

BOARD MEETING DATE: February 3, 2023

AGENDA NO. 16

REPORT: Stationary Source Committee

SYNOPSIS: The Stationary Source Committee held a remote meeting on Friday, January 20, 2023. The following is a summary of the meeting.

RECOMMENDED ACTION:
Receive and file.

Ben J. Benoit, Chair
Stationary Source Committee

JA:cr

Committee Members

Present: Chair Ben J. Benoit/Committee Chair
Senator Vanessa Delgado (Ret.)
Supervisor Holly J. Mitchell
Board Member Veronica Padilla-Campos
Supervisor Janice Rutherford

Call to Order

Chair Benoit called the meeting to order at 10:30 a.m.

For additional information of the Stationary Source Committee Meeting, please refer to the [Webcast](#).

INFORMATIONAL ITEMS:

1. Summary of Proposed Amended Rule 1148.2 – Notification and Reporting Requirements for Oil and Gas Wells and Chemical Suppliers

Michael Morris, Planning and Rules Manager/Planning, Rule Development and Implementation, provided a summary on Proposed Amended Rule 1148.2 (PAR 1148.2) that addressed concerns raised by community stakeholders since the September 16 Stationary Source Committee. Mr. Morris summarized revisions to PAR 1148.2 .

There were no comments received from the Committee members or from the public. For additional details, please refer to the [Webcast](#) beginning at 3:06

2. Summary of Proposed Amended Rule 219 – Equipment Not Requiring a Written Permit to Operate Pursuant to Regulation II and Proposed Amended Rule 222 - Filing Requirements for Specific Emission Sources Not Requiring a Written Permit to Operate Pursuant to Regulation II

Michael Krause, Assistant Deputy Executive Officer/Planning, Rule Development and Implementation, presented a summary of Proposed Amended Rules 219 and 222 that will address U.S. EPA comments, the Board's direction to encourage low-emission technologies, and stakeholder requests.

Board Member Padilla-Campos requested clarification on recordkeeping changes and if there would be increased costs to businesses. Mr. Krause explained that measures to ensure facilities demonstrate eligibility for an exemption was a key request by U.S. EPA and that no additional costs are anticipated since the recordkeeping provisions are adding more specificity to existing recordkeeping requirements to ensure a facility qualifies for the exemption.

Supervisor Rutherford inquired about the costs to businesses and whether the rules would reduce emissions. Mr. Krause clarified that these are administrative rules that specify equipment and processes that are exempted from obtaining permits (Rule 219) and those required to file a registration (Rule 222) and are not intended to reduce emissions.

Sarah Keesly, Albertsons Corporate, Tim James, California Grocers Association and Peter Moore, Yorke Engineering, stated that food ovens at grocery stores are different from other commercial food ovens and should be considered the same as food ovens at eating establishments. The grocery store representatives also stated that the daily recordkeeping provisions are onerous and do not result in any emissions benefit. Mr. Krause clarified that food ovens at grocery stores are exempt from permits but are required to register under Rule 222. He also reiterated that adequate recordkeeping was requested by U.S. EPA but that PAR 222 would allow facilities with food ovens to collect the information monthly.

Chair Benoit requested further clarification on provisions for food ovens. Mr. Krause explained that these provisions have been in place for many years and that ovens serving the eating establishment part of a grocery store are not subject to Rule 222 registration requirements.

Rita Loof, RadTech International, and Howard Regin, UV Specialties, commented that ultraviolet (UV), electron beam (EB) and light emitting diodes (UV/EB/LED) processes are a low emission technology and under PAR 219 changes to a process

line such as addition of ducting and cooling air would be considered a modification, requiring a permit evaluation. The UV/EB/LED representatives also stated that adding UV/EB/LED technologies to an existing process does not increase emissions and should not be subject to permitting. Mr. Krause acknowledged the potential for low emissions from UV/EB/LED technologies and described that Rule 219 currently includes many provisions that relieve UV/EB/LED technologies from permits under specified conditions. Mr. Krause added that the requirements that must be met for the addition of UV/EB/LED curing technologies to be exempted from permits under PAR 219 are reasonable and necessary to ensure the facility remains in compliance.

Jason Aspell, Deputy Executive Officer/Engineering and Permitting, added that VOC rules provide compliance alternatives where a facility using a non-compliant coating designs a system to capture and control VOC emissions to a level equivalent to a facility using a compliant coating. Mr. Aspell explained that a permit evaluation is needed when non-compliant coatings are used to determine if the pollution controls are sufficient.

Cindy Parsons, Los Angeles Department of Public Works, and Bethmarie Quiambao, Southern California Edison, appreciated the opportunity to work with staff and were supportive of PAR 219 provisions for gas insulating equipment.

Senator Delgado stated that several of the industry representative comments were compelling and may warrant additional discussion. Executive Officer Wayne Nastri stated that staff will improve communication efforts and will follow up on the industry requests.

For additional details, please refer to the [Webcast](#) beginning at 8:50.

3. Summary of Proposed Amended Rule 1401.1 – Requirements for New and Relocated Facilities Near Schools

Dr. Kalam Cheung, Planning and Rules Manager/Planning, Rule Development and Implementation, provided a brief overview of Proposed Amended Rule 1401.1 – Requirements for New and Relocated Facilities Near Schools that will amend the definition of a school to include early learning and development centers, including those that serve pre-kindergarten children.

Board Member, Padilla-Campos, asked if residential child care centers, or family child care home centers, are included in the expanded definition of a school. Dr. Cheung explained the existing Rule 1401.1 definition of school does not include child care in private homes but Rule 1401 - New Source Review for Toxic Air Contaminants addresses residents.

Board Member Padilla-Campos also requested clarification on the actions that trigger an evaluation under Rule 1401.1. Dr. Cheung explained only new and relocated facilities near a school that have submitted a permit application would potentially be subject to a Rule 1401.1 evaluation.

There were no comments received from the public. For additional details, please refer to the [Webcast](#) beginning at 45:46.

4. Status Report on Reg. XIII – New Source Review

Dr. Jillian Wong, Assistant Deputy Executive Officer/Engineering and Permitting, gave a status report on Regulation XIII, New Source Review (NSR) Equivalency for Calendar Year (CY) 2021. The preliminary determination concluded that South Coast AQMD's NSR program is equivalent to federal and state NSR requirements on an aggregate basis for CY 2021 and is projected to maintain equivalency for CY 2022 and 2023.

Mark Abramowitz, Community Environmental Services, commented that the positive offset balances noted in the report includes credits that are available to exempt sources, including essential public services such as wastewater treatment plant projects, that could otherwise serve as incentives for additional emission reductions.

There were no comments received from Committee members. For additional details, please refer to the [Webcast](#) beginning at 52:37.

WRITTEN REPORTS:

5. Monthly Update of Staff's Work with U.S. EPA and CARB on New Source Review Issues for the Transition of RECLAIM Facilities to a Command-and-Control Regulatory Program

The report was acknowledged by the committee.

6. Twelve-month and Three-month Rolling Average Price of Compliance Years 2022 and 2023 NO_x and SO_x RTCs (October – December 2022)

The report was acknowledged by the committee.

7. Notice of Violation Penalty Summary

The report was acknowledged by the committee.

OTHER MATTERS:

8. Other Business

There was no other business to report.

9. Public Comment Period

Rita Loof, RadTech International, and Chris Chavez, Coalition for Clean Air, thanked the Chair for his service on the Committee and on the Board. Ms. Loof invited Committee members and staff to attend RadTech’s webinar on January 26 titled, “Potential For UV/EV Technology Within Energy Storage”.

For additional details, please refer to the [Webcast](#) beginning at 1:02:41

7. Next Meeting Date

The next Stationary Source Committee meeting is scheduled for Friday, February 17, 2023 at 10:30 a.m.

Adjournment

The meeting was adjourned at 11:36 a.m.

Attachments

1. Attendance Record
2. Monthly Update of Staff’s Work with U.S. EPA and CARB on New Source Review Issues for the Transition of RECLAIM Facilities to a Command-and-Control Regulatory Program
3. Twelve-month and Three-month Rolling Average Price of Compliance Years 2022 and 2023 NOx and SOx RTCs (October – December 2022)
4. Notice of Violation Penalty Summary

ATTACHMENT 1

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
STATIONARY SOURCE COMMITTEE**

Attendance –January 20, 2023

Chair Ben J. Benoit	South Coast AQMD Board
Senator Vanessa Delgado.....	South Coast AQMD Board
Supervisor Holly J. Mitchell	South Coast AQMD Board
Board Member Veronica Padilla-Campos	South Coast AQMD Board
Supervisor Janice Rutherford	South Coast AQMD Board
Ruthanne Taylor Berger.....	Board Consultant (Benoit)
Tom Gross	Board Consultant (Benoit)
Lorraine Lundquist.....	Board Consultant (Mitchell)
Debra Mendelsohn.....	Board Consultant (Rutherford)
Laura Muraida	Board Consultant (Mitchell)
Amy Wong	Board Consultant (Padilla-Campos)
Mark Abramowitz.....	Community Environmental Services
Chris Chavez	Coalition for Clean Air
Curtis Coleman.....	Southern California Air Quality Alliance
Tim James	California Grocers Association
Sarah Keesly.....	Albertsons Corporate
Bill LaMarr.....	California Small Business Alliance
Rita Loof	RadTech International
Peter Moore	Yorke Engineering
Cindy Parsons.....	Los Angeles Department of Public Works
Bethmarie Quiambao	Southern California Edison
Howard Regin.....	UV Specialties
Derrick Alatorre.....	South Coast AQMD staff
Jason Aspell.....	South Coast AQMD staff
Barbara Baird	South Coast AQMD staff
Kalam Cheung	South Coast AQMD staff
Erica Chavez.....	South Coast AQMD staff
Nicholas Dwyer	South Coast AQMD staff
Bayron Gilchrist	South Coast AQMD staff
Sheri Hanizavareh.....	South Coast AQMD staff
Anissa Heard-Johnson	South Coast AQMD staff
Mark Henninger.....	South Coast AQMD staff
Sujata Jain	South Coast AQMD staff
Aaron Katzenstein	South Coast AQMD staff
Michael Krause.....	South Coast AQMD staff
Jason Low.....	South Coast AQMD staff
Terrence Mann.....	South Coast AQMD staff
Michael Morris	South Coast AQMD staff
Ron Moskowitz	South Coast AQMD staff
Susan Nakamura.....	South Coast AQMD staff
Wayne Nastri	South Coast AQMD staff
Sarah Rees	South Coast AQMD staff
Lisa Tanaka O’Malley	South Coast AQMD staff
Jillian Wong	South Coast AQMD staff
Paul Wright	South Coast AQMD staff
Victor Yip.....	South Coast AQMD staff

January 2023 Update on Work with U.S. EPA and CARB on New Source Review Issues for the RECLAIM Transition

At the October 5, 2018 Board meeting, the Board directed staff to provide the Stationary Source Committee with a monthly update of staff's work with U.S. EPA regarding resolving NSR issues for the transition of facilities from RECLAIM to a command-and-control regulatory structure. The table below summarizes key activities with U.S. EPA and CARB since the last report.

Item	Discussion
RECLAIM and Regulation XIII Working Group Meetings – November 10, 2022	<ul style="list-style-type: none">• Provided updates on rulemakings for the RECLAIM transition• Responded to a Regulation XIII comment letter• Presented updates to proposed amendments to Regulation XIII
Video Conference with U.S. EPA – December 9, 2022	<ul style="list-style-type: none">• Discussed proposed amendments to Regulation XIII including definitions, applicability, and offsets
Video Conference with U.S. EPA – December 14, 2022	<ul style="list-style-type: none">• Discussed proposed amendments to Regulation XIII focusing on definitions in Rule 1302



South Coast Air Quality Management District

21865 Copley Drive, Diamond Bar, CA 91765-4178
(909) 396-2000 • www.aqmd.gov

Twelve-Month and Three-Month Rolling Average Price of Compliance Years 2022 and 2023 NOx and SOx RTCs (October – December 2022)

January 2023 Report to Stationary Source Committee

Table I

Twelve-Month Rolling Average Price Data for Compliance Year 2022 NOx RTCs
(Report to Governing Board if rolling average price greater than \$22,500/ton)ⁱ

Twelve-Month Rolling Average Price Data for Compliance Year 2022 NOx RTC					
Reporting Month	12-Month Period	Total Volume Traded with Price During Past 12-month (tons)	Total Price of Volume Traded During Past 12-month (\$)	Number of Trades with Price	Rolling Average Price ¹ (\$/ton)
Jan-22	Jan-21 to Dec-21	165.4	\$5,473,709	18	\$33,085
Feb-22	Feb-21 to Jan-22	165.4	\$5,473,709	18	\$33,085
Mar-22	Mar-21 to Feb-22	165.4	\$5,473,709	18	\$33,085
Apr-22	Apr-21 to Mar-22	193.6	\$6,611,522	22	\$34,146
May-22	May-21 to Apr-22	194.6	\$6,656,124	24	\$34,198
Jun-22	Jun-21 to May-22	176.4	\$6,227,716	22	\$35,311
Jul-22	Jul-21 to Jun-22	174.8	\$6,373,786	24	\$36,457
Aug-22	Aug-21 to Jul-22	176.3	\$6,434,733	32	\$36,489
Sep-22	Sep-21 to Aug-22	174.6	\$6,443,413	33	\$36,894
Oct-22	Oct-21 to Sep-22	151.8	\$5,960,928	31	\$39,280
Nov-22	Nov-21 to Oct-22	155.6	\$6,005,989	44	\$38,611
Dec-22	Dec-21 to Nov-22	105.6	\$4,005,989	42	\$37,953
Jan-23	Jan-22 to Dec-22	87.8	\$3,238,965	41	\$36,871

1. District Rule 2015(b)(6) - Backstop Provisions provides additional "evaluation and review of the compliance and enforcement aspects of the RECLAIM program" if the average annual RTC price exceeds \$15,000 per ton. The average annual RTC price is reported to the Board in the Annual RECLAIM Audit Report in March of each year.

Table II

Twelve-Month Rolling Average Price Data for Compliance Year 2023 NOx RTCs
(Report to Governing Board if rolling average price greater than \$22,500/ton)ⁱ

Twelve-Month Rolling Average Price Data for Compliance Year 2023 NOx RTC					
Reporting Month	12-Month Period	Total Volume Traded with Price During Past 12-month (tons)	Total Price of Volume Traded During Past 12-month (\$)	Number of Trades with Price	Rolling Average Price ¹ (\$/ton)
Jan-23	Jan-22 to Dec-22	40.8	\$1,954,673	5	\$47,864

1. District Rule 2015(b)(6) - Backstop Provisions provides additional "evaluation and review of the compliance and enforcement aspects of the RECLAIM program" if the average annual RTC price exceeds \$15,000 per ton. The average annual RTC price is reported to the Board in the Annual RECLAIM Audit Report in March of each year.

Table III

Three-Month Rolling Average Price Data for Compliance Year 2022 NOx RTCs
(Report to Governing Board if rolling average price greater than \$35,000/ton)ⁱ

Three-Month Rolling Average Price Data for Compliance Year 2022 NOx RTC					
Reporting Month	3-Month Period	Total Volume Traded with Price During Past 3-month (tons)	Total Price of Volume Traded During Past 3-month (\$)	Number of Trades with Price	Rolling Average Price (\$/ton)
Jan-22	Oct-21 to Dec-21	97.4	\$3,780,324	10	\$38,803
Feb-22	Nov-21 to Jan-22	79.5	\$3,110,524	7	\$39,114
Mar-22	Dec-21 to Feb-22	29.5	\$1,110,524	5	\$37,614
Apr-22	Jan-22 to Mar-22	28.2	\$1,137,813	4	\$40,372
May-22	Feb-22 to Apr-22	29.2	\$1,182,415	6	\$40,506
Jun-22	Mar-22 to May-22	29.2	\$1,182,415	6	\$40,506
Jul-22	Apr-22 to Jun-22	21.3	\$852,942	6	\$40,000
Aug-22	May-22 to Jul-22	24.3	\$962,009	13	\$39,531
Sep-22	Jun-22 to Aug-22	25.1	\$998,189	15	\$39,706
Oct-22	Jul-22 to Sep-22	4.8	\$189,849	11	\$39,359
Nov-22	Aug-22 to Oct-22	22.5	\$751,041	18	\$33,377
Dec-22	Sep-22 to Nov-22	21.7	\$714,861	16	\$32,946
Jan-23	Oct-22 to Dec-22	33.5	\$1,058,361	20	\$31,577

Table IV

Three-Month Rolling Average Price Data for Compliance Year 2023 NOx RTCs
(Report to Governing Board if rolling average price greater than \$35,000/ton)ⁱ

Three-Month Rolling Average Price Data for Compliance Year 2023 NOx RTC					
Reporting Month	3-Month Period	Total Volume Traded with Price During Past 3-month (tons)	Total Price of Volume Traded During Past 3-month (\$)	Number of Trades with Price	Rolling Average Price (\$/ton)
Jan-23	Oct-22 to Dec-22	14.4	\$545,813	3	\$38,000

Table V

Twelve-Month Rolling Average Price Data for Compliance Year 2022 SOx RTCs
(Report to Governing Board if rolling average price greater than \$50,000/ton)

Twelve-Month Rolling Average Price Data for Compliance Year 2022 SOx RTC ¹					
Reporting Month	12-Month Period	Total Volume Traded with Price During Past 12-month (tons)	Total Price of Volume Traded During Past 12-month (\$)	Number of Trades with Price	Rolling Average Price ² (\$/ton)
Jan-22	Jan-21 to Dec-21	None	-	-	-
Feb-22	Feb-21 to Jan-22	None	-	-	-
Mar-22	Mar-21 to Feb-22	None	-	-	-
Apr-22	Apr-21 to Mar-22	None	-	-	-
May-22	May-21 to Apr-22	None	-	-	-
Jun-22	Jun-21 to May-22	None	-	-	-
Jul-22	Jul-21 to Jun-22	None	-	-	-
Aug-22	Aug-21 to Jul-22	None	-	-	-
Sep-22	Sep-21 to Aug-22	None	-	-	-
Oct-22	Oct-21 to Sep-22	None	-	-	-
Nov-22	Nov-21 to Oct-22	None	-	-	-
Dec-22	Dec-21 to Nov-22	None	-	-	-
Jan-23	Jan-22 to Dec-22	131.5	\$262,908	6	\$2,000

1. Pursuant to District Rule 2002(f)(1)(Q), the requirement to report 12-month rolling average SOx RTC price ended February 1, 2020. This table is provided as a courtesy.
2. District Rule 2015(b)(6) - Backstop Provisions provides additional "evaluation and review of the compliance and enforcement aspects of the RECLAIM program" if the average annual RTC price exceeds \$15,000 per ton. The average annual RTC price is reported to the Board in the Annual RECLAIM Audit Report in March of each year.

Table VI

Twelve-Month Rolling Average Price Data for Compliance Year 2023 SOx RTCs
(Report to Governing Board if rolling average price greater than \$50,000/ton)

Twelve-Month Rolling Average Price Data for Compliance Year 2023 SOx RTC ¹					
Reporting Month	12-Month Period	Total Volume Traded with Price During Past 12-month (tons)	Total Price of Volume Traded During Past 12-month (\$)	Number of Trades with Price	Rolling Average Price ² (\$/ton)
Jan-23	Jan-22 to Dec-22	None	-	-	-

1. Pursuant to District Rule 2002(f)(1)(Q), the requirement to report 12-month rolling average SOx RTC price ended February 1, 2020. This table is provided as a courtesy.
2. District Rule 2015(b)(6) - Backstop Provisions provides additional "evaluation and review of the compliance and enforcement aspects of the RECLAIM program" if the average annual RTC price exceeds \$15,000 per ton. The average annual RTC price is reported to the Board in the Annual RECLAIM Audit Report in March of each year.

ⁱ Pursuant to Rule 2002 (f)(1)(H) and (I), a report was made to the Board on June 3, 2022 following reported NOx RTC prices exceeding \$22,500 and \$35,000 per ton. The Board determined that no additional changes to the RECLAIM program were required to mitigate the price threshold exceedances.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
General Counsel's Office**

Settlement Penalty Report (12/01/2022 - 12/31/2022)

Total Penalties

Civil Settlement:	\$213,025.00
Hearing Board Settlement:	3,500.00
Total Cash Settlements:	\$216,525.00

Fiscal Year through 12/31/2022 Cash Total: \$2,439,543.63

Fac ID	Company Name	Rule Number	Settled Date	Init	Notice Numbers	Total Settlement
Civil						
166033	CARLISLE SYNTEC	1168	12/02/2022	ND	P69060	\$30,000.00
800032	CHEVRON USA, INC.	1166	12/23/2022	BT	P73261	\$3,000.00
182563	COLTON POWER, LP	2004, 2005, 2012, 2012 Appendix A, 3002(C)(1), H&S 42402	12/21/2022	DH	P64427, P66061, P66077, P66083, P66859, P68672	\$85,167.00
100283	LARSON'S SHIPYARD, LLC	109	12/16/2022	GV	P66979, P66981	\$2,900.00
49111	SUNSHINE CANYON LANDFILL REPUBLIC SERVICES, INC.	402, H&S 41700	12/07/2022	JL	P74554, P74578, P74556, P74579, P74576, P74587, P74590, P74591, P76202, P74593, P76213, P74594, P74589	\$86,958.00
192135	VIVOTEIN	402, H&S 41700	12/22/2022	SH	P69140	\$5,000.00
Total Civil Settlements: \$213,025.00						
Hearing Board						
112573	FREUND BAKING COMPANY	1153.1	12/23/2022	JL	6226-1	\$3,500.00
Total Hearing Board Settlements: \$3,500.00						

**SOUTH COAST AQMD'S RULES AND REGULATIONS INDEX
FOR DECEMBER 2022 PENALTY REPORT**

REGULATION I - GENERAL PROVISIONS

Rule 109 Recordkeeping for Volatile Organic Compound Emissions

REGULATION IV - PROHIBITIONS

Rule 402 Nuisance

REGULATION XI - SOURCE SPECIFIC STANDARDS

Rule 1153.1 Emissions of Oxides of Nitrogen from Commercial Food Ovens

Rule 1166 Volatile Organic Compound Emissions from Decontamination of Soil

Rule 1168 Adhesive and Sealant Applications

REGULATION XX - REGIONAL CLEAN AIR INCENTIVES MARKET (RECLAIM)

Rule 2004 Requirements

Rule 2005 New Source Review for RECLAIM

Rule 2012 Requirements for Monitoring, Reporting, and Recordkeeping for Oxides of Nitrogen (NOx) Emissions

Appendix A Protocol for Monitoring, Reporting, and Recordkeeping for Oxides of Nitrogen (NOx) Emissions

Rule 2012

REGULATION XXX- TITLE V PERMITS

Rule 3002 Requirements

CALIFORNIA HEALTH AND SAFETY CODE

41700 Prohibited Discharges

42402 Violation of Emission Limitations – Civil Penalty