

Proposed Amended Rule 1302 - Definitions



Public Workshop

June 2, 2026

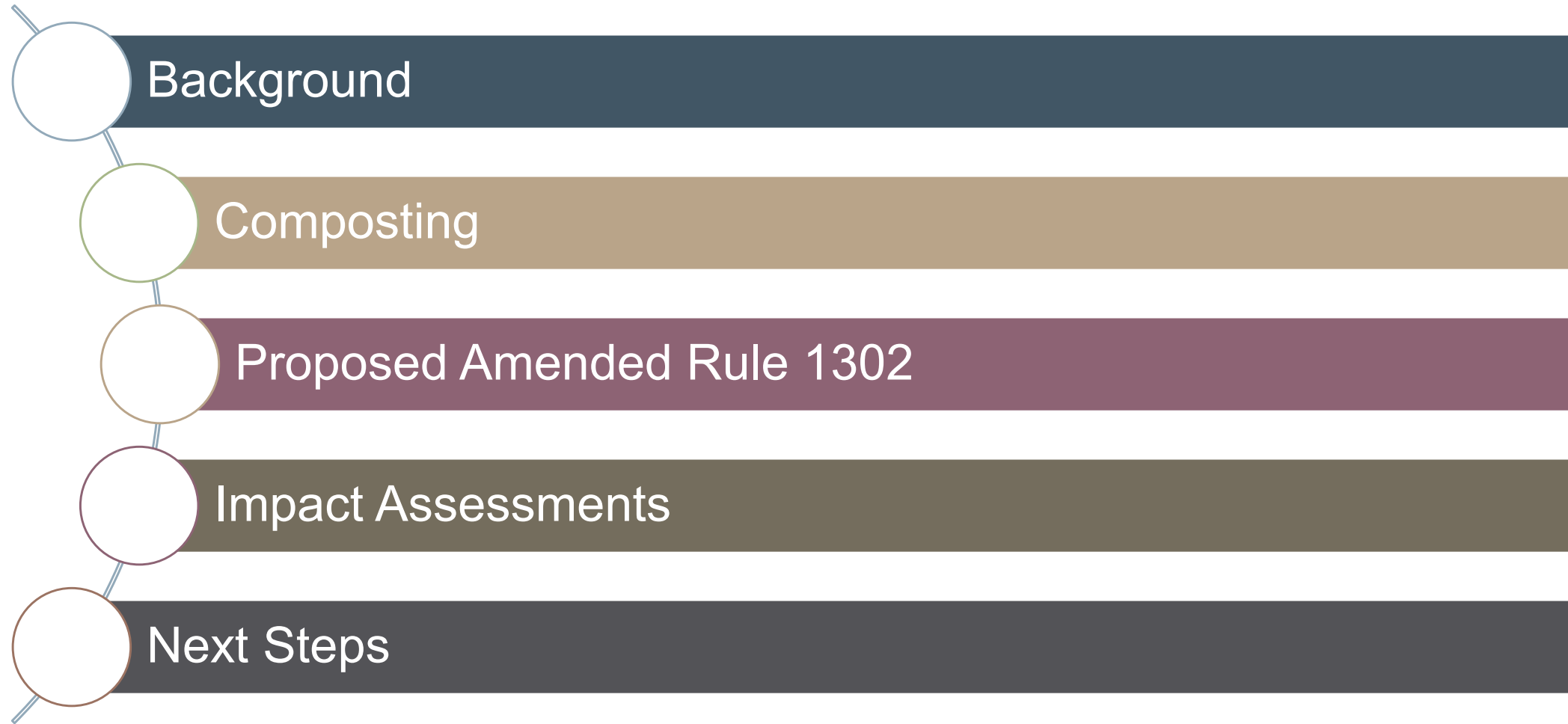
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Agenda



Background

Regulation XIII – Purpose and Background of New Source Review (NSR)

- NSR is a regulatory program required by the federal and state Clean Air Acts
- Regulation XIII establishes NSR requirements for non-RECLAIM air contaminants
- Regulation XIII applies to the installation of any new source and to the modification of any existing source
- Regulation XIII details requirements for facilities with new or modified sources that result in emission increases¹
- A permit action that results in an emission increase of any nonattainment² air contaminant must:
 - Install Best Available Control Technology (BACT)³
 - Offset emission increases
 - Conduct a modeling analysis⁴

¹ Determined pursuant to Rule 1306

² Based on National Ambient Air Quality Standards (NAAQS) and California Ambient Air Quality Standards (CAAQS) attainment status

³ Regulation XIII also requires BACT for emission increases of ammonia and Ozone Depleting Compounds (ODCs)

⁴ Regulation XIII does not require modeling for VOC and SO_x

Guiding Principles of Regulation XIII

- Ensure new and modified sources that result in an emission increase are utilizing the cleanest technologies – meet BACT
- Ensure that emission increases from new and modified sources do not interfere with efforts to attain and maintain state and federal air quality standards
- Allow for future economic growth and facility modernization
- Provide the most streamlined permitting approach for both South Coast AQMD and affected facilities
- Comply with federal and state NSR requirements

Overview of Offsetting

- Offsetting is the use of quantified emission reductions from an existing source to offset emission increases
- Due to South Coast AQMD nonattainment status, facilities are required to offset emission increases from new equipment or modifications by 1.2:1 ratio
- There are two types of offsets:
 - Emission Reduction Credits (ERCs); and
 - Offsets from Internal Offset Account

Source of Offsets – Emission Reduction Credits

- Open Market Emission Reduction Credits or “ERCs”
 - Operator purchases ERCs on “open market” from another ERC holder
 - The price is determined by the ERC holder
- Facility may create ERCs through shutdowns or facility modification
 - Facility offset burden may be reduced by taking lower emission limits in permits or adding/increasing air pollution controls

Source of Offsets – Internal Account

- South Coast AQMD also maintains District Offset Accounts for Federal Nonattainment Air Contaminants or “Internal Account”, independent from “open market”
- Internal Account is funded primarily by unclaimed emission reductions from facility shutdowns
- Internal Account is the source of offsets for sources exempted from District offset requirements but not from federal nonattainment NSR
 - Facilities emitting less than four tons per year¹ utilize offset exemptions (Rule 1304)
 - Essential Public Services draw credits from Priority Reserve (Rule 1309.1)²

¹Of VOC, NO_x, SO_x, and PM₁₀; Less than 29 tons per year of CO pursuant to Rule 1304

²Funded by a quarterly allocation pursuant to Rule 1309.1(a)

Essential Public Service

- Rule 1309.1 – Priority Reserve (Rule 1309.1) allocates offsets for Essential Public Services
 - All equipment located at the same facility shall comply with current Best Available Retrofit Control Technology (BARCT) standards
- Rule 1302 defines Essential Public Service as applicable operations listed by type
 - Most operations are listed with no qualifiers¹ on type of activity (i.e., schools and hospitals), except for sewage treatment plants² and certain landfill operations³

¹ Must be providing the essential public service associated with that type of activity

² Must be publicly owned or operated and consistent with approved regional growth plan

³ Landfill gas control or processing facilities only

Composting

Background

- Approximately 53 composting operations in South Coast AQMD
 - Three of the 53 already utilize aeration systems
- The 50 existing windrow facilities process approximately 540,000 tons of compost per year
 - Current VOC emissions from windrow composting are 1.9 tons per day
 - Almost half (22 windrow facilities) emit more than ten tons per year of VOC
 - Almost two-thirds of composting operations are located in Riverside and San Bernardino counties



Response to Regulatory Driver

- California Senate Bill 1383 requires organic waste diversion from landfills
 - Composting is a likely pathway for diversion
- CalRecycle's 2018 projections¹ for South Coast AQMD estimated 2.6 million tons of additional organic waste diverted each per year
- Stakeholders are considering changing windrow composting operations to aeration systems²
 - Roughly doubles throughput
 - Results in lower emissions even with higher throughput



1. <https://www2.calrecycle.ca.gov/PublicNotices/Documents/12337&sa=U&ved=2ahUKEwjSm-6v4buSAxWmHkQIHVOtAIUQFnoECAIQAg&usq=AOvVaw0y1NxWzXCX5HziQDqdL7ao&fexp=73152292,73152290>

2. Some facilities start as aeration system composting facilities

Regulation XIII Permitting Considerations

- Sources of pollution that are not associated with equipment (i.e., windrows) do not require an air permit
 - If >20% food waste is introduced to windrow composting, aeration system is required with associated permits
- Sources of pollution that are associated with equipment (i.e., aeration systems) and equipment that controls air pollution require air permits
 - Air pollution control equipment is permitted to ensure emission reductions are occurring
- Aeration systems are equipment which are vented to air pollution control equipment - air permit is required
 - Offsets are required for permit actions with emission increases of nonattainment air contaminants
- Stakeholders requested regulatory relief from purchasing ERCs to implement SB1383 projects



Proposed Amended Rule 1302

Essential Public Service Considerations for Composting

- Composting to address organic waste diversion required by SB 1383 is being considered for inclusion into the Essential Public Service definition
- SB1383 focuses on reducing GHG from landfills
- Cities and counties must provide organic waste collection services (green bins) to residents and businesses
- Organic waste that would otherwise go to a landfill needs to go somewhere else
- Landfill gas control is already considered Essential Public Service
- Local Enforcement Agencies have reported increase in improper direct land application (dumping)
- Staff believes composting operations qualify as a critical infrastructure needed to maintain health, safety, and societal function



Source: <https://calrecycle.ca.gov/organics/slcp/collection/>

Modification to Essential Public Service Definition – Subdivision (m)



- Will include composting operations vented to an emission control system that will reduce emissions by 80 percent or greater
 - Proposed amendment not limited to aeration systems; available to any technology that can demonstrate a control efficiency of 80 percent or greater for composting
 - Would not apply to Co-Composting Operations subject to Rule 1133.2
- Rule 1133.3 will be used when determining applicability for Composting Operations
 - Rule 1133.3 also includes provisions on how to determine control efficiency

Availability of Offsets for Composting

- Switching to an aeration system for 50 existing composting operations would double compost throughput to 1.1 million tons per year
 - Aeration systems vented to control reduce VOC by 80 percent or greater; VOC emissions would decrease by 0.6 ton per day
 - 1.6 tons per day of VOC offsets needed per Regulation XIII (1.2:1 offset ratio)
- Diversion of 2.6 million tons per year of additional organic waste to aeration systems would require 3.7 tons per day of VOC offsets
 - The worst-case amount of VOC offsets needed would be well below Priority Reserve balance

Priority Reserve (As of Dec 2025)		Quarterly Allocation
Pollutant	tons/day	tons/day
VOC	31.36	0.25
NOx	9.63	0.13
SOx	0.92	0.03
PM10	5.24	0.06

Impact Assessments

Emission Impacts

PAR 1302 does not impose a new or more stringent emissions limit or standard

PAR 1302 will allow qualifying composting operations to access offsets from the Priority Reserve, which could lead to emission reductions when compared to an emission baseline of windrow composting

Anticipated Costs

PAR 1302 will not require the use of aeration systems or enhanced controls; no additional costs

PAR 1302 will eliminate costs of obtaining VOC offsets for facilities that elect to use aeration systems or enhanced controls

Socioeconomic Impacts

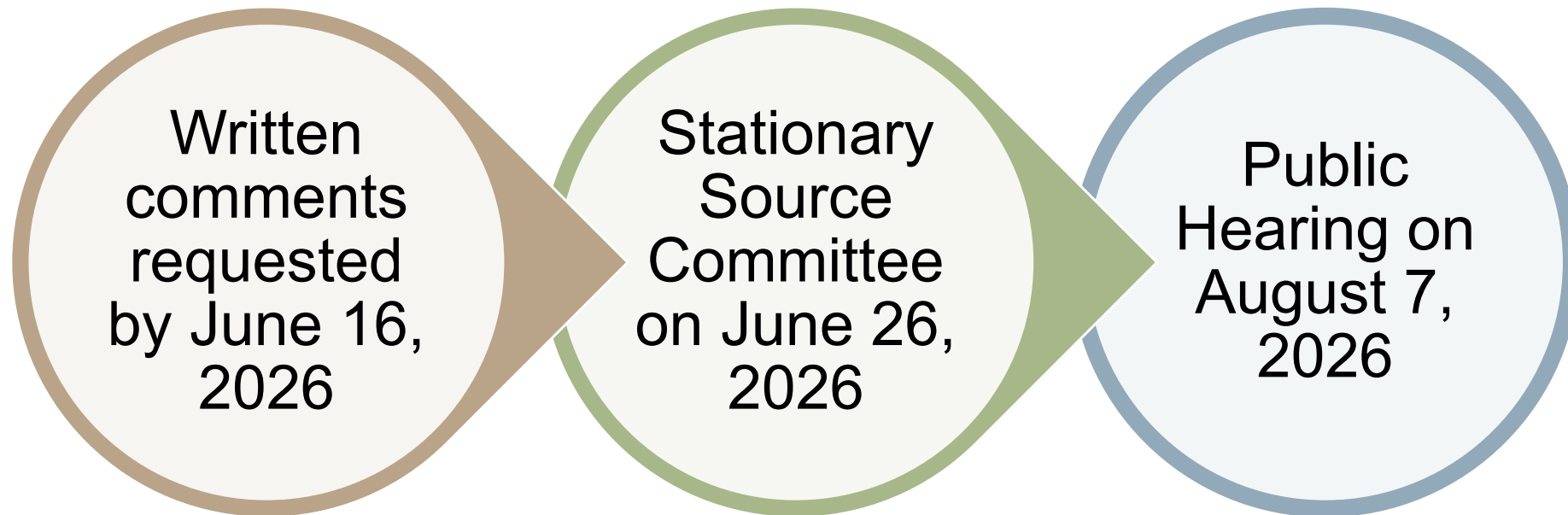
- A Socioeconomic Impact Assessment will be prepared and released for public review and comment at least 30 days prior to the South Coast AQMD Governing Board Hearing for PAR 1302, which is scheduled for August 7, 2026 (subject to change)
- Socioeconomic analysis will consider:
 - Types of affected industries, including small businesses
 - Range of probable costs or savings
 - Impacts on employment and the regional economy

California Environmental Quality Act (CEQA)

- The South Coast AQMD, as lead agency, is reviewing the PAR 1302 project to determine if it will result in any potential adverse environmental impacts
- Appropriate CEQA documentation will be prepared based on the analysis

Next Steps

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