



South Coast  
Air Quality Management District  
21865 Copley Drive, Diamond Bar, CA 91765  
(909) 396-2000, [www.aqmd.gov](http://www.aqmd.gov)

## STATIONARY SOURCE COMMITTEE MEETING

### Committee Members

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

January 20, 2023 ♦ 10:30 a.m.

**Pursuant to Assembly Bill 361, a meeting of the South Coast Air Quality Management District Stationary Source Committee will only be conducted via videoconferencing and by telephone. Please follow the instructions below to join the meeting remotely.**

### **ELECTRONIC PARTICIPATION INFORMATION** **(Instructions provided at bottom of the agenda)**

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<https://scaqmd.zoom.us/j/94141492308>

**Zoom Webinar ID:** 941 4149 2308 (applies to all)  
**Teleconference Dial In**  
+1 669 900 6833

**One tap mobile**  
+16699006833,94141492308#

**Audience will be able to provide public comment through telephone or Zoom connection during public comment periods.**

**PUBLIC COMMENT WILL STILL BE TAKEN**

### AGENDA

*Members of the public may address this body concerning any agenda item before or during consideration of that item (Gov't. Code Section 54954.3(a)). If you wish to speak, raise your hand on Zoom or press Star 9 if participating by telephone. All agendas for regular meetings are posted at South Coast AQMD Headquarters, 21865 Copley Drive, Diamond Bar, California, at least 72 hours in advance of the regular meeting. Speakers may be limited to three (3) minutes total for all items on the agenda.*

*Cleaning the air that we breathe...*

## CALL TO ORDER

## ROLL CALL

## INFORMATIONAL ITEMS (Items 1 through 4)

- 1. Summary of Proposed Amended Rule 1148.2 – Notification and Reporting Requirements for Oil and Gas Wells and Chemical Suppliers** (10 mins) Michael Morris  
Planning and Rules  
Manager  
*(No Motion Required)*  
Staff will provide an update on proposed amendments to Rule 1148.2 including notification of chemical deliveries and written notifications for acidizing work at sites near sensitive receptors. Staff will also highlight any key remaining issues.  
*(Written Material Attached)*
- 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** (10 mins) Michael Krause  
Assistant Deputy  
Executive Officer  
*(No Motion Required)*  
Staff will present a summary of Proposed Amended Rule 219 that Adds and clarifies permit exemption requirements and includes enhanced recordkeeping provisions to demonstrate equipment qualifies for permit exemption. Amendments to Rule 222 are necessary to align with the proposed changes in Rule 219. Staff will also summarize key remaining issues.  
*(Written Material Attached)*
- 3. Summary of Proposed Amended Rule 1401.1 – Requirements for New and Relocated Facilities Near Schools** (10 mins) Kalam Cheung, PhD  
Planning and Rules  
Manager  
*(No Motion Required)*  
Staff will present a summary of Proposed Amended Rule 1401.1 that proposes to expand the scope of the definition of a school to include early learning and developmental centers, such as pre-kindergarten, consistent with other rule definitions.  
*(Written Material Attached)*
- 4. Status Report on Reg. XIII – New Source Review** (10 mins) Jillian Wong, PhD  
Assistant Deputy  
Executive Officer  
*(No Motion Required)*  
This report presents the state and federal Preliminary Determination of Equivalency for January 2021 through December 2021. The report provides information regarding the status of Regulation XIII – New Source Review (NSR) in meeting state and federal NSR requirements and shows that South Coast AQMD’s NSR program is in preliminary compliance with applicable state and federal requirements from January 2021 through December 2021.  
*(Written Material Attached)*

**WRITTEN REPORTS (Items 5 through 7)**

- 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**  
*(No Motion Required)*  
This is a monthly update on staff’s work with U.S. EPA and CARB regarding New Source Review issues related to the RECLAIM transition.  
*(Written Material Attached)*
- Michael Krause
- 6. Twelve-month and Three-month Rolling Average Price of Compliance Years 2022 and 2023 NOx and SOx RTCs (October – December 2022)**  
*(No Motion Required)*  
The attached report summarizes the twelve-month and three-month rolling average prices of NOx and SOx RTCs.  
*(Written Material Attached)*
- Jason Aspell  
Deputy Executive Officer
- 7. Notice of Violation Penalty Summary**  
*(No Motion Required)*  
This report provides the total penalties settled in December 2022 which includes Civil, Supplemental Environmental Projects, Mutual Settlement Assessment Penalty Program, Hearing Board and Miscellaneous.  
*(Written Material Attached)*
- Bayron Gilchrist  
General Counsel

**OTHER MATTERS**

- 8. Other Business**  
Any member of the Committee, or its staff, on his or her own initiative or in response to questions posed by the public, may ask a question for clarification, may make a brief announcement or report on his or her own activities, provide a reference to staff regarding factual information, request staff to report back at a subsequent meeting concerning any matter, or may take action to direct staff to place a matter of business on a future agenda. (Gov’t. Code Section 54954.2)
- 9. Public Comment Period**  
At the end of the regular meeting agenda, an opportunity is also provided for the public to speak on any subject within the Committee’s authority that is not on the agenda. Speakers may be limited to three (3) minutes each.
- 10. Next Meeting Date:** Friday, February 17, 2023 at 10:30 a.m.

**ADJOURNMENT**

### **Americans with Disabilities Act and Language Accessibility**

*Disability and language-related accommodations can be requested to allow participation in the Stationary Source Committee meeting. The agenda will be made available, upon request, in appropriate alternative formats to assist persons with a disability (Gov't Code Section 54954.2(a)). In addition, other documents may be requested in alternative formats and languages. Any disability or language related accommodation must be requested as soon as practicable. Requests will be accommodated unless providing the accommodation would result in a fundamental alteration or undue burden to the South Coast AQMD. Please contact Catherine Rodriguez at (909) 396-2735 from 7:00 a.m. to 5:30 p.m., Tuesday through Friday, or send the request to [crodriguez@aqmd.gov](mailto:crodriguez@aqmd.gov).*

### **Document Availability**

*All documents (i) constituting non-exempt public records, (ii) relating to an item on an agenda for a regular meeting, and (iii) having been distributed to at least a majority of the Committee after the agenda is posted, are available by contacting Catherine Rodriguez at (909) 396-2735, or send the request to [crodriguez@aqmd.gov](mailto:crodriguez@aqmd.gov).*

## **INSTRUCTIONS FOR ELECTRONIC PARTICIPATION**

### **Instructions for Participating in a Virtual Meeting as an Attendee**

As an attendee, you will have the opportunity to virtually raise your hand and provide public comment.

Before joining the call, please silence your other communication devices such as your cell or desk phone. This will prevent any feedback or interruptions during the meeting.

**Please note:** During the meeting, all participants will be placed on Mute by the host. You will not be able to mute or unmute your lines manually.

After each agenda item, the Chairman will announce public comment.

A countdown timer will be displayed on the screen for each public comment.

If interpretation is needed, more time will be allotted.

**Once you raise your hand to provide public comment, your name will be added to the speaker list. Your name will be called when it is your turn to comment. The host will then unmute your line.**

### **Directions for Video ZOOM on a DESKTOP/LAPTOP:**

- If you would like to make a public comment, please click on the **“Raise Hand”** button on the bottom of the screen.  
This will signal to the host that you would like to provide a public comment and you will be added to the list.

### **Directions for Video Zoom on a SMARTPHONE:**

- If you would like to make a public comment, please click on the **“Raise Hand”** button on the bottom of your screen.
- This will signal to the host that you would like to provide a public comment and you will be added to the list.

### **Directions for TELEPHONE line only:**

- If you would like to make public comment, please **dial \*9** on your keypad to signal that you would like to comment.



## Proposed Amended Rule 1148.2 Notification and Reporting Requirements for Oil and Gas Wells and Chemical Suppliers



Stationary Source Committee  
January 20, 2023

### Rule 1148.2 Background



1/20/2023

- Adopted April 5, 2013 and amended September 4, 2015
- Applies to oil and gas wells conducting drilling, well completion, or well rework
  - Purpose to provide notification and gather air quality-related information about well working activities
- Notifications sent to interested persons who sign up on Rule 1148.2 Notification portal <https://www.aqmd.gov/home/rules-compliance/compliance/1148-2>
- This rule development is implementing a Community Emission Reduction Plan (CERP) action for Wilmington, Carson, West Long Beach (WCWLB) and South Los Angeles (SLA) communities

# Previous Stationary Source Committee Briefing

- Briefed committee in September 2022 on proposed rule requirements to incorporate CERP actions
  - Expand notifications to include injection well acidizing and workover rig operations
  - Require an annual facility report
    - Annual report will be incorporated into the Rule 1148.2 Notifications portal
- After the Stationary Source Committee meeting, stakeholders expressed additional concerns:
  - Chemical treatment trucks
  - Hardcopy mailing of notifications for acidizing
  - More definitive timeline for operations subject to notification



Example of an Injection Well



Example of a Workover Rig

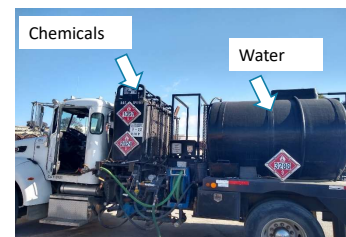
1/20/2023

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## Comment: Chemical Treatment Trucks

- Stakeholders raised concerns that chemical treatment trucks may be used to avoid notification for acidizing
- Chemical treatment trucks are used to periodically apply corrosion inhibitors to well casing to ensure stability
  - Delivered in closed loop system
- Chemicals transported in 50-gallon compartments and one large water tank (~ 1,600 gallon)
- Activity can take several hours if servicing multiple wells

Revised PAR 1148.2 to require notification for chemical treatment activities using 20 gallons or more per day per well, excluding water



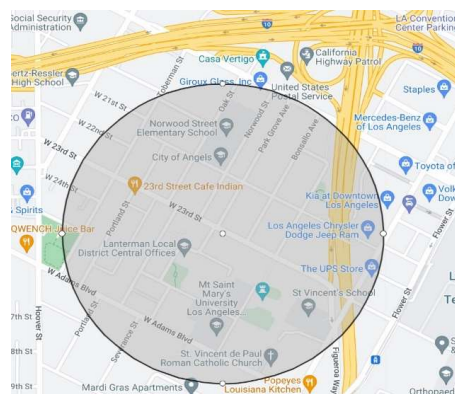
1/20/2023

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## Comment: Hardcopy Mailing of Notifications for Acidizing

- Stakeholders requested hardcopy mailing, in addition to electronic notifications, for acidizing jobs
  - Some community members may not have electronic access to Rule 1148.2 notification portal
- Proposed mailing requirement to notify all residences within 1,500 feet of an acidizing operation

PAR 1148.2 revised to require hardcopy notification, in English and Spanish, sent at least 10 days prior to acidizing



1/20/2023

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## Comment: More Definitive Timeline for Operations Subject to Notification

- Current rule requirements allow notifications to be sent no later than 48 hours prior to event and notification can be extended up to five times
- Stakeholders indicated that community cannot adequately plan to mitigate impact of oil well activities



Staff has added proposals:

- Requiring notification no later than 72 hours prior to event; and
- Limiting the number of extensions from five to three

1/20/2023

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# Impact Assessment and CEQA

- Since Rule 1148.2 is a notification rule, no emission reductions expected
- Cost for hardcopy notification may be as high as \$420,000 annually<sup>1</sup>
- CEQA Notice of Exemption will be prepared for PAR 1148.2
  - PAR 1148.2 is administrative and does not have any project elements requiring physical modifications that would cause a significant adverse effect on the environment
- Staff is not aware of any remaining key issues

<sup>1</sup>Based on mailing contractor rate of \$2.61 per address. Estimated 833 to 2,500 addresses per mailing event and 99 mailing events per year.

1/20/2023

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## Proposed Amended Rule 1148.2 Timeline and Next Step

Public Workshop – September 1, 2022

Stationary Source Committee –  
September 16, 2022

Public Consultation Meetings –  
September 29 and December 21, 2022

Set Hearing – January 6, 2023

Public Hearing – February 3, 2023

1/20/2023

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## **Proposed Amended Rule 219 - Equipment Not Requiring a Written Permit Pursuant to Regulation II**

## **Proposed Amended Rule 222 - Filing Requirements for Specific Emission Sources Not Requiring a Written Permit Pursuant to Regulation II**

### **STATIONARY SOURCE COMMITTEE**

JANUARY 20, 2023

## **Background – Rule 219 and Rule 222**

Rule 219 identifies equipment, processes, or operations that are exempt from permitting requirements due to low or no emissions

- Many exemptions are based on specified thresholds such as equipment size or emission thresholds
- Facilities maintain records to demonstrate equipment eligible for exemption

Rule 222 establishes a filing (or registration) program, as an alternative for permits, for emission sources that are estimated to have lower emissions

- The emission sources are exempt from permitting per Rule 219
- A Rule 222 application and filing fee are required

## Proposed Changes

### Proposed Amended Rule 219 (PAR 219)

- Respond to U.S. EPA comments
- Encourage low-emission technologies
- Address stakeholders' requests
- Administrative changes to improve rule clarity

### Proposed Amended Rule 222 (PAR 222)

- Accommodate Rule 219 revisions
- Establish Exemptions provision
- Minor revisions for clarity and consistency

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## Key Changes in PAR 219 – Addressing U.S. EPA Comments

### Inadequate recordkeeping requirements

- PAR 219 enhances existing provisions to clearly describe requirements for recordkeeping

### Equipment replacement at federal major sources

- PAR 219 creates a separate exemption provision for equipment replacement at federal major sources to clarify permit exemptions are evaluated based on U.S. EPA guidance documents

### Remove Rule 222 submittal requirements from Rule 219

- PAR 219 removes requirements of Rule 222 registration as condition for permit exemption
- Rule 222 requirements, including recordkeeping, continue to apply

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## Key Changes in PAR 219 – Promote Use of Low-Emission Technologies

- South Coast AQMD Governing Board directed an evaluation of Rule 219 provisions related to UV/EB/LED curing technologies
- PAR 219 includes new exemption provisions when existing operations add low-emissions curing technologies provided:
  - The existing permitted equipment/operations remain consistent with the existing permits and permit conditions
  - Evaluation needed if permit conditions are changed (e.g., throughput)
  - There are no physical changes to existing air pollution control equipment or permanent total enclosures
  - Materials associated with the curing technology do not contain any toxics and are low VOC
- Staff has met with stakeholders and taken comments into consideration when drafting these provisions



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## Key Changes in PAR 219 – Addressing Stakeholders' Requests

- Multiple stakeholders requested consideration of new exemption provisions
- An exemption from obtaining written permits is proposed for VOC-containing gas-insulated equipment (GIE)
  - GIE includes circuit breakers and other switch gear equipment that typically use sulfur hexafluoride (SF<sub>6</sub>) as an insulating medium in a sealed environment
  - CARB regulations will phase out the use of SF<sub>6</sub> due to greenhouse gas concerns
    - Alternative insulating mediums may contain VOCs
  - Data supports low VOC emission potential



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## Key Changes in PAR 222

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- Updated to align with PAR 219 revisions
  - For facilities with specific exempt equipment emitting four tons or more of VOCs per year, existing registration requirements moved from Rule 219 to PAR 222
  - Updated references
- Added Exemptions provision clarifying that Rule 222 registrations do not apply to permit-exempt equipment at small residential dwellings
  - Consistent with South Coast AQMD permitting procedures

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## Key Remaining Issues – Linear Generators

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- Stakeholder Comments
  - Requested permit exemption if equipment can meet emission standards under CARB Distributed Generation Certification Regulation
- Staff Responses
  - No equipment or models have obtained CARB certification yet
  - Linear generators are currently subject to the permitting process that establishes operating conditions to limit emissions

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## Key Remaining Issues – Food Ovens at Grocery Stores

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- Stakeholder Comments

- Requested food ovens located at grocery stores to be exempt from Rule 222 registration requirements
- Maintaining daily calculations and records to demonstrate compliance with the maximum VOC emissions threshold of 1 lb/day is overly burdensome

- Staff Response

- Request is recent, and staff is evaluating the request and the potential to streamline recordkeeping requirements for food ovens

## Key Remaining Issues – Low-Emission Curing Technologies

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- Stakeholder Comments

- Permit exemption requirements are too restrictive
- Modifications made to existing permitted operation/equipment should also be exempt
- Increasing the air flow into an existing air pollution control device does not need engineering evaluation

- Staff Responses

- Exemption conditions are necessary to ensure emissions do not increase
- Engineering evaluations needed if modifications are not consistent with existing permits or permit conditions
- Modifications to the air flow should be evaluated to ensure performance of control devices
- This scenario is typically encountered with high VOC emission sources or non-compliant coatings that utilize an option for add-on control

## Next Steps

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Continue working with stakeholders  
on remaining issues

**Set Hearing**

February 3, 2023

**Public Hearing**

March 3, 2023

## Stationary Source Committee



# PROPOSED AMENDED RULE 1401.1 – REQUIREMENTS FOR NEW AND RELOCATED FACILITIES NEAR SCHOOLS

January 20, 2023

## Background



- Research indicates exposure to air toxics during childhood contributes to an increased lifetime risk of adverse health effects, compared to adulthood exposure
- The Office of Environmental Health Hazard Assessment (OEHHA) updated the risk assessment methodology in 2015 to incorporate age sensitivity factors
- Recent South Coast AQMD air toxics rules include in their definition of School “early learning and development programs” to extend protection to pre-kindergarten children

## Overview of Rule 1401.1

- Rule 1401.1 - Requirements for New and Relocated Facilities Near Schools is part of a comprehensive regulatory program to address air toxics
  - Rule 1401 - New Source Review of Toxic Air Contaminants establishes requirements based on a permit for an individual piece of equipment
  - Rule 1401.1 establishes more stringent requirements for \*new and relocated sources that are near a school by accounting for facility-wide health risks
- Current school definition does not include early learning and development programs and unimproved school property
  - Unimproved school property may be used by children or developed in the future

\* Facilities permitted after November 4, 2005 or with applications deemed complete after February 2, 2006



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## Proposal

- Proposed Amended Rule 1401.1 (PAR 1401.1) would update the definition of School to include:
  - Early learning and development programs
  - Unimproved school property
- Extends protections to pre-kindergarten children and ensures consistency with other South Coast AQMD air toxics rules
- PAR 1401.1 also includes minor administrative updates to improve rule clarity



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## Impacts

- PAR 1401.1 may impact new or relocated facilities that submit permit applications and are located within 500 feet, and in some cases 1,000 feet of the updated definition of School
  - Analysis of past permit data indicates most facilities (~93%) are more than 1,000 feet from early learning and development programs
- Facilities triggering Rule 1401.1 may:
  - Conduct additional risk assessment by screening or site-specific modeling
  - Accept permit conditions to limit emissions and/or establish minimum distances from a school



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## Next Steps



Set Hearing

February 3, 2023



Public Hearing

March 3, 2023

## Status Report on Regulation XIII - New Source Review

Stationary Committee Meeting  
January 20, 2023

### New Source Review (NSR) Status Report Overview

- South Coast AQMD has produced Annual NSR Status Reports since 1990
- Between 2002 - 2004 U.S. EPA requested South Coast AQMD to adopt a rule to memorialize equivalency demonstrations
- South Coast AQMD adopted Rule 1315 - Federal NSR Tracking System in 2006 / 2007 and adopted revisions in February 2011
- U.S. EPA approved Rule 1315 into the SIP and it became effective on June 25, 2012



## Regulation XIII - New Source Review

Regulation XIII - New Source Review (NSR) is designed to comply with state and federal Clean Air Act requirements

- Ensures emission increases from new and modified sources do not interfere with attainment of state and federal ambient air quality standards, without unnecessarily impeding economic growth
- Regulates and accounts for all emission changes (both increases and decreases) from the permitting of new, modified, and relocated stationary sources within the South Coast AQMD jurisdiction, excluding RECLAIM sources

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## Rule 1315 - Federal New Source Review Tracking System

- South Coast AQMD has historically exempted certain sources from Regulation XIII NSR offset requirements such as:
  - Facilities identified in Rule 1304 – Exemptions and Rule 1309.1 – Priority Reserve
  - Essential public services
  - Low emitting sources
  - Research and innovative technology
- Offsets are provided from the South Coast AQMD offset accounts for these exempted sources
- Debits and credits in the South Coast AQMD offset accounts are tracked pursuant to Rule 1315 to ensure compliance with state and federal NSR offset requirements
  - Unclaimed credits from shutdowns or other emission reductions are the primary source of offsets in the offset accounts

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## Rule 1315 - Federal NSR Tracking System

Rule 1315 established procedures to demonstrate equivalency with federal NSR offset requirements for sources exempt from offsets

- ✓ Tracks debits from and credits to South Coast AQMD's federal internal offset account for each pollutant
- ✓ Annual Preliminary Determination of Equivalency (PDE), Final Determination of Equivalency (FDE), and Projections
- ✓ Balances in South Coast AQMD's federal offset accounts must remain positive
- ✓ Cumulative Net Emission Increases must remain below Rule 1315(g) threshold



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## Federal NSR Offset Accounts

### Preliminary Determination of Equivalency (PDE), CY 2021

DESCRIPTION	(Tons / Day)			
	VOC	NOx	SOx	PM10
<b>CY 2020 Final Ending Balance</b>	<b>115.55</b>	<b>24.69</b>	<b>5.35</b>	<b>17.74</b>
CY 2021 Total Debits	-0.15	-0.19	0.00	-0.01
CY 2021 Total Credits	0.00	0.00	0.00	0.00
CY 2021 Total Discount of Credits for Surplus Adjustment	0.00	-0.12	0.00	0.00
<b>CY 2021 Final Ending Balance</b>	<b>115.40</b>	<b>24.38</b>	<b>5.35</b>	<b>17.73</b>

- Federal NSR offset accounts include federal major sources, *i.e.*, sources with emissions greater than federal major source thresholds
- PDE does not account for any credits - credits will be included in the Final Determination of Equivalency for CY 2021
- Ending balances are positive and continue to be strong for all pollutants
- Two-year projections for CY 2022 and CY 2023 continue to show net credits

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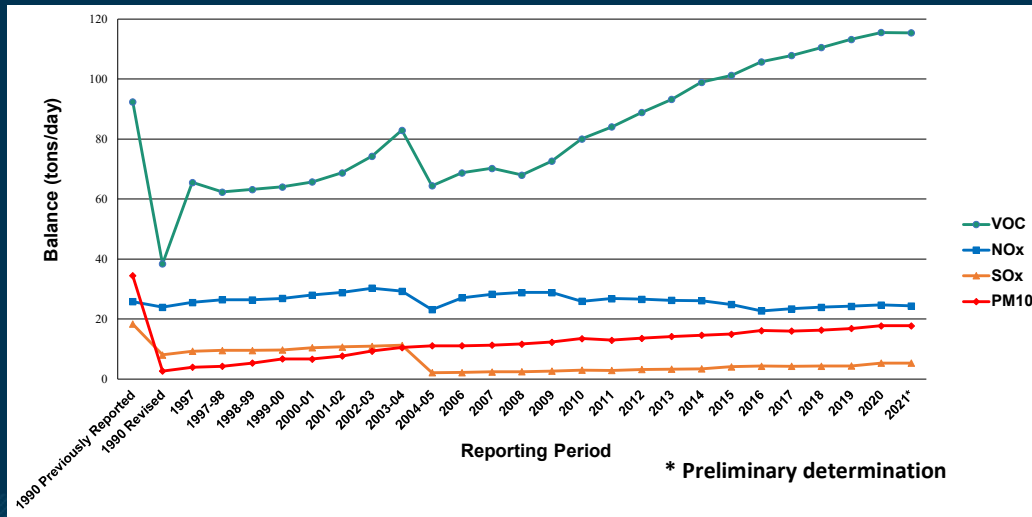
## Projected Federal NSR Offset Accounts CY 2022

DESCRIPTION	(Tons / Day)			
	VOC	NOx	SOx	PM10
<b>2021 Actual Ending Balance</b>	<b>115.40</b>	<b>24.38</b>	<b>5.35</b>	<b>17.73</b>
CY 2022 Total Projected Debits	-0.37	-0.21	-0.06	-0.18
CY 2022 Total Projected Credits	3.24	0.74	0.31	0.74
<b>CY 2022 Projected Ending Balance</b>	<b>118.27</b>	<b>24.91</b>	<b>5.60</b>	<b>18.29</b>

## Projected Federal NSR Offset Accounts CY 2023

DESCRIPTION	(Tons / Day)			
	VOC	NOx	SOx	PM10
<b>CY 2022 Projected Ending Balance</b>	<b>118.27</b>	<b>24.91</b>	<b>5.60</b>	<b>18.29</b>
CY 2023 Total Projected Debits	-0.37	-0.21	-0.06	-0.18
CY 2023 Total Projected Credits	3.24	0.74	0.31	0.74
<b>CY 2023 Projected Ending Balance</b>	<b>121.14</b>	<b>25.44</b>	<b>5.85</b>	<b>18.85</b>

## Federal Offset Account Balances (1990 - 2021\*)



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## State NSR Offset Accounts Preliminary Determination of Equivalency (PDE), CY 2021

DESCRIPTION	(Tons / Day)			
	VOC	NOx	SOx	PM10
<b>CY 2021 Actual Starting Balance</b>	<b>87.88</b>	<b>35.71</b>	<b>10.05</b>	<b>23.59</b>
CY 2021 Actual Total Debits	-0.99	-0.42	-0.05	-0.03
CY 2021 Actual Total Credits	0.00	0.00	0.00	0.00
<b>CY 2021 Actual Ending Balance</b>	<b>86.89</b>	<b>35.29</b>	<b>10.00</b>	<b>23.56</b>

- State offset accounts include state subject sources, *i.e.*, sources with emissions greater than state thresholds
- PDE does not account for any credits - credits will be included in the Final Determination of Equivalency for CY 2021
- Total credits were greater than debits for all pollutants, and complies with state requirement for "no net emission increase"
- Ending balances continue to be positive for all pollutants

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## Conclusions

- The preliminary analysis for CY 2021 shows South Coast AQMD's NSR program continued to be at least equivalent to the federal NSR offset requirements
- For CYs 2022 and 2023 it is also projected that South Coast AQMD's NSR program will continue to be equivalent to the federal NSR offset requirements
- The Final Determination of Equivalency for CY 2021 will be presented to the Board at its September 2023 meeting

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





# 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)<sup>i</sup>

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 <sup>1</sup> (\$/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)<sup>i</sup>

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 <sup>1</sup> (\$/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)<sup>i</sup>

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)<sup>i</sup>

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 <sup>1</sup>					
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 <sup>2</sup> (\$/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)

<b>Twelve-Month Rolling Average Price Data for Compliance Year 2023 SOx RTC<sup>1</sup></b>					
<b>Reporting Month</b>	<b>12-Month Period</b>	<b>Total Volume Traded with Price During Past 12-month (tons)</b>	<b>Total Price of Volume Traded During Past 12-month (\$)</b>	<b>Number of Trades with Price</b>	<b>Rolling Average Price<sup>2</sup> (\$/ton)</b>
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.

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<sup>i</sup> 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
<b>Total Cash Settlements:</b>	<b>\$216,525.00</b>

**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
<b>Civil</b>						
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
<b>Total Civil Settlements: \$213,025.00</b>						
<b>Hearing Board</b>						
112573	FREUND BAKING COMPANY	1153.1	12/23/2022	JL	6226-1	\$3,500.00
<b>Total Hearing Board Settlements: \$3,500.00</b>						

**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