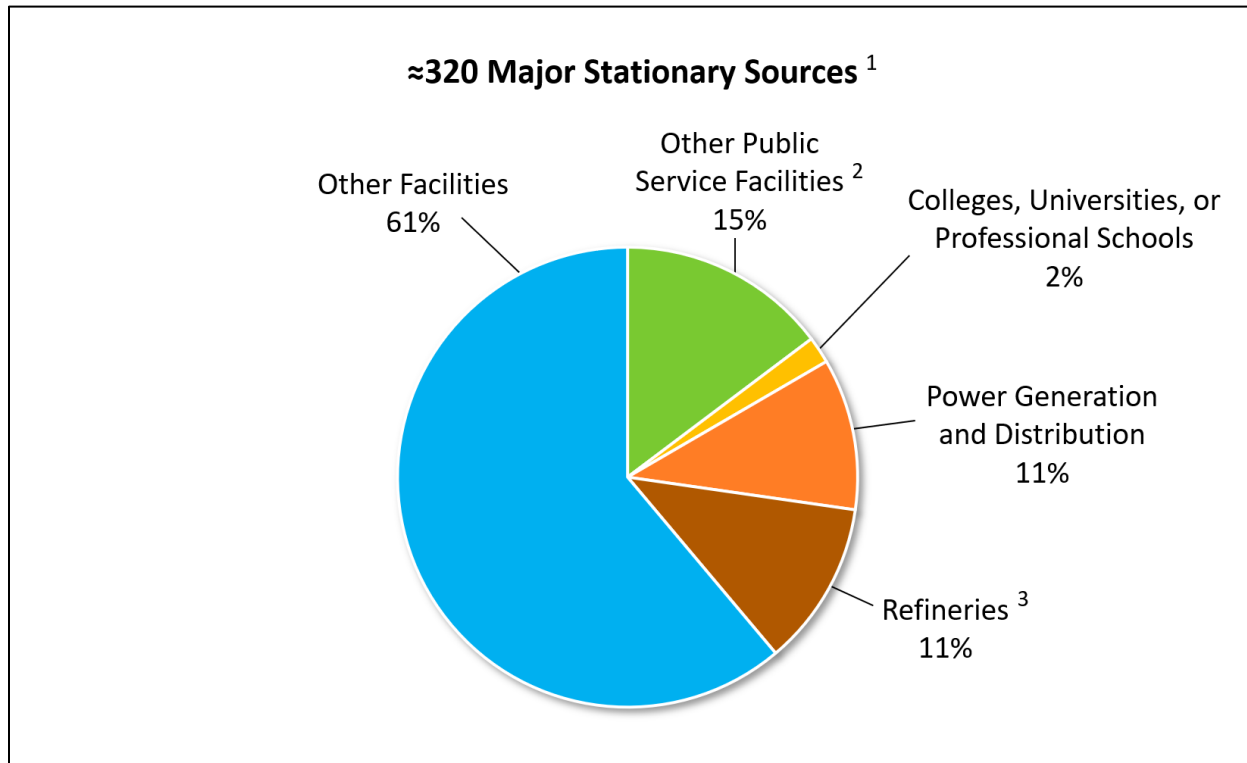
1.6. AFFECTED INDUSTRIES/FACILITIES

As a conservative approach to identify potentially impacted facilities, all Title V Program facilities are assumed to be major stationary sources of VOC and NO_x and subject to this rule. Based on the South Coast AQMD permit database, staff estimates that there are approximately 320 major stationary sources in the South Coast AQMD’s jurisdiction that would potentially be affected by PR 317.1, which are identified in Appendix A. Staff performed an assessment to determine if any of these potentially impacted facilities qualify as a small business, as defined in Rule 102 – Definition of Terms, and determined that none of these facilities meet the criteria of a small business.¹⁸ These facilities have been categorized by major industry and are presented in Figure 1-6 below.

¹⁷ CAA. Part D - Plan Requirements for Nonattainment Areas. *Section 179 (a) [Section 7509] Sanctions and Consequences of Failure to Attain for State Failure.* <https://www.govinfo.gov/content/pkg/USCODE-2013-title42/html/USCODE-2013-title42-chap85-subchapI-partD-subpart1-sec7509.htm>.

¹⁸ South Coast AQMD. (2020, January 10). *Rule 102 – Definition of Terms.* <https://www.aqmd.gov/docs/default-source/rule-book/reg-i/rule-102-definition-of-terms.pdf?sfvrsn=4>.

Figure 1-6
Major Stationary Source Projected Calendar Year 2025 Facility Universe



¹ As only those facilities that are a major stationary source of VOC and/or NO_x will be potentially impacted by PR 317.1, staff estimates that the number of Title V Program facilities impacted will be fewer than the estimate provided in this PR 317.1 Staff Report.

² Public service facilities include general medical and surgical hospitals; sewage treatment; solid waste landfill; water supply and irrigation systems; natural gas distribution; regulation and administration of communications, electric, gas, and other utilities; and other general government support.

³ Refinery industries include petroleum refineries, petroleum bulk stations and terminals, pipeline transportation of refined petroleum products, and petroleum and petroleum products merchant wholesalers (except bulk stations and terminals).

1.7. PUBLIC PROCESS

The development of PR 317.1 has been a regional, multi-agency effort that includes South Coast AQMD, CARB, and the U.S. EPA. A PR 317.1 Working Group was formed to provide the public and stakeholders an opportunity to discuss important details about the proposed rule and provide staff with input during the rule development process. The Working Group is composed of a wide range of representatives from businesses, environmental groups, public agencies, and consultants.

Staff has held two (2) Working Group Meetings conducted in a virtual format using Zoom. The meetings were held on November 7, 2023 and February 7, 2024. Staff also met with interested stakeholders to discuss the proposed rule. A Public Consultation Meeting will be held on April 3, 2024 to present PR 317.1 and receive public comments. Written comments relating to PR 317.1 will be considered and accepted until Wednesday, April 17, 2024.

CHAPTER 2 - SUMMARY OF PROPOSED RULE 317.1

OVERVIEW OF PR 317.1

PROPOSED RULE 317.1

2.1. OVERVIEW OF PR 317.1

The objective of this rule is to implement Clean Air Act (CAA) section 185 until the U.S. EPA declares that the nonattainment area is in attainment with the federal 8-hour standard for ozone. PR 317.1 accomplishes this by incorporating the requirements of CAA section 185 to establish the regulatory pathway necessary to comply with these requirements for the 1997 and 2008 8-hour ozone standards.

PR 317.1 would apply to a major stationary source of volatile organic compounds (VOC) and/or nitrogen oxides (NO_x) and would become applicable if and when the United States Environmental Protection Agency (U.S. EPA) makes a final finding that a Basin has failed to attain the 1997 8-hour ozone national ambient air quality standard (NAAQS or standards) or the 2008 8-hour ozone standard by attainment deadlines of June 16, 2024 (1997 standard) and July 20, 2032 (2008 standard).

Pursuant to CAA section 185, if an applicable Major Stationary Source does not reduce emissions below 20% from a Baseline Emissions amount, a CAA Nonattainment Fee will be assessed annually for each excess ton of VOC and for each excess ton of NO_x emissions above the 80% thresholds. PR 317.1 includes the following subdivision rule structure for when and how the CAA Nonattainment Fees would be assessed and collected:

- (a) Purpose
- (b) Applicability
- (c) Definitions
- (d) Requirements
- (e) Exemptions

2.2. PROPOSED RULE 317.1

2.2.1. Purpose – Subdivision (a)

The purpose of PR 317.1 is to meet the CAA requirements for areas which are classified as “severe” or “extreme” that have failed to meet the federal 1997 or 2008 8-hour ozone standards until the U.S. EPA declares that the nonattainment area is in attainment with the applicable 8-hour ozone standard.

2.2.2. Applicability – Subdivision (b)

This rule shall become applicable to any Major Stationary Source of VOC and/or NO_x in the Basin if and when the U.S. EPA makes a final finding that the Basin has failed to attain the 1997 or 2008 8-hour ozone NAAQS by the applicable Attainment Dates of June 16, 2024 (1997 standard) and July 20, 2032 (2008 standard). Additional information on U.S. EPA’s determination on whether an area has attained the revoked 1997 8-hour ozone standard is located in the 1.1. Introduction section of Chapter 1 – Background of this PR 317.1 Staff Report.

If the CAA Nonattainment Fee obligations for the 1997 and the 2008 8-hour ozone standards are in effect at the same time, a CAA Nonattainment Fee would be assessed for each 8-hour ozone standard. Although Major Stationary Sources on tribal lands within the SCAB or Coachella Valley obtain their Title V Facility permits through the U.S. EPA, they have a contractual agreement to pay South Cost AQMD for Regulation III – Fees (Reg. III) rules and would be applicable to PR 317.1.

2.2.3. Definitions – Subdivision (c)

PR317.1 includes definitions for specific terms. These terms will be capitalized when they appear in the rule for easy identification of a defined term. Some of the definitions are based on definitions from existing South Coast AQMD rules with slight modifications, while other definitions are unique to PR 317.1. For certain key definitions, additional clarification is provided in this chapter below or in the specific provision where the definition is used. Please refer to PR 317.1 subdivision (c) for definitions used in the proposed rule.

- ACTUAL EMISSIONS

A Major Stationary Source's Actual Emissions are required to be reported through the South Coast AQMD's Annual Emissions Reporting program pursuant to Rule 301 – Permitting and Associated Fees (Rule 301) paragraph (e)(2).^{19, 20, 21}

The VOC and NOx emissions reported in the Annual Emissions Report (AER) will be used to determine the Major Stationary's Source Actual Emissions for the respective calendar year. For a Major Stationary Source, the following are examples of emissions that are reported to AER:

- i) Permitted emissions - emissions that are emitted from permitted equipment or devices (e.g., equipment with a permit to operate, equipment with a permit to construct, off-site emissions from portable equipment permitted to operate at various locations, etc.);
- ii) Regulated emissions - emissions that are emitted and regulated by South Coast AQMD regulations (e.g., portable equipment; equipment with plans; equipment regulated by a rule; etc.);
- iii) Fugitive emissions - emissions from fugitive sources at the facility (e.g., solvents used for clean-up, architectural coatings, non-production bench scale research equipment and the control equipment used to exclusively vent such equipment, etc.); and
- iv) Unregulated emissions - emissions from any unregulated source at the facility (e.g., engines rated less than 50 horse power, newly emerging technologies, etc.).

- ANNUAL CAA NONATTAINMENT FEE RATE

The Annual CAA Nonattainment Fee Rate is the amount assessed per ton of VOC and/or NOx that exceeds 80% of the applicable Baseline Emissions (e.g., 0.01 of a ton or 1 ton). In 1990, the CAA section 185(b)(2) annual U.S. EPA fee rate was set as \$5,000 per ton of VOC and/or NOx emitted by the Major Stationary Source during the calendar year in excess of 80 percent of the Baseline Emissions. The fee must be annually adjusted beginning in the year after 1990 for inflation based

¹⁹ South Coast AQMD. (2023, May 5). *Rule 301– Permitting and Associated Fees*.

<https://www.aqmd.gov/docs/default-source/rule-book/reg-iii/rule-301.pdf?sfvrsn=105>.

²⁰ For additional information regarding AER, see the following website: *Annual Emissions Reporting Overview Website*. <https://www.aqmd.gov/home/rules-compliance/compliance/annual-emission-reporting>.

²¹ For additional information on what to report through AER, see the following document: *South Coast Air Quality Management District. Annual Emissions Reporting, Reporting Tool - Frequently Asked Questions*. <https://www.aqmd.gov/docs/default-source/planning/annual-emission-reporting/frequently-asked-questions.pdf?sfvrsn=6>.

on the consumer price index (CPI) for the most recent calendar year on an annual basis.²² The U.S EPA fee rates are published annually in the *Clean Air Act Section 185 Fee Rates Memorandum*.²³

- **BASELINE EMISSIONS**

This definition is consistent with the CAA requirements of section 185 (b)(2). The method to calculate the Baseline Emissions depends on when the Major Stationary Source became a Major Stationary Source of VOC and/or NOx.

A Major Stationary Source will be assigned separate Baseline Emissions for each applicable pollutant, VOC and/or NOx, for each of the Applicable Ozone Standards the Basin has failed to attain. Table 2-1 summarizes which subparagraph of the Baseline Emissions definition is applicable based on when the Major Stationary Source became subject to PR 317.1.

Table 2-1
Baseline Emissions Applicable Rule Provision Base on when
Major Stationary Source Became Applicable to PR 317.1

Rule Provision	(c)(7)(A)	(c)(7)(B)	(c)(7)(C)
Became a Major Stationary Source	As of beginning of Attainment Year	During Attainment Year	After Attainment Year

For each Major Stationary Source, the Baseline Emissions for subparagraphs (c)(7)(A), (c)(7)(B), and (c)(7)(C) shall be the lower of clauses (i) or (ii).

PR 317.1 clauses (c)(7)(A)(i), (c)(7)(B)(i), and (c)(7)(C)(i) use the Actual Emissions which do not exceed the allowable emissions to determine the Baseline Emissions. The Actual Emissions used to calculate the Baseline Emissions, as set forth in these clauses, will be limited to only include emissions allowed through permit(s), plan(s), applicable rule(s), and implementation plan(s). The intent of this restriction is to prevent the inflation of Baseline Emissions through exceedances of requirements. These Baseline Emissions would include fugitive or unregulated emissions. Depending on when the Major Stationary Source became applicable to PR 317.1, it may also require extrapolation of the Actual Emissions over the entire initial year of operation as a Major Stationary Source.

PR 317.1 clauses (c)(7)(A)(ii), (c)(7)(B)(ii), and (c)(7)(C)(ii) are calculated based on the amount of allowable emissions. The allowable emissions used to calculate the Baseline Emissions, as set forth in these clauses, include emissions allowed through permit(s), plan(s), applicable rule(s), and implementation plan(s). These Baseline Emissions would include Actual Emissions of fugitive or unregulated emissions. Depending on when the Major Stationary Source became applicable to PR 317.1, it may also require extrapolation of the emissions allowed over the entire initial year of operation as a Major Stationary Source.

- **MAJOR STATIONARY SOURCE**

A Major Stationary Source is a facility required to operate under the authority of a Title V Program facility permit which has a PTE of VOC or NOx that qualifies the facility as a Major Stationary

²² See <http://www.bls.gov/cpi/> which provides a tool for calculating adjustments based on the CPI.

²³ U.S. EPA Clean Air Act Section 185 Fee Rates Memorandum:

https://www.epa.gov/system/files/documents/2023-10/memorandum_sec-185-penalty-fees-for-year-2023_10-12-2023.pdf.

Source pursuant to CAA sections 182(d), 182(e), 182(f) and 185. If a facility has failed to timely renew their Title V Program facility permit, this permit is no longer active, but is not considered to be expired for the purposes of PR 317.1 and the Major Stationary Source is still applicable to PR 317.1. In order for a Major Stationary Source subject to PR 317.1 to no longer be subject to PR 317.1, the facility will need to request an exemption from the Title V Program pursuant to Rule 301(p)(13) and Rule 306.²⁴

2.2.4. Requirements – Subdivision (d)

Subdivision (d) specifies the requirements for the owner or operator of a Major Stationary Source.

2.2.4.1. Fee Assessment Requirements – Paragraph (d)(1)

Paragraph (d)(1) establishes the requirements for assessing the CAA Nonattainment Fees for each Applicable Ozone Standard by the Executive Officer. The CAA Nonattainment Fees would be assessed in years subsequent to the year used to establish the Baseline Emissions. An example of each type of Major Stationary Source rule applicability is diagramed for the 1997 8-hour ozone standard in Table 2-2 below.

Table 2-2
1997 8-Hour Ozone NAAQS Assessment Years
Based on when a Facility Becomes Applicable to Rule 317.1

Calendar Year	Became a Major Stationary Source:		
	Prior to Beginning of Attainment Year	During Attainment Year	After Attainment Year (e.g., Calendar Year 2026)
	Rule Clause (d)(1)(A)(i)	Rule Clause (d)(1)(A)(ii)	Rule Paragraph (d)(1)(B)
2024	Attainment Year	Attainment Year	Attainment Year
	Baseline Year	Baseline Year	
2025	Assessment Year ¹	Assessment Year ¹	N/A
2026	Assessment Year	Assessment Year	Baseline Year
2027	Assessment Year	Assessment Year	Assessment Year ²
2028	Assessment Year	Assessment Year	Assessment Year

¹ For a Major Stationary Source that is subject to the rule during the entirety of the Attainment Year or that becomes subject to the rule during the Attainment Year, the fee assessment will begin the calendar year after the Attainment Year.

² For a Major Stationary Source that becomes subject to the rule after the Attainment Year, the fee assessment will begin the calendar year after the calendar year used to establish the Baseline Emissions.

2.2.4.2. Fee Determination Requirements – Paragraph (d)(2)

Paragraph (d)(2) establishes the calculation methodology for the CAA Nonattainment Fees. This calculation is consistent with the CAA requirements of section 185. The Annual CAA Nonattainment Fee Rate used in the calculation would be for the year when the Actual Emissions occurred and is adjusted annually for inflation based on the CPI. If the annual Actual Emissions of VOC and/or NO_x emissions in tons are less than or equal to 80% of the Baseline Emissions of VOC and/or NO_x emissions in tons, there would be no VOC and/or NO_x CAA Nonattainment Fee assessed for that pollutant in the Fee Assessment Year. A Major Stationary Source that is not a Major Stationary Source of VOC and/or NO_x emissions would not be assessed the CAA Nonattainment Fee for that particular pollutant. The total annual CAA Nonattainment Fees for a

²⁴ For additional information on exemptions from the Title V Program, see the following website: *What is Title V?* <https://www.aqmd.gov/home/permits/title-v/what-is-title-v-#exemption>.

Major Stationary Source of both VOC and NO_x emissions would be the summation of the annual CAA Nonattainment Fee for VOC emissions and the annual CAA Nonattainment Fee for NO_x emissions. An example of this calculation for a hypothetical Major Stationary Source of VOC emissions is provided in Figure 1-5 of this PR 317.1 Staff Report in section 1.3.3. Fee Determination of Chapter 1 - Background.

2.2.4.3. Annual Reporting and Payment Requirements – Paragraph (d)(3)

Subparagraph (d)(3)(A) requires the reporting of all Actual Emissions annually. This is also required pursuant to Rule 301 paragraph (e)(2) which requires all Major Stationary Sources of VOC and/or NO_x, as defined in Rule 317 and other rule(s) implementing section 185 of the CAA, to annually report and pay the appropriate CAA Nonattainment Fees. The AER for the Major Stationary Source will be used to determine the CAA Nonattainment Fee.

Subparagraph (d)(3)(B) requires the payment of the appropriate CAA Nonattainment Fees for each applicable Fee Assessment Year. This includes the years prior to the U.S. EPA making a final finding that a Basin has failed to attain the Applicable Ozone standard. A calendar year would not be applicable if it was a calendar year prior to when the facility met the definition of a Major Stationary Source in this rule. A calendar year when a change of ownership occurs would be an applicable year to be assessed CAA Nonattainment Fees. An example of this requirement is depicted in Table 2-1 of the next section (Chapter 2 – Summary of Proposed Rule 317.1, 2.2.4.4. Payment Due Date Requirements – Paragraph [d][4]).

The owner or operator of the Major Stationary Source shall submit all Actual Emission reports and CAA Nonattainment Fee payment submittals required, regardless of whether the owner or operator received notice from the Executive Officer.

2.2.4.4. Payment Due Date Requirements – Paragraph (d)(4)

Paragraph (d)(4) specifies the payment due dates for CAA Nonattainment Fees.

It is unlikely that the Executive Officer will specify a later due date, but has retained the authority to do so should a need arise (e.g., pandemic, natural disaster, etc.). The extension granted by the Executive Officer is limited to 365 days from the date of invoice issuance to ensure the CAA Nonattainment Fees are continually being administered pursuant to CAA section 185.

The initial invoice will, at a minimum, bill for the initial year's CAA Nonattainment Fee, however, multiple subsequent years may be included if there is a delay in the finding of failure by the U.S. EPA. The initial invoice due date for the applicable standard is 365 days from the date the invoice is issued to provide the Major Stationary Source adequate time to incorporate the initial CAA Nonattainment Fees for the applicable standard into their annual budget.

Subsequent invoices will bill for the subsequent year's CAA Nonattainment Fees. Subsequent invoices are required to be paid no later than December 15th of the year of invoice issuance or no later than 75 days from the date the invoice was issued, whichever is later. After the initial year, a Major Stationary Source should be able to better estimate their future CAA Nonattainment Fees for incorporation into their annual budgets. Based on conversations with stakeholders, prior CAA Nonattainment Fees would be used to estimate future CAA Nonattainment Fees, which is similar to the practice for budgeting for AER emissions fees.

An example of a Major Stationary Source's reporting and invoice payment for the 1997 8-hour ozone standard from calendar years 2024 through 2030 is provided in Figure 2-1 below. The

Attainment Year is 2024 for the 1997 8-hour ozone standard and the Major Stationary Source's Baseline Emissions would be established in 2024. In this example, the U.S. EPA will make a final finding of failure in calendar year 2027. The full payment of the initial invoice, issued on 11/1/27, would be due no later than 365 days later or 10/31/28. Full payment of subsequent invoices would be due either 75 days from issuance or December 15, whichever is later. In this example, years 2028 and 2029 had invoices issued more than 75 days earlier than December 15, therefore, the respective due dates are December 15. For the year 2030, the invoice is issued less than 75 days earlier than December 15, so the due date is 75 days after the date when the invoice was issued or December 31.

Figure 2-1
1997 8-Hour Ozone NAAQS Reporting and Payment for Hypothetical Major Stationary Source

Year	2026	2027	2028	2029	2030
Submit AER for Year	2025	2026	2027	2028	2029
U.S. EPA Final Finding of Failure		✓			
Invoice for Years		2025, 2026	2027	2028	2029
Invoice Issuance Date		11/01	2/01	07/01	10/17
Invoice Due Date			10/31 ¹ , 12/15 ²	12/15 ²	12/31 ²
Fee Collection for Year(s)			2025, 2026, 2027	2028	2029

¹ +365 days from issuance.

² Later of 12/15 or +75 days from issuance.

2.2.4.5. Failure to Pay Fees Requirements – Paragraph (d)(5)

Paragraph (d)(5) specifies that should one-hundred twenty (120) days laps after the invoice due date, pursuant to the authority of in Health and Safety Code Section 42307, the Executive Officer may take action to revoke all Permits to Operate for equipment on the premises.²⁵ In order for the South Coast AQMD to comply with CAA section 185, it is essential that the CAA Nonattainment Fees are administered and enforced. This requirement promotes compliance with payment of the CAA Nonattainment Fees. A similar requirement exists in Rule 301 to help ensure that all emission fees and surcharges are paid in full for the AER submittals.

2.2.4.6. Notice of Rule Applicability – Paragraph (d)(6)

Paragraph (d)(6) requires that, when the Executive Officer sends notification that the Major Stationary Source is subject to Rule 317.1, the owner or operator of a Major Stationary Source shall confirm or contest the rule applicability no later than 60 days from the notice issuance. As a courtesy to the Major Stationary Sources, the Executive Office will be sending out notifications of their applicability to Rule 317.1. This notice will allow the Major Stationary Source the opportunity to either provide any additional information which may be relevant to this determination through contesting their rule applicability or to confirm acknowledgement that they

²⁵ California Code. *Health and Safety Code Section 42307*. <https://codes.findlaw.com/ca/health-and-safety-code/hsc-sect-42307/>.

are applicable to Rule 317.1. Failure to receive notice of rule applicability does not absolve the owner or operator of a Major Stationary Source of the duty to pay CAA Nonattainment Fees.

2.2.4.7. Notice of Baseline Emissions – Paragraph (d)(7)

Paragraph (d)(7) requires that, when the Executive Officer sends notification that the Major Stationary Source specifying the assigned Baseline Emissions, the owner or operator of a Major Stationary Source shall confirm or contest the Baseline Emissions no later than 60 days from the notice issuance. As a courtesy to the Major Stationary Sources, the Executive Office will be sending out notifications of their assigned Baseline Emissions. This notice will allow the Major Stationary Source with the opportunity to either provide any additional information which may be relevant to this determination through contesting their assigned Baseline Emissions or to confirm acknowledgement of their assigned Baseline Emissions. A facility would not be able to seek an Alternative Baseline Emissions approach unless the Alternative Baseline Emissions Request is submitted prior the required deadlines in subparagraph (d)(8)(C). Failure to receive notice of Baseline Emissions, does not absolve the owner or operator of a Major Stationary Source of the duty to pay CAA Nonattainment Fees.

2.2.4.8. Alternative Baseline Emissions Requirements – Paragraph (d)(8)

Paragraph (d)(8) establishes the requirements for a Major Stationary Source to use an Alternative Baseline Emissions instead of the applicable Baseline Emissions to determine their CAA Nonattainment Fee. The CAA requires that the fee obligation is generally derived using a Baseline Emissions amount based on applicable source emissions information in the attainment year. In some cases, the Baseline Emissions amount, when calculated in the attainment year as required pursuant to under CAA section 185(b)(2), may not be considered representative of the source's normal operating conditions and not appropriate for purposes of setting the CAA Nonattainment Fee. In cases where a source's annual emissions are "irregular, cyclical, or otherwise vary significantly from year to year" the CAA provides that the U.S. EPA may issue guidance providing an acceptable alternative methodology for calculating an Alternative Baseline Emissions amount. Subparagraphs (d)(8)(A) through (D) specify the conditional requirements to be met to use Alternative Baseline Emissions. If all applicable requirements are not met, Alternative Baseline Emissions cannot be used.

This is a tentative pathway and is subject to U.S. EPA review and approval. Subparagraph (d)(8)(A) requires that U.S. EPA approving an alternative methodology that is consistent with the methodology or requirements specified in subparagraphs (d)(8)(B) through (D). As discussed in Chapter 1, the U.S. EPA had approved an alternative methodology by issuing guidance for establishing Alternative Baseline Emissions for areas that fail to the attain the 1-hour ozone standard by their attainment deadline. However, this approach has not been approved for either 8-hour ozone standard. There is a need for an Alternative Baseline Emissions option and a request with the U.S. EPA for allowing an Alternative Baseline Emissions for the 8-hour ozone standards has been submitted.

Subparagraph (d)(8)(C) requires the submittal of information to demonstrate that a Major Stationary Source meets the criteria of qualifying to use an Alternative Baseline Emission in the form of the Alternative Baseline Emission Request. The requirements for Alternative Baseline Emissions Requests were incorporated and are consistent with the prior U.S. EPA issued guidance for establishing alternative emissions baselines. The Executive Officer may only

authorize the use of Alternative Baseline Emissions for calculation of a Major Stationary Source's CAA Nonattainment Fees if the U.S. EPA has issued guidance authorizing methodology for determining the Alternative Baseline Emissions which is equivalent to the requirements of PR 317.1 subparagraph (d)(8)(C). Additionally, only a Major Stationary Source which was a Major Stationary Source during the attainment year may be assigned Alternative Baseline Emissions.

An Alternative Baseline Emissions may only be requested within 120 days after the end of the Attainment Year or within 120 days after the U.S. EPA makes a final finding that the Basin has failed to attain the Applicable Ozone Standard by the applicable Attainment Date, whichever is later. This is to allow sufficient timing to make a decision on the appropriate baseline level, which will be used to assess nonattainment fees.

2.2.4.9. Alternative Baseline Emissions Request Payment – Paragraph (d)(9)

Paragraph (d)(9) establishes the fee and invoice due date for evaluation of the Alternative Baseline Emissions Request. The evaluation fee for the Alternative Baseline Emissions Request is equal to the total actual and reasonable time incurred by District staff for evaluation of the Alternative Baseline Emissions Request and does not exceed the District's reasonable regulatory costs. The evaluation is assessed at an hourly staff evaluation rate that is consistent with the hourly rate for the following, but not limited to:

- Requests to amend emissions report and refund of emission pursuant to Rule 301 subparagraph (e)(9)(A),
- California Environmental Quality Act (CEQA) assistance pursuant to Rule 301 subparagraph (j)(1)(A),
- Review of continuous emissions monitoring systems, fuel sulfur monitoring systems, and alternative continuous emissions monitoring systems pursuant to Rule 301 paragraph (j)(5),
- National Emission Standard for Hazardous Air Pollutants evaluation pursuant to Rule 301 (q)(1), and
- Expedited processing requests pursuant to Rule 301 subdivision (v).

It is anticipated that future fees for the Alternative Baseline Emissions Request will be incorporated into Reg. III, which will supersede the fee rate specified in paragraph (d)(11).

2.2.5. Exemptions – Subdivision (e)

Subdivision (e) specifies the requirements for exemptions from either specific provisions of the rule or the entire rule.

2.2.5.1. Extension Year – Paragraph (e)(1)

Paragraph (e)(1) establishes that the CAA Nonattainment Fees are not applicable during an Extension Year. This exemption is consistent with CAA section 185(c) that provides an exception to the CAA Nonattainment Fee during an Extension Year which has been granted pursuant to CAA section 181(a)(5).²⁶ However, as there was more than 1 exceedance in the year preceding the Extension Year of the 1997 8-hour ozone standard, the South Coast AQMD is not eligible to

²⁶ CAA. (2023, November 29). Part D - Plan Requirements for Nonattainment Areas. <https://www.epa.gov/clean-air-act-overview/clean-air-act-title-i-air-pollution-prevention-and-control-parts-through-d#id>.

receive an Extension Year for this standard. The South Cost AQMD may be eligible to be granted Extension Years for the 2008 8-hour ozone standard.

2.2.5.2. Cessation of Fees – Paragraph (e)(2)

Paragraph (e)(2) specifies when the CAA Nonattainment Fees will cease being applicable. For the Applicable Ozone Standard, the CAA Nonattainment Fees will cease when the area has been redesignated by U.S. EPA to attainment for that Applicable Ozone Standard. For a revoked Applicable Ozone standard, this will occur when the U.S. EPA has terminated the anti-backsliding requirement for the applicable standard.

CHAPTER 3 – IMPACT ASSESSMENT

INTRODUCTION

EMISSIONS IMPACT

CALIFORNIA ENVIRONMENTAL QUALITY ACT
ASSESSMENT

SOCIOECONOMIC IMPACT ASSESSMENT

PRELIMINARY COST ASSUMPTIONS AND IMPACTS

DRAFT FINDINGS UNDER HEALTH AND SAFETY CODE
SECTION 40727

3.1. INTRODUCTION

PR 317.1 is applicable to major stationary sources of VOC and/or NO_x, and will impact major stationary sources of VOC and/or NO_x located in South Coast Air Basin and the Coachella Valley.

3.2. EMISSIONS IMPACT

Staff does not anticipate any direct emissions impact from PR 317.1 as it does not have any emissions requirements.

3.3. CALIFORNIA ENVIRONMENTAL QUALITY ACT ASSESSMENT

PR 317.1 has been developed as a government funding mechanism to satisfy federal requirements without involving a commitment to any specific project that could result in a potentially significant physical impact on the environment. Therefore, PR 317.1 is not considered a “project” within the meaning of the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15378 (b)(4).

3.4. SOCIOECONOMIC IMPACT ASSESSMENT

Health and Safety Code section 40440.8 requires a socioeconomic impact assessment for proposed and amended rules resulting in significant impacts to air quality or emission limitations. However, PR 317.1 would not result in significant impacts to air quality or emission limitations. Nevertheless, a socioeconomic impact assessment will be conducted and released for public review and comment at least 30 days prior to the South Coast AQMD Governing Board Hearing for PR 317.1, which is anticipated to be heard on June 7, 2024 (subject to change).

3.5. PRELIMINARY COST ASSUMPTIONS AND IMPACTS

3.5.1. Introduction

While a socioeconomic impact assessment will be prepared and released at a later date, a preliminary evaluation was conducted based on best available information from South Coast AQMD databases. This evaluation is most likely an overestimation of the total CAA nonattainment fees that would be collected. The evaluation used several conservative assumptions to project the potential nonattainment fee to facilities. The assumptions taken are further described in the following sections.

3.5.2. Affected Sources

All Title V Program facilities are assumed to be major stationary sources of VOC and NO_x and subject to this rule. Based on the South Coast AQMD permit database, staff estimates that there are approximately 320 major stationary sources in the South Coast AQMD’s jurisdiction that would potentially be affected by PR 317.1, which are identified in Appendix A. This is a conservative estimate as only those facilities that are a major stationary source of VOC and/or NO_x will be potentially impacted by PR 317.1, staff estimates that the number of Title V Program facilities impacted will be fewer than the estimate provided in this PR 317.1 Staff Report. Staff performed an assessment to determine if any of these potentially impacted facilities qualify as a small business, as defined in Rule 102 – Definition of Terms, and determined that none of these

facilities meet the criteria of a small business.²⁷ The locations of these potentially affected facilities are distributed as follows: 196 in Los Angeles County, 48 in Orange County, 47 in San Bernadino County, and 28 in Riverside County. The following table summarizes the operations of these affected facilities:

Table 3-1
Major Stationary Source Projected Calendar Year 2025 Facility Universe
by Industry NAICS Code

NAICS Code	Industry (NAICS)	Number of Facilities
22	Utilities	48
23	Construction	1
42	Wholesale trade	25
54	Professional, scientific, and technical services	2
61	Educational services	7
92	State and Local Government	12
211	Oil and gas extraction	3
212	Mining (except oil and gas)	1
213	Support activities for mining	2
311	Food manufacturing	7
312	Beverage and tobacco product manufacturing	2
321	Wood product manufacturing	2
322	Paper manufacturing	10
323	Printing and related support activities	6
324	Petroleum and coal products manufacturing	18
325	Chemical manufacturing	22
326	Plastics and rubber product manufacturing	15
327	Nonmetallic mineral product manufacturing	6
331	Primary metal manufacturing	8
332	Fabricated metal product manufacturing	26
333	Machinery manufacturing	2
334	Computer and electronic product manufacturing	5
335	Electrical equipment and appliance manufacturing	3
337	Furniture and related product manufacturing	8
339	Miscellaneous manufacturing	1
486	Pipeline transportation	7
493	Warehousing and storage	2
512	Motion picture and sound recording industries	2
561	Administrative and support services	4
562	Waste management and remediation services	21

²⁷ South Coast AQMD. (2020, January 10). Rule 102 – Definition of Terms. <https://www.aqmd.gov/docs/default-source/rule-book/reg-i/rule-102-definition-of-terms.pdf>.

NAICS Code	Industry (NAICS)	Number of Facilities
621	Ambulatory health care services	3
622	Hospitals	14
713	Amusement, gambling, and recreation	3
811	Repair and maintenance	1
313-314	Textile mills; Textile product mills	1
3361-3363	Motor vehicles, bodies and trailers, and parts manufacturing	1
3364-3369	Other transportation equipment manufacturing	9
44-45	Retail trade	2
487-488	Scenic and sightseeing transportation; Support activities for transportation	6
532-533	Rental and leasing services; Lessors of nonfinancial intangible assets	1
23	Construction	1
42	Wholesale trade	25
54	Professional, scientific, and technical services	2
61	Educational services	7
92	State and Local Government	12

3.5.3. Baseline Emissions

Staff estimated potential baseline emissions from the most recent Annual Emissions Reports (AERs), which was for calendar year 2021. For four (4) facilities with Rule 1109.1 – Emissions of Oxides of Nitrogen from Petroleum Refineries and Related Operations (Rule 1109.1), whose Rule 1109.1 emissions reductions were based on calendar year 2017 AERs, staff used the calendar year 2017 AERs.²⁸

3.5.4. Future Emissions

To estimate potential future emissions, staff used the same emissions as the baseline emissions while accounting for the NO_x reductions from implementation of Rule 1109.1. Rule 1109.1 includes implementation schedules on a facility level. This is a conservative approach as it is assuming no emissions reductions from the baseline emissions other than NO_x reductions from Rule 1109.1. Implementation of other rules will result in emissions reductions, but there are uncertainties with the timing of these reductions. It is also possible that some industries might experience throughput growth relative to baselines.

3.5.5. Fee Rate

The Annual U.S. EPA CAA section 185 Fee Rate is adjusted annually by CPI.²⁹ As future CPI adjustments are unknown, staff assumed the Annual U.S. EPA CAA section 185 Fee Rate is same as the one established for calendar year 2023 which is \$11,922.00.

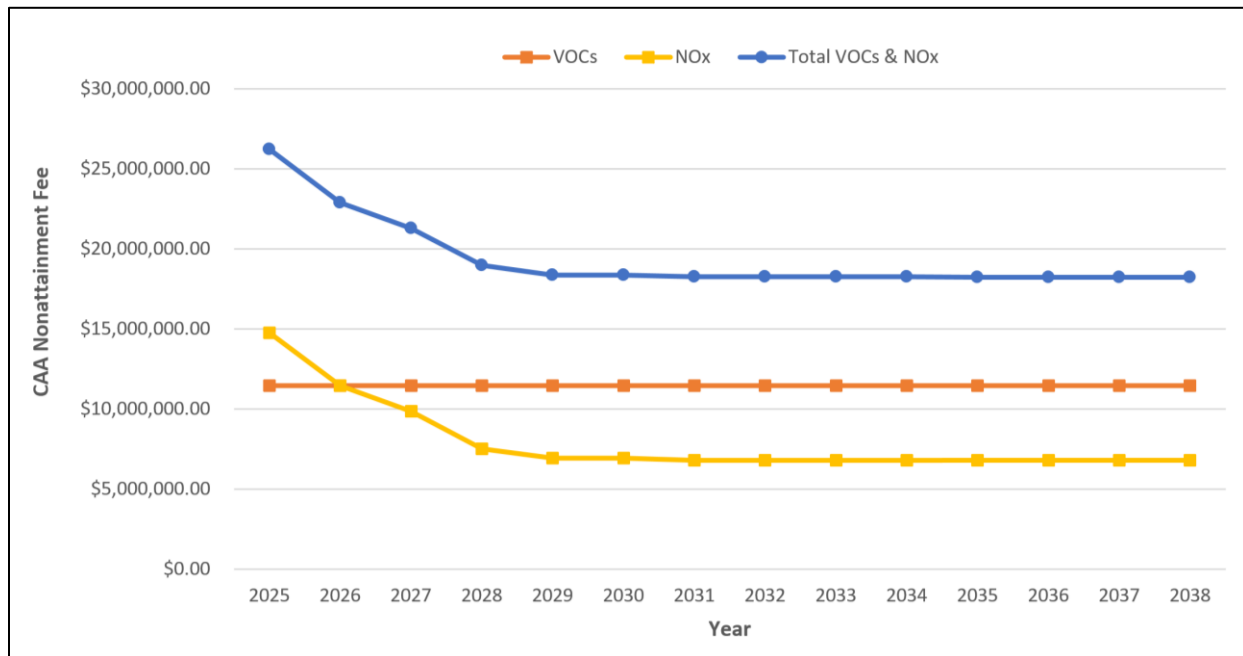
²⁸ South Coast AQMD. (2021, November 5). *Rule 1109.1 – Emissions of Oxides of Nitrogen from Petroleum Refineries and Related Operations*. <https://www.aqmd.gov/docs/default-source/rule-book/reg-xi/r1109-1.pdf?sfvrsn=8>.

²⁹ U.S. EPA. (2023, October 12). *U.S. EPA Clean Air Act Section 185 Fee Rates Memorandum*. https://www.epa.gov/system/files/documents/2023-10/memorandum_sec-185-penalty-fees-for-year-2023_10-12-2023.pdf.

3.5.6. CAA Nonattainment Fees

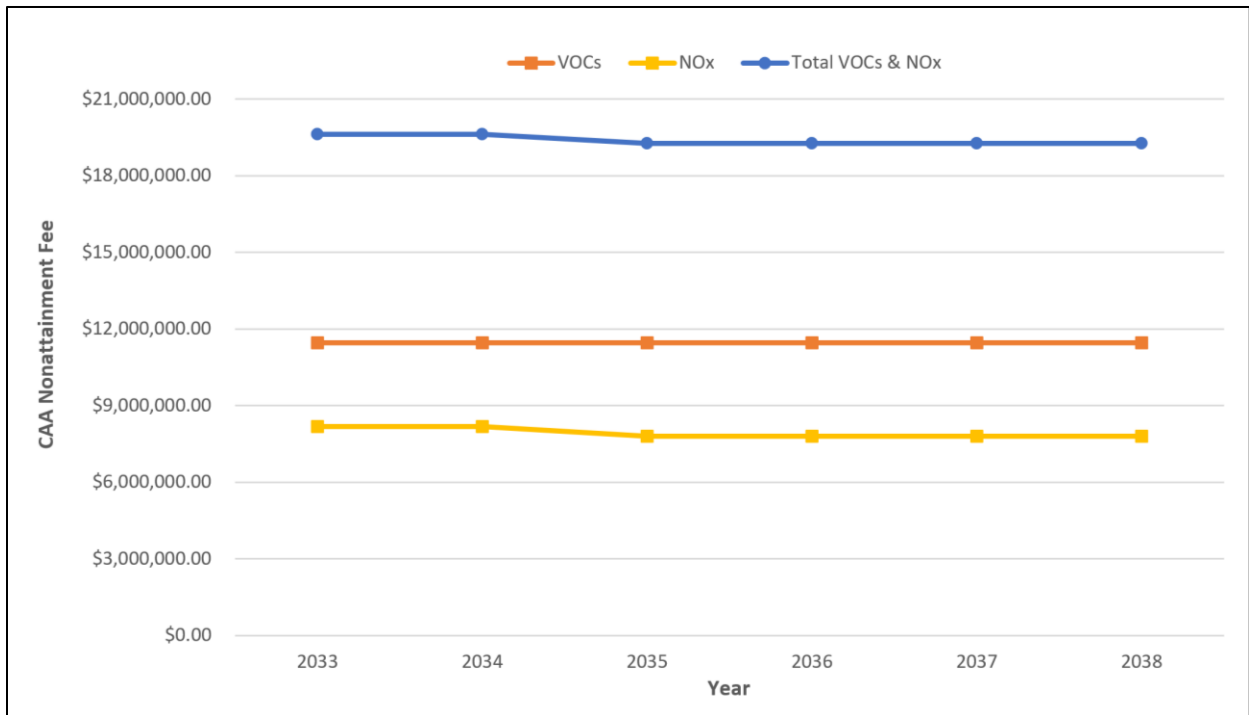
The CAA nonattainment fees are assessed at the amount that exceeds 80% of the baseline emissions. These are estimated conservatively to be approximately \$26 million in calendar year 2025 with a gradual decline until calendar year 2035 due to Rule 1109.1 implementation. The 1997 8-hour ozone standard CAA nonattainment fee projections for each calendar year are presented in Figure 3-1.

**Figure 3-1
1997 8-Hour Ozone Standard CAA Nonattainment Fee Projections
Accounting for Rule 1109.1 NOx Reductions**



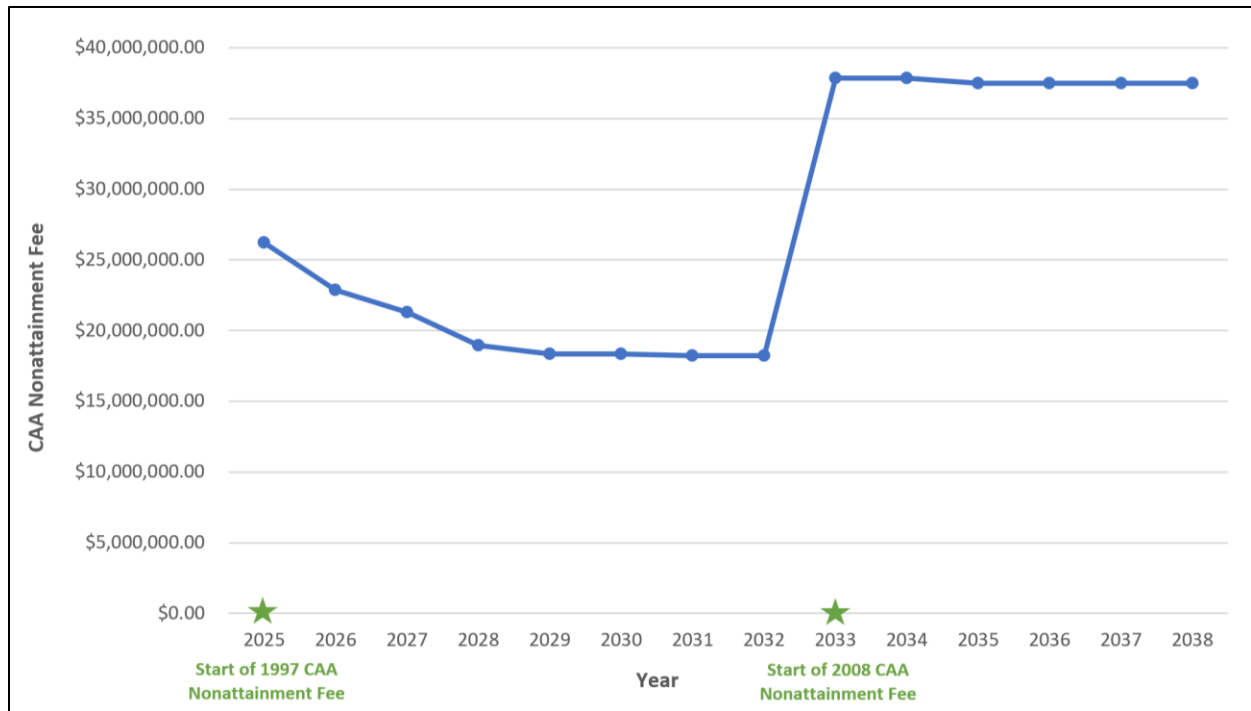
The 2008 8-hour ozone standard CAA nonattainment fees are assumed to begin in calendar year 2033 and are estimated conservatively to be approximately \$20 million in calendar year 2033 with gradual decline until calendar year 2035 due to Rule 1109.1 implementation. The 2008 8-hour ozone standard CAA nonattainment fee projections for each calendar year are presented in Figure 3-2.

Figure 3-2
2008 8-Hour Ozone Standard CAA Nonattainment Fee Projections
Accounting for Rule 1109.1 NOx Reductions



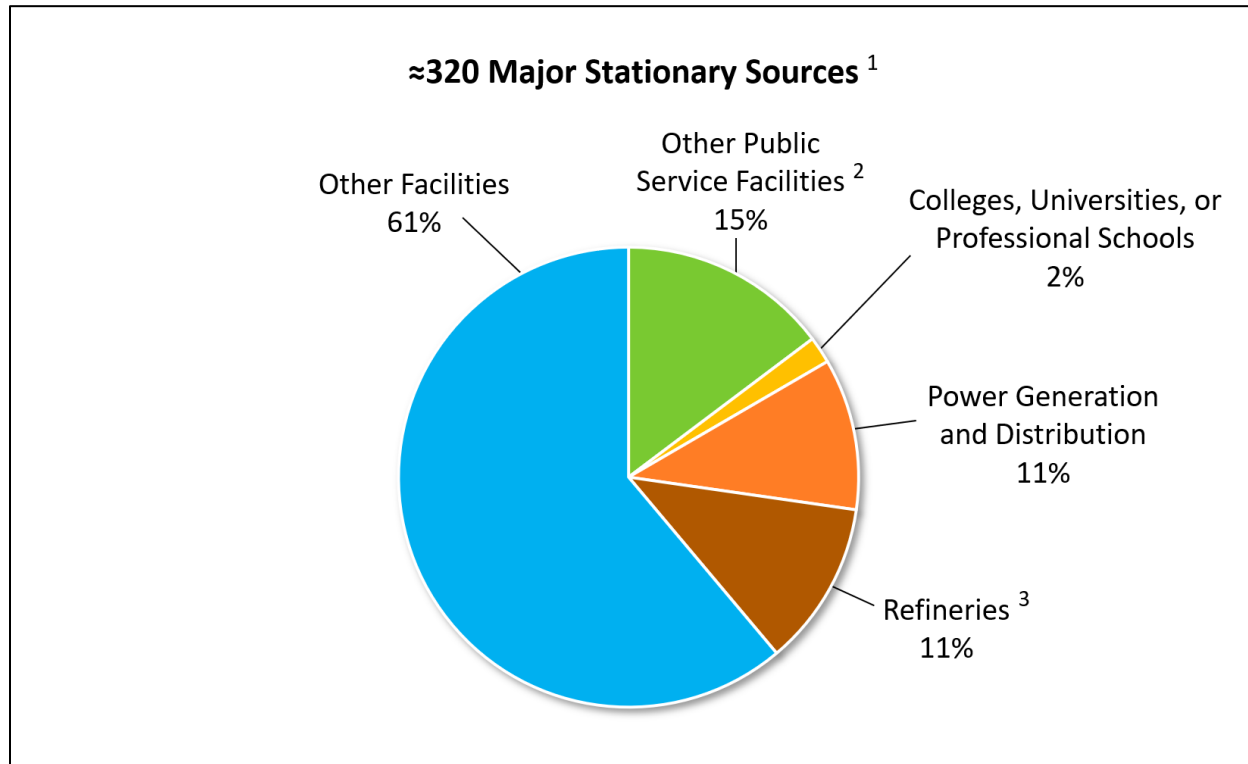
The combined 1997 and 2008 8-hour ozone standard CAA nonattainment fee projections for each calendar year are presented in Figure 3-3.

**Figure 3-3
1997 and 2008 8-Hour Ozone Standards VOC and NOx
CAA Nonattainment Fee Projections Accounting for Rule 1109.1 NOx Reductions**



These Title V Program facilities have been categorized by major industry and their projected CAA nonattainment fee is presented in Figure 3-4 below. Although refineries represent only 11% of the facility universe, they represent 58% of the calendar year 2025 CAA nonattainment fees. Due to implementation of Rule 1109.1, their contribution to the CAA nonattainment fees decreases to 39% by calendar year 2032.

Figure 3-4
Major Stationary Source Projected Calendar Year 2025 CAA Nonattainment Fee Universe



¹ As only those facilities that are a major stationary source of VOC and/or NOx will be potentially impacted by PR 317.1, staff estimates that the number of Title V Program facilities impacted will be fewer than the estimate provided in this PR 317.1 Staff Report.

² Public service facilities include general medical and surgical hospitals; sewage treatment; solid waste landfill; water supply and irrigation systems; natural gas distribution; regulation and administration of communications, electric, gas, and other utilities; and other general government support.

³ Refinery industries include petroleum refineries, petroleum bulk stations and terminals, pipeline transportation of refined petroleum products, and petroleum and petroleum products merchant wholesalers (except bulk stations and terminals).

3.6. DRAFT FINDINGS UNDER HEALTH AND SAFETY CODE SECTION 40727

3.6.1. Requirements to Make Findings

Health and Safety Code Section 40727 requires that prior to adopting, amending, or repealing a rule or regulation, the South Coast AQMD Governing Board shall make findings of necessity, authority, clarity, consistency, non-duplication, and reference based on relevant information presented at the public hearing and in the staff report.

3.6.2. Necessity

PR 317.1 is needed to comply with the requirements of the CAA Section 185 requirements for the 1997 or 2008 8-hour ozone standard.

3.6.3. Authority

The South Coast AQMD Governing Board has authority to adopt PR 317.1 pursuant to the Health and Safety Code Sections 39002, 40000, 40001, 40440, 40441, 40702, 40725 through 40728, 41511, and 42300 et seq. and CAA Sections 172(e), 182(d), 182(e), 182(f) and 185.

3.6.4. Clarity

PR 317.1 is written or displayed so that its meaning can be easily understood by the persons directly affected by it.

3.6.5. Consistency

PR 317.1 is in harmony with and not in conflict with or contradictory to, existing statutes, court decisions, or state or federal regulations.

3.6.6 Non-Duplication

PR 317.1 will not impose the same requirements as or in conflict with any existing state or federal regulations. The proposed amended rule is necessary and proper to execute the powers and duties granted to, and imposed upon, the South Coast AQMD.

3.6.7. Reference

By adopting PR 317.1, the South Coast AQMD Governing Board will be implementing, interpreting or making specific the provisions of the Health and Safety Code Sections 39002 (authority for control of air pollution), 40000 (non-vehicular air pollution), 40001 (rules to achieve ambient air quality standards), 40440 (rules to carry out the Air Quality Management Plan), 40441, 40506, 40510, 40522 (rules to achieve and maintain ambient air quality standards), 40440 (adopt regulation to carry out plan), 40702 (adopt regulations and execute duties), 40725 through 40728 (public hearings), 41510 (right of entry), 41511 (rules to require source to determine emissions), 42300 et seq. (permitting), 42303 (requests for information), and CAA Sections 116 (Retention of State authority), 172(e), 181, 182, 185, and 502(b)(3)(B)(v).

APPENDIX A: AFFECTED FACILITIES

Table A-1
PR 317.1 Potentially Impacted Major Stationary Sources

#	ID	Name	County	City
1	56	University So California, Health Sciences	LA	Los Angeles
2	136	Press Forge Co	LA	Paramount
3	222	Architectural Woodworking Co	LA	Monterey Park
4	346	Frito-Lay, Inc.	SB	Rancho Cucamonga
5	392	Taylor-Dunn Mfg Co	OR	Anaheim
6	550	LA Co., Internal Service Dept	LA	Los Angeles
7	1034	Builders Fence Co Inc	LA	Sun Valley
8	1073	Westlake Royal Roofing LLC	RV	Corona
9	1334	Soc-Co Plastic Coating Co	SB	Rancho Cucamonga
10	1703	Eastern Municipal Water District	RV	Temecula
11	2044	G B Mfg Inc/Calif Acrylic, Dba Cal Spas	LA	Pomona
12	2526	Chevron USA Inc	LA	Van Nuys
13	2619	Martin Luther King Jr Medical Campus	LA	Los Angeles
14	2825	MCP Foods Inc	OR	Anaheim
15	2846	Vista Paint Corp	OR	Fullerton
16	3093	LA Co., Olive View/UCLA Medical Center	LA	Sylmar
17	3417	Air Prod & Chem Inc	LA	Carson
18	3513	Irvine Ranch Water Dist	OR	Irvine
19	3704	All American Asphalt, Unit No.01	RV	Corona
20	3721	Dart Container Corp of California	RV	Corona
21	3968	Tabc, Inc	LA	Long Beach
22	4242	San Diego Gas & Electric	RV	Moreno Valley
23	4477	So Cal Edison Co	LA	Avalon
24	5723	Ducommun Aerostructures Inc	OR	Orange
25	5973	Socal Gas Co	LA	Valencia
26	6384	LA Co., Rancho Los Amigos Nat. Rehab Ctr	LA	Downey
27	6979	Riv Co., Waste Mgmt, Badlands Landfill	RV	Moreno Valley
28	7068	San Brdo Cnty Solid Waste Mgmt	SB	Redlands
29	7371	San Ber Cnty Solid Waste Mgmt- Milliken	SB	Ontario
30	7411	Davis Wire Corp	LA	Irwindale
31	7416	Linde Inc.	LA	Wilmington
32	7417	Eastern Municipal Water Dist	RV	Perris
33	7427	Owens-Brockway Glass Container Inc	LA	Vernon
34	8220	Providence St Joseph Med Ctr	LA	Burbank
35	8309	Cambro Manufacturing Co	OR	Huntington Beach
36	8547	Ecobat Resources California, Inc.	LA	City Of Industry
37	8582	So Cal Gas Co/Playa Del Rey Storage Fac	LA	Playa Del Rey
38	9163	Inland Empire Utl Agen, A Mun Water Dis	SB	Ontario
39	9755	United Airlines Inc	LA	Los Angeles
40	9898	Scientific Spray Finishes Inc	OR	Fullerton

#	ID	Name	County	City
41	9978	Peter Pepper Products	LA	Compton
42	10245	LA City, Terminal Island Treatment Plant	LA	San Pedro
43	10656	Newport Laminates	OR	Santa Ana
44	10966	Weber Metals Inc	LA	Paramount
45	11245	Hoag Hospital	OR	Newport Beach
46	11435	Pq LLC	LA	South Gate
47	11716	Fontana Paper Mills Inc	SB	Fontana
48	11887	Nasa Jet Propulsion Lab	LA	Pasadena
49	12332	Gatx Corporation	SB	Colton
50	12428	Gold Bond Building Products, LLC.	LA	Long Beach
51	12876	Foam Fabricators	LA	Compton
52	13011	The Gill Corporation	LA	El Monte
53	13854	East Los Angeles College	LA	Monterey Park
54	13920	Providence Saint Joseph Hospital	OR	Orange
55	13990	US Govt, Veterans Affairs Medical Center	LA	Long Beach
56	14213	Long Beach Memorial Medical Center	LA	Long Beach
57	14437	San Antonio Regional Hospital	SB	Upland
58	14492	Johnson Laminating & Coating Inc	LA	Carson
59	14495	Vista Metals Corporation	SB	Fontana
60	14502	Vernon Public	LA	Vernon
61	14871	Sonoco Products Co	LA	City Of Industry
62	14966	Va Greater Los Angeles Healthcare Sys	LA	Los Angeles
63	15504	Schlosser Forge Company	SB	Rancho Cucamonga
64	15793	Riv Co, Waste Resources Mgmt Dist, Lamb	RV	Beaumont
65	16338	Kaiser Aluminum Fabricated Products, LLC	LA	Los Angeles
66	16389	Cedars-Sinai Medical Ctr	LA	Los Angeles
67	16639	Shultz Steel Co	LA	South Gate
68	16642	Anheuser-Busch LLC., (LA Brewery)	LA	Van Nuys
69	17104	So Cal Edison Co	LA	Norwalk
70	17301	Orange County Sanitation District	OR	Fountain Valley
71	17841	Mc Dowell & Craig Mfg. Co.	LA	Norwalk
72	17953	Pacific Clay Products Inc	RV	Lake Elsinore
73	18294	Northrop Grumman Systems Corp	LA	El Segundo
74	18452	University of California, Los Angeles	LA	Los Angeles
75	19194	Eppink of California	LA	South Gate
76	20197	LAC/USC Medical Center	LA	Los Angeles
77	22092	Western Tube & Conduit Corp	LA	Long Beach
78	22911	Carlton Forge Works	LA	Paramount
79	23194	City of Hope Medical Center	LA	Duarte
80	23401	Hood Mfg Inc	OR	Santa Ana
81	23487	Royal Paper Box Co	LA	Montebello
82	23752	Aerocraft Heat Treating Co Inc	LA	Paramount

#	ID	Name	County	City
83	24450	Trend Manor Furniture Mfg Co Inc	LA	City Of Industry
84	24647	J. B. I. Inc	LA	Rancho Dominguez
85	25070	LA Cnty Sanitation District-Puente Hills	LA	City Of Industry
86	25513	Six Flags Themes Pks Inc,Six Flags Magic	LA	Valencia
87	25638	Burbank City, Burbank Water & Power	LA	Burbank
88	29110	Orange County Sanitation District	OR	Huntington Beach
89	29411	LA Co., Sheriff'S Dept	LA	Los Angeles
90	35302	Owens Corning Roofing and Asphalt, LLC	LA	Compton
91	36738	Sorenson Engineering Inc, Frank Sorenson	SB	Yucaipa
92	39855	Mizkan America, Inc	SB	Rancho Cucamonga
93	40806	New Basis	RV	Riverside
94	40841	The Dot Printer Inc	OR	Irvine
95	40915	Freund Baking Co	LA	Glendale
96	42514	LA County Sanitation Dist (Calabasas)	LA	Agoura
97	42633	LA County Sanitation Districts (Spadra)	LA	Pomona
98	43436	Tst, Inc.	SB	Fontana
99	44577	Long Beach City, Serrf Project	LA	Long Beach
100	45262	LA County Sanitation Dist Scholl Canyon	LA	Glendale
101	45489	Abbott Cardiovascular Systems, Inc.	RV	Temecula
102	45746	Pabco Bldg Products LLC, Pabco Paper, DbA	LA	Vernon
103	45938	E.M.E. Inc/Electro Machine & Engineering	LA	Compton
104	46268	California Steel Industries Inc	SB	Fontana
105	47781	Ols Energy-Chino	SB	Chino
106	49111	Sunshine Cyn Landfill Republic Serv Inc	LA	Sylmar
107	49805	LA City, Bureau of Sanit(Lopez Canyon)	LA	Lake View Terrace
108	50299	San Ber Cnty Solid Waste Mgmt Mid Valley	SB	Rialto
109	50310	Waste Mgmt Disp &Recy Servs Inc (Bradley)	LA	Sun Valley
110	50418	O C Waste & Recycling, Olinda Alpha	OR	Brea
111	51003	So Cal Edison Co	SB	Ontario
112	51475	So Cal Edison Co	OR	Stanton
113	52742	Storopack Inc	LA	Downey
114	52743	Oc Waste & Recycling, Santiago	OR	Orange
115	52753	Oc Waste & Recycling, Prima Deshecha	OR	San Juan Capistrano
116	57390	Advance Truck Painting Inc	LA	Pico Rivera
117	58044	San Ber Cnty Solid Waste Mgmt - Colton	SB	Colton
118	58563	Mercury Plastics Inc	LA	City Of Industry
119	59225	Americh Corp	LA	North Hollywood
120	59237	American Security Products Co Inc	SB	Fontana
121	62862	Imperial Irrigation District/ Coachella	RV	Coachella
122	69646	Oc Waste & Recycling, Frb	OR	Irvine
123	70021	Xerxes Corp (A Delaware Corp)	OR	Anaheim
124	73367	Monarch Litho Inc	LA	Montebello
125	74060	Engineered Polymer Solutions Inc	LA	Los Angeles
126	74529	K. F. Fiberglass, Inc.	LA	Downey
127	74830	Thoro Packaging Inc	RV	Corona

#	ID	Name	County	City
128	79691	Vacmet, Inc.	SB	Rancho Cucamonga
129	80066	Laird Coatings Corporation	OR	Huntington Beach
130	82207	All American Asphalt, All Amer Aggregates	OR	Irvine
131	82657	Quest Diagnostics Inc	OR	San Juan Capistrano
132	83102	Light Metals Inc	LA	City Of Industry
133	83508	The Termo Company	LA	Northridge
134	84273	Teva Parenteral Medicines, Inc	OR	Irvine
135	89248	Old Country Millwork Inc	LA	Los Angeles
136	89710	Royal Cabinets	LA	Pomona
137	94272	Rgf Enterprises Inc	RV	Corona
138	94872	Metal Container Corp	RV	Mira Loma
139	100145	Harbor Fumigation Inc	LA	San Pedro
140	100806	Robinson Helicopter Co Inc	LA	Torrance
141	101656	Air Products and Chemicals, Inc.	LA	Wilmington
142	101667	Ag-Fume Service Inc	LA	Long Beach
143	102268	Preproduction Plastics, Inc	RV	Corona
144	104004	Micrometals, Inc	OR	Anaheim
145	104806	Mm Lopez Energy LLC	LA	Sylmar
146	106897	Ag-Fume Services Inc	LA	San Pedro
147	113518	Brea Parent 2007, LLC	OR	Brea
148	113674	Usa Waste of Cal (El Sobrante Landfill)	RV	Corona
149	113873	Mm West Covina LLC	LA	West Covina
150	114083	Solutions Unlimited, Wilson's Art Studio	OR	Fullerton
151	115314	Long Beach Generation, LLC	LA	Long Beach
152	115389	Aes Huntington Beach, LLC	OR	Huntington Beach
153	115394	Aes Alamitos, LLC	LA	Long Beach
154	115536	Aes Redondo Beach, LLC	LA	Redondo Beach
155	115663	El Segundo Energy Center, LLC	LA	El Segundo
156	116931	Equilon Ent LLC, Shell Oil Prod. U S	LA	Signal Hill
157	117140	AOC, LLC	RV	Perris
158	117290	B Braun Medical, Inc	OR	Irvine
159	117560	Equilon Enter, LLC-Shell Oil Prod. US	LA	Wilmington
160	118379	Arrowhead Regional Medical Ctr	SB	Colton
161	119219	Chiquita Canyon LLC	LA	Castaic
162	119741	Jensen Precast	SB	Fontana
163	119940	Building Materials Manufacturing Corp	SB	Fontana
164	121727	Pacific Pipeline System LLC	LA	Long Beach
165	124808	Ineos Polypropylene LLC	LA	Carson
166	124904	Los Angeles Times Communications LLC	LA	Los Angeles
167	126498	Steelscape, Inc	SB	Rancho Cucamonga
168	127299	Wildflower Energy Lp/Indigo Gen., LLC	RV	North Palm Springs

#	ID	Name	County	City
169	127749	Ultramar, Inc	LA	Wilmington
170	128243	Burbank City, Burbank Water & Power, SCPPA	LA	Burbank
171	129497	Thums Long Beach Co	LA	Long Beach
172	132368	QG Printing II LLC	RV	Riverside
173	134018	Industrial Container Services-CA LLC	LA	Montebello
174	136148	E/M Coating Services	LA	North Hollywood
175	136173	E/M Coating Services	LA	Chatsworth
176	136202	Epsilon Plastics Inc	LA	Rancho Dominguez
177	138103	Transcontinental Ontario Inc	SB	Ontario
178	139796	City of Riverside Public Utilities Dept	RV	Riverside
179	139799	Lithographix Inc	LA	Hawthorne
180	139808	Inland Empire Regional Composting Author	SB	Rancho Cucamonga
181	139938	Sunshine Gas Producers LLC	LA	Sylmar
182	140373	Ameresco Chiquita Energy LLC	LA	Valencia
183	140552	Performance Composites, Inc	LA	Compton
184	140811	Ducommun Aerostructures Inc	LA	Monrovia
185	141555	Castaic Clay Products, LLC	LA	Castaic
186	144455	Lifoam Industries, LLC	LA	Vernon
187	145232	Air Industries Company, LLC	OR	Garden Grove
188	146536	Walnut Creek Energy, LLC	LA	City Of Industry
189	147371	Inland Empire Utilities Agency	SB	Chino
190	148236	Air Liquide Large Industries U.S., Lp	LA	El Segundo
191	148568	Southwest Moulding	LA	Sun Valley
192	149620	Southern California Edison	SB	Rancho Cucamonga
193	149814	Sierracin/Sylmar Corp	LA	Sylmar
194	150233	Pacific Mfg Mgmt, Inc Dba Greneker Solut	LA	Los Angeles
195	151798	Tesoro Refining and Marketing Co, LLC	LA	Carson
196	151843	Insulfoam	SB	Chino
197	152707	Sentinel Energy Center LLC	RV	North Palm Springs
198	153992	Canyon Power Plant	OR	Anaheim
199	156741	Harbor Cogeneration Co, LLC	LA	Wilmington
200	157152	Bowerman Power Lfg, LLC	OR	Irvine
201	157259	Graphic Packaging International, Inc	OR	Irvine
202	157359	Henkel Electronic Materials, LLC	LA	Compton
203	157363	International Paper Co	OR	Anaheim
204	159492	Woodward Hrt- Valencia	LA	Valencia
205	160437	Southern California Edison	SB	Redlands
206	162556	Glendale City, Glendale Water and Power	LA	Glendale
207	163177	Fleetwood Homes, Inc.	RV	Riverside
208	166073	Beta Offshore	OR	Huntington Beach
209	167981	Tesoro Logistics, Wilmington Terminal	LA	Wilmington
210	169990	Sps Technologies, LLC	LA	Gardena
211	171107	Phillips 66 Co/LA Refinery Wilmington Pl	LA	Wilmington
212	171109	Phillips 66 Company/Los Angeles Refinery	LA	Carson
213	171320	Phillips 66 Colton Terminal - West	SB	Bloomington

#	ID	Name	County	City
214	171326	Phillips 66 Pipeline LLC	LA	Los Angeles
215	171327	Phillips 66 Pipeline LLC	LA	Torrance
216	171329	Phillips 66 Colton Terminal - East	SB	Rialto
217	172005	New- Indy Ontario, LLC	SB	Ontario
218	172077	City of Colton	SB	Colton
219	172878	Tesoro Logistics Long Beach Terminal	LA	Long Beach
220	173846	Azusa Land Reclamation, Inc	LA	Azusa
221	174406	Arlon Graphics LLC	OR	Placentia
222	174655	Tesoro Refining & Marketing Co, LLC	LA	Carson
223	174694	Tesoro Logistics, Carson Crude Terminal	LA	Carson
224	174703	Tesoro Logistics, Carson Prod Terminal	LA	Carson
225	174704	Tesoro Logistics, East Hynes Terminal	LA	Long Beach
226	174705	Tesoro Logistics, Colton Terminal	SB	Bloomington
227	174710	Tesoro Logistics, Vinvale Terminal	LA	South Gate
228	174711	Tesoro Logistics, Hathaway Terminal	LA	Signal Hill
229	174727	Tesoro Refining Marketing Company LLC	LA	South Gate
230	176339	Becker Specialty Corp.	SB	Fontana
231	176377	Tesoro Logistics Marine Terminal 2	LA	Long Beach
232	180908	Eco Services Operations Corp.	LA	Carson
233	181426	Oc Waste & Recycling, Coyote	OR	Newport Coast
234	181667	Torrance Refining Company LLC	LA	Torrance
235	182157	Baxalta US Inc	LA	Los Angeles
236	182561	Colton Power, Lp	SB	Colton
237	182563	Colton Power, Lp	SB	Colton
238	182752	Torrance Logistics Company LLC	LA	Vernon
239	182753	Torrance Logistics Company, LLC	LA	Terminal Island
240	183415	Ontario International Airport Authority	SB	Ontario
241	183501	Stanton Energy Reliability Center, LLC	OR	Stanton
242	183567	Gs II, Inc.	LA	Wilmington
243	185352	Snow Summit, LLC.	SB	Big Bear Lake
244	185600	Bridge Energy, LLC	OR	Brea
245	186899	Enery Holdings Llc/Lghthp_6_Icegen	LA	Carson
246	187165	Altair Paramount, LLC	LA	Paramount
247	187823	Kirkhill Inc	OR	Brea
248	187885	Smithfield Packaged Meats Corp	LA	Vernon
249	188380	Valence Surface Technologies - Lynwood	LA	Lynwood
250	189790	Fleischmann's Vinegar Company, Inc	LA	Montebello
251	191386	The Newark Group, Inc. Dba Greif, Inc	LA	Commerce
252	191415	Sierra Aluminum, Div of Samuel, Son & Co	SB	Fontana
253	191420	Sierra Aluminum, Div of Samuel, Son & Co	RV	Riverside
254	193314	Zenith Energy West Coast Terminals LLC	LA	Compton
255	193318	Zenith Energy West Coast Terminals LLC	LA	Long Beach
256	193344	Sfpp, L.P. - Colton South	SB	Bloomington
257	193552	Vernon Environmental Response Trust	LA	Vernon
258	193561	IBY, LLC	LA	Irwindale
259	193691	M & J Design Corporation	OR	Anaheim

#	ID	Name	County	City
260	194023	Fabri Cote	LA	Los Angeles
261	194175	Silver Creek Industries, LLC	RV	Perris
262	194203	Oldcastle Infrastructure	RV	Nuevo
263	194343	Emd Specialty Materials, LLC	SB	Rancho Cucamonga
264	194733	LGM Pharma	OR	Irvine
265	195338	Wg Holdings Spv, LLC	LA	Los Angeles
266	195423	Air Products West Coast Hydrogen LLC	LA	Torrance
267	195802	Vernon Public Utilities	LA	Vernon
268	195849	Mittera California LLC	OR	Los Alamitos
269	195925	Olympus Terminals LLC	LA	Carson
270	196103	Shadow Wolf Energy, LLC	LA	Santa Clarita
271	198222	Bluescope Coated Products LLC	SB	Rancho Cucamonga
272	199197	Tex-Tech Engineered Composites Inc	LA	Gardena
273	800003	Honeywell International Inc	LA	Torrance
274	800016	Baker Commodities Inc	LA	Vernon
275	800022	Calnev Pipe Line, LLC	SB	Bloomington
276	800026	Ultramar Inc	LA	Wilmington
277	800030	Chevron Products Co.	LA	El Segundo
278	800032	Chevron Usa Inc	LA	Montebello
279	800037	Demunno-Kerdoon Dba World Oil Recycling	LA	Compton
280	800057	Kinder Morgan Liquids Terminals, LLC	LA	Carson
281	800074	LA City, DWP Haynes Generating Station	LA	Long Beach
282	800075	LA City, DWP Scattergood Generating Stn	LA	Playa Del Rey
283	800080	Lunday-Thagard Co Dba World Oil Refining	LA	South Gate
284	800088	3M Company	RV	Corona
285	800113	Rohr, Inc.	RV	Riverside
286	800128	So Cal Gas Co	LA	Northridge
287	800129	Sfpp, L.P.	SB	Bloomington
288	800168	Pasadena City, DWP	LA	Pasadena
289	800170	LA City, DWP Harbor Generating Station	LA	Wilmington
290	800189	Disneyland Resort	OR	Anaheim
291	800193	LA City, DWP Valley Generating Station	LA	Sun Valley
292	800198	Ultramar Inc	LA	Wilmington
293	800202	Universal City Studios, LLC.	LA	Universal City
294	800209	BKK Corp (Eis Use)	LA	West Covina
295	800214	LA City, Sanitation Bureau (Htp)	LA	Playa Del Rey
296	800234	Loma Linda Univ	SB	Loma Linda
297	800236	LA Co. Sanitation Dist	LA	Carson
298	800263	U.S. Govt, Dept of Navy	OR	San Clemente
299	800265	Univ of So Cal	LA	Los Angeles
300	800278	Sfpp, L.P.	LA	Carson
301	800279	Sfpp, L.P.	OR	Orange
302	800288	Univ Cal Irvine	OR	Irvine
303	800302	Chevron Products Company	OR	Huntington Beach

#	ID	Name	County	City
304	800312	LA Co Harbor-UCLA Medical Center	LA	Torrance
305	800313	Laxfuel Corp	LA	Los Angeles
306	800327	Glendale City, Glendale Water & Power	LA	Glendale
307	800335	LA City, Dept of Airports	LA	Los Angeles
308	800367	Ips Corporation	LA	Gardena
309	800369	Equilon Enter.LLC , Shell Oil Prod. US	LA	Van Nuys
310	800372	Equilon Enter. LLC, Shell Oil Prod. US	LA	Carson
311	800380	Certified Enameling Inc	LA	Los Angeles
312	800387	Cal Inst of Tech	LA	Pasadena
313	800393	Valero Wilmington Asphalt Plant	LA	Wilmington
314	800398	Mask-Off Company, Inc	LA	Monrovia
315	800408	Northrop Grumman Systems	LA	Manhattan Beach
316	800409	Northrop Grumman Systems Corporation	LA	Redondo Beach
317	800428	Lamps Plus Inc/ Pacific Coast Lighting	LA	Chatsworth
318	800429	Kaiser Foundation Hospital	LA	Los Angeles
319	800436	Tesoro Refining and Marketing Co, LLC	LA	Wilmington