

BOARD MEETING DATE: December 4, 2020

Agenda No.

PROPOSAL: Determine That Proposed Amendments to Rule 1146 - Emissions of Oxides of Nitrogen from Industrial, Institutional, and Commercial Boilers, Steam Generators, and Process Heaters are Exempt from CEQA; and Amend Rule 1146

SYNOPSIS: Proposed amendments to Rule 1146 are needed to remove the ammonia slip limit in the rule which is currently addressed under Regulation XIII New Source Review.

COMMITTEE: Reviewed: Stationary Source Committee, October 16, 2020

RECOMMENDED ACTIONS:

Adopt the attached Resolution:

1. Determining that the proposed amendments to Rule 1146 – Emissions of Oxides of Nitrogen from Industrial, Institutional, and Commercial Boilers, Steam Generators, and Process Heaters are exempt from the requirements of the California Environmental Quality Act; and
2. Amending Rule 1146 – Emissions of Oxides of Nitrogen from Industrial, Institutional and Commercial Boilers, Steam Generators, and Process Heaters

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This Board letter is intended to serve as the staff report for the proposed amendments to Rule 1146.

Background

Rule 1146 – Emissions of Oxides of Nitrogen from Industrial, Institutional, and Commercial Boilers, Steam Generators, and Process Heaters was adopted on September 9, 1988 to reduce emissions of NO_x from boilers, steam generators, and process heaters of heat input capacity equal to or greater than 5 million Btu per hour used in industrial, institutional, and commercial operations. Rule 1146 was amended on December 7, 2018 to update the NO_x emission limits to reflect BARCT levels and to expand the applicability to facilities with units in or formerly in the RECLAIM

program. The December 7, 2018 amendments updated the NOx emission limits to reflect BARCT and included a BACT concentration limit for ammonia for new and modified air pollution control equipment with ammonia emissions in the exhaust.

Proposed Amendment

Proposed Amended Rule 1146 (PAR 1146) removes the ammonia concentration limit of 5 ppm for new and modified pollution controls with ammonia emissions in the exhaust to prevent conflicts with implementing Regulation XIII - New Source Review. Currently, Rule 1303 - Requirements requires BACT for installation of pollution controls such as selective catalytic reduction (SCR) if there is an increase in ammonia emissions of 1 pound per day or more. Under New Source Review, for SCR installations the BACT ammonia emission limit is 5 ppm, the same ammonia emission limit in Rule 1146. Staff believes it is more appropriate to address the ammonia emission limit for new and modified pollution controls, such as SCR, through Regulation XIII during the permitting process, rather than in Rule 1146. This allows permit engineers to evaluate the ammonia limit for new and modified SCRs on a case-by-case basis to ensure that the NOx limit in Rule 1146 can be achieved.

PAR 1146 retains the compliance demonstrations requirements under paragraph (d)(3) for new, replaced, or modified air pollution control equipment with ammonia emissions in the exhaust. Since the ammonia limits in PAR 1146 are removed, the compliance demonstration under paragraph (d)(3) are required when the owner or operator installs, replaces, or modifies air pollution control equipment with ammonia emissions in the exhaust that is subject to an ammonia emission limit in a South Coast AQMD permit. The compliance demonstration requirements include quarterly source tests for the first year of operation and annual source tests requirements thereafter or utilizing an ammonia Continuous Emissions Monitoring System (CEMS) certified under an approved South Coast AQMD protocol.

Public Process

Development of PAR 1146 is conducted through a public process. The public workshop is scheduled to be held through Zoom video conference or teleconference on October 8, 2020. PAR 1146 was also presented to the RECLAIM Working Group on October 8, 2020.

Key Issues

Staff is not aware of any issues at this time.

California Environmental Quality Act

Pursuant to the California Environmental Quality Act (CEQA) Guidelines Sections 15002(k) and 15061, the proposed project is exempt from CEQA pursuant to CEQA Guidelines Section 15061(b)(3). A Notice of Exemption, prepared pursuant to CEQA Guidelines Section 15062, will be included as an attachment to this Board Letter. If the project is approved, the Notice of Exemption will be filed with the county clerks in each

county within the South Coast Air Quality Management District's (South Coast AQMD's) jurisdiction. In addition, the Notice of Exemption will be electronically filed with the State Clearinghouse to be posted on their CEQAnet Web Portal, which may be accessed via the following weblink: <https://ceqanet.opr.ca.gov/search/recent>.

Socioeconomic Impact Assessment

The proposed amendments to Rule 1146 are administrative in nature and have no adverse socioeconomic impacts.

Comparative Analysis

Health and Safety Code Section 40727.2(g) is applicable because the proposed amended rule does not impose a new or more stringent emissions limit or standard, or other air pollution control monitoring, reporting, or recordkeeping requirements. As a result, a comparative analysis is not required.

AQMP and Legal Mandates

Health and Safety Code Section 40460(a) requires the South Coast AQMD to adopt an Air Quality Management Plan (AQMP) to meet state and federal ambient air quality standards in the South Coast Air Basin. In addition, the Health and Safety Code requires the South Coast AQMD to adopt rules and regulations that carry out the objectives of the AQMP. Rule 1146 is part of a control measure (CMB-05) in the 2016 AQMP which will reduce NO_x emissions and facilitate the transition of the NO_x RECLAIM program to a command-and-control regulatory structure, but the proposed amendment is not the result of an AQMP control measure.

Resource Impacts

Existing staff resources are adequate to implement the proposed amendments.

Draft Findings under the California Health and Safety Code 40727

Before adopting, amending, or repealing a rule, the California Health and Safety Code requires South Coast AQMD to adopt written findings of necessity, authority, clarity, consistency, non-duplication, and reference, as defined in Health and Safety Code Section 40727. The draft findings are as follows:

Necessity - Proposed Amended Rule 1146 – Emissions of Oxides of Nitrogen from Industrial, Institutional, and Commercial Boilers, Steam Generators, and Process Heaters, is necessary to remove the ammonia limit from the rule so it can be established through the BACT permit process to ensure that the emission limits are not inconsistent.

Authority - The South Coast AQMD Governing Board obtains its authority to adopt, amend, or repeal rules and regulations from Health and Safety Code Sections 39002, 40000, 40001, 40440, 40702, 40725 through 40728, 41508, and 41700.

Clarity - The South Coast AQMD Governing Board has determined that Proposed Amended Rule 1146 – Emissions of Oxides of Nitrogen from Industrial, Institutional, and Commercial Boilers, Steam Generators, and Process Heaters, is written and displayed so that the meaning can be easily understood by persons directly affected by them.

Consistency - The South Coast AQMD Governing Board has determined that Proposed Amended Rule 1146 – Emissions of Oxides of Nitrogen from Industrial, Institutional, and Commercial Boilers, Steam Generators, and Process Heaters, is in harmony with, and not in conflict with or contradictory to, existing statutes, court decisions, federal or state regulations.

Non-Duplication - The South Coast AQMD Governing Board has determined that Proposed Amended Rule 1146 – Emissions of Oxides of Nitrogen from Industrial, Institutional, and Commercial Boilers, Steam Generators, and Process Heaters, does not impose the same requirement as any existing state or federal regulation, and the proposed amendments are necessary and proper to execute the powers and duties granted to, and imposed upon, the South Coast AQMD.

Reference - In adopting this regulation, the South Coast AQMD Governing Board references the following statutes, which the South Coast AQMD hereby implements, interprets, enforces, or makes specific: California Health and Safety Code Section 40440.

Attachments

A. Rule Language for Proposed Amended Rule 1146