



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

HYBRID STATIONARY SOURCE COMMITTEE MEETING

Committee Members

Mayor Pro Tem Larry McCallon, Committee Chair
Supervisor Holly J. Mitchell, Committee Vice Chair
Chair Vanessa Delgado
Vice Chair Michael A. Cacciotti
Mayor José Luis Solache
Board Member Veronica Padilla-Campos

April 19, 2024 ♦ 10:30 a.m.

TELECONFERENCE LOCATIONS

Kenneth Hahn Hall of Administration
500 W. Temple Street
HOA Conference Room 374-A
Los Angeles, CA 90012

Office of Senator (Ret.) Vanessa Delgado
944 South Greenwood Ave.
Montebello, CA 90640

South Pasadena City Hall
Council Chamber
1414 Mission Street
South Pasadena, CA 91030

Residence Inn Sacramento Downtown at Capital Park
Hotel Lobby
1121 15th Street
Sacramento, CA 95814

A meeting of the South Coast Air Quality Management District Stationary Source Committee will be held at 10:30 a.m. on Friday, April 19, 2024 through a hybrid format of in-person attendance in the Dr. William A. Burke Auditorium at the South Coast AQMD Headquarters, 21865 Copley Drive, Diamond Bar, California, and remote attendance via videoconferencing and by telephone. Please follow the instructions below to join the meeting remotely.

Please refer to South Coast AQMD's website for information regarding the format of the meeting, updates if the meeting is changed to a full remote via webcast format, and details on how to participate:

<http://www.aqmd.gov/home/news-events/meeting-agendas-minutes>

ELECTRONIC PARTICIPATION INFORMATION

(Instructions provided at bottom of the agenda)

Join Zoom Meeting - from PC or Laptop, or Phone

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

Meeting ID: **941 4149 2308** (applies to all)

Teleconference Dial In: +1 669 900 6833

One tap mobile: +16699006833,94141492308#

Audience will be allowed to provide public comment in person or through Zoom connection or telephone.

PUBLIC COMMENT WILL STILL BE TAKEN

Cleaning the air that we breathe...

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.

CALL TO ORDER

ROLL CALL

INFORMATIONAL ITEMS (Items 1-4)

- 1. Update on Proposed Amended Rule 1146.2 – Emissions of Oxides of Nitrogen from Large Water Heaters and Small Boilers and Process Heaters** (10mins) Heather Farr
Planning and Rules
Manager
(No Motion Required)
Staff will present updates to Proposed Amended Rule 1146.2 since the Stationary Source Meeting on March 15, 2024. Presentation will focus on key issues resolved since the last month, and key remaining issues and staff responses.
(Written Material Attached)
- 2. Update on Proposed Amended Rule 463 – Organic Liquid Storage** (10 mins) Michael Morris
Planning and Rules
Manager
(No Motion Required)
Staff will provide a summary of amendments to Rule 463 that will establish requirements to achieve further emission reductions from storage tanks and includes contingency measures to satisfy Clean Air Act Section 182 (c)(9) requirements. Proposed amendments will also address actions in the Community Emission Reduction Plans (CERPs) for two AB 617 communities.
(Written Material Attached)
- 3. Proposed Rule 317.1 – Clean Air Act Nonattainment Fees for 8-Hour Ozone Standards** (10 mins) Kalam Cheung, PhD
Planning and Rules
Manager
(No Motion Required)
Staff will provide a summary of Proposed Rule 317.1 which implements sections of the Clean Air Act requiring the assessment and collection of nonattainment fees. Staff will also present key remaining issues.
(Written Material Attached)
- 4. Update on Proposed Amended Rule 1148.1 – Oil and Gas Production Wells** (10 mins) Michael Morris
(No Motion Required)
Staff will provide a summary of proposed amendments to Rule 1148.1 which seeks to achieve further emission reductions from oil and gas wells and fulfill an AB 617 CERP air quality objective for two communities.
(Written Material Attached)

WRITTEN REPORTS (Items 5-8)

- 5. Monthly Permitting Enhancement Program (PEP) Update**
(No Motion Required)
This report is a monthly update of staff's PEP implementation efforts for the previous month.
(Written Material Attached)
- Jason Aspell
Deputy Executive Officer
- 6. Twelve-month and Three-month Rolling Average Price of Compliance Years 2023 and 2024 NOx and SOx RTCs (January – March 2024)**
(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
- 7. 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
Assistant Deputy Executive Officer
- 8. Notice of Violation Penalty Summary**
(No Motion Required)
This report provides the total penalties settled in March 2024 which includes Civil, Supplemental Environmental Projects, Mutual Settlement Assessment Penalty Program, Hearing Board and Miscellaneous.
(Written Material Attached)
- Bayron Gilchrist
General Counsel

OTHER MATTERS

- 9. 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)
- 10. 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.
- 11. Next Meeting Date:** Friday, May 17, 2024 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.

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.

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 Chair 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 1146.2 – Emissions of Oxides of Nitrogen from Large Water Heaters and Small Boilers and Process Heaters

Stationary Source Committee

April 19, 2024

Background

Rule 1146.2 was
adopted on
January 9, 1998

- Established NO_x limits for unpermitted large water heaters, small boilers, and process heaters primarily in commercial settings
- Applies to manufacturers, distributors, retailers, installers, operators

Proposed
Amended Rule
1146.2 necessary
to implement
2022 AQMP

- Implements 2022 AQMP control measure needed to meet 8-hour National Ambient Air Quality Standard (NAAQS) ozone standard

Rule Update

- Staff provided a summary to Stationary Source Committee on March 15th
- Committee requested staff provide a rule update

Recent Site Visits and Meetings with Stakeholders

- In the past month, staff met with several organizations, conducted site visits, and proposed additional provisions to address concerns

California Cleaners Association
(March 15, 2024)

California Cleaners Association
(March 29, 2024)

BizFed, Whittingham Public Affairs Advisors and Construction Trades for Office/Apt Bldgs
(April 4, 2024)

Dry Cleaner Site Visit
(March 27, 2024)

California Restaurant Association
(April 2, 2024)

Dry Cleaners Site Visits
(April 17, 2024)

3

Universe of Equipment and Baseline Emissions

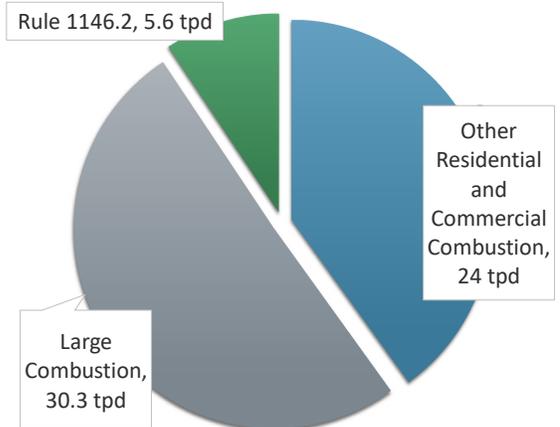
Estimated Baseline NOx Emissions

- 5.6 tons per day**
- ~ 9% of the total stationary source inventory

Estimated Number of Units in the Region

- 1,070,000 units**

2018 NOx Emissions from Stationary Sources (tons per day)



4

PAR 1146.2 Key Proposals

Requires zero-emission technologies at future effective dates

- Sending a market signal



Best Available Retrofit Control Technology (BARCT) assessment determined zero-emission technologies are technically feasible and cost-effective for all categories except Type 1 high temperature units



Future effective compliance dates based on technology and building readiness

- Smaller units more commercially available
- Requirement for new buildings aligns with state building code



High temperature units (e.g., boilers) need more time for technology to mature

- Proposed longer compliance timelines

5

Zero-Emission Implementation Approach

New Buildings (Industrial, Commercial, and Residential)

- Newly installed units must be zero-emission after future effective date
- Shorter time for installations in new buildings, which can be designed for zero-emission units
- Aligns with state building code requirements for zero-emission units

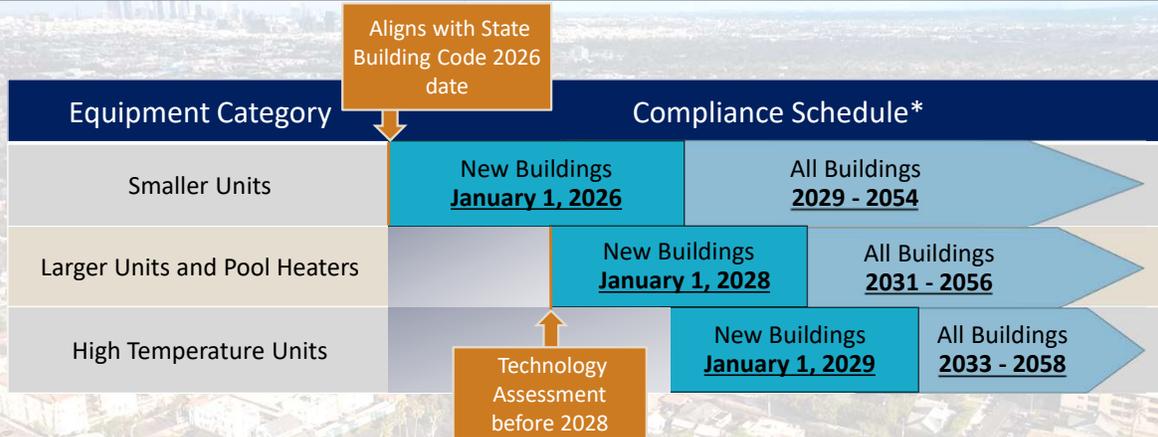
Existing Commercial and Industrial Buildings

- Newly installed units must be zero-emission after future effective date
- Existing units must be zero-emission at the end of unit age
 - PAR 1146.2 establishes the “unit age” when units must be replaced
 - 15 years for smaller water heaters and pool heaters; 25 years for all other units
 - Will help modernize old combustion units in commercial buildings

All Other Units (Existing Residential Buildings)

- Newly installed units must be zero-emission after future effective date
- Implemented through the supply chain (e.g., manufacturer, distributor, retailer, installer) 6

Zero-Emission Compliance Schedule



* Date range shows compliance start date to the estimated time of full implementation

- Smaller Units: Water heaters $\leq 400,000$ Btu/hr; instantaneous water heaters $\leq 200,000$ Btu/hr
- Larger Units: Water heaters $> 400,000$ Btu/hr; instantaneous water heaters $> 200,000$ Btu/hr
- High Temperature Units: Designed to produce steam or heat water above 180 degrees Fahrenheit

7

Previously Discussed Alternative Compliance Options

- PAR 1146.2 includes alternative compliance options-and low-use exemptions to address challenges of transitioning to zero-emission

Additional time and considerations are provided for situations where:

- ✓ Utility needs time to complete upgrades
- ✓ Facilities have five or more units required to be replaced in two consecutive years
- ✓ Emergency replacement requiring electrical upgrades is needed
- ✓ Mobile home instantaneous water heater replacement
- ✓ Low-use/low-emitting units

8

New Provisions Since Last Stationary Source Committee

Staff proposing additional provisions to address stakeholder comments:

- New provision that extends compliance date for non-residential tenant when landlord is responsible for upgrades to operate zero-emission unit
- New provision that allows small businesses to meet zero-emission requirement when unit is naturally replaced instead of at a specified unit age
 - Exemption for small businesses from replacing when reaching fixed unit age
 - Small businesses such as dry cleaners can choose to transition to zero-emission at natural replacement
- Removed requirement that requires existing units to meet current NOx limit
 - Provisions focus on meeting zero-emission units
 - Results in quicker transition to zero-emission and lower overall emissions

9

New Key Issue:

Dry cleaners expressed concerns on:

- Cost burden to small businesses;
- Burden of unit age replacement; and
- Installation in properties under lease

Staff proposed the following provisions to address concerns:

- ✓ Later compliance deadline of 2033 for high temperature units typically used by dry cleaners
- ✓ Technology check-in by 2028 will assess technology readiness and cost
- ✓ Small businesses exempt from replacing units when reaching unit age (15 to 25 years)
 - ✓ Transition to zero-emission required at natural replacement
- ✓ Alternative compliance option for emergency replacement allows for more time to comply and use of temporary gas units
- ✓ Smaller dry cleaners may be able to utilize low-use exemption

Proposing future rebate program for small businesses

10

Cost Analysis of Socioeconomic Impacts

Cost-Effectiveness of Zero-Emission Technologies

- Cost-effectiveness for most equipment categories is less than the 2022 AQMP screening threshold
 - Costs range between savings of (\$190,000) to \$264,000 per ton of NOx reduced
- High temperature category is not currently cost-effective at ~\$580,000 per ton of NOx reduced
 - Costs are expected to decrease as technology matures
 - Extended compliance schedule for high temperature units to comply with zero-emission limits

Current cost analysis for 2026 to 2057 (subject to change)

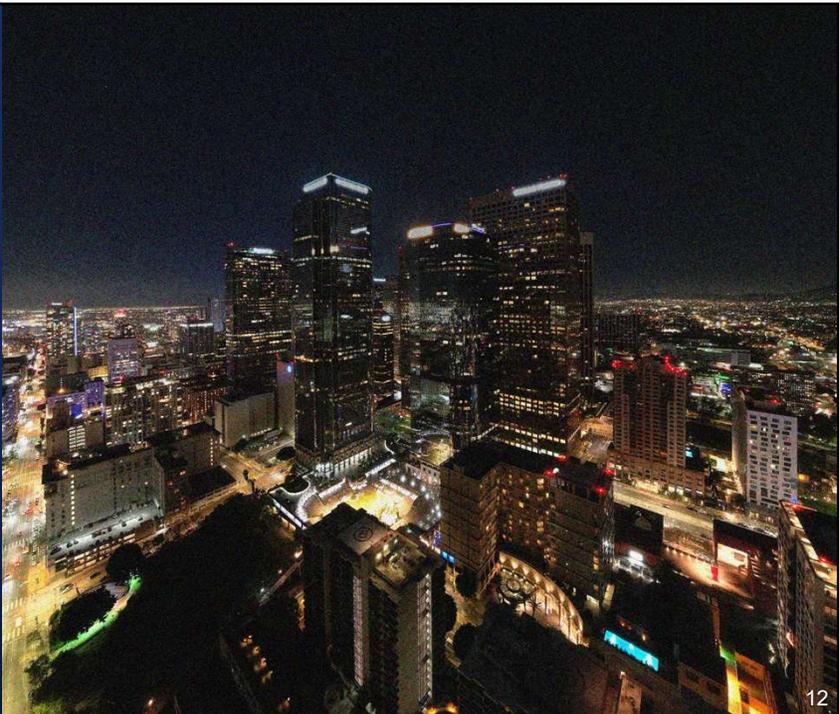
- Total average annual cost – \$49 to \$97 million (depending on assumptions)
 - Electrical panel upgrades – 40% of total cost
 - Units in residential buildings – 18% for pool heaters, 21% for instantaneous water heaters, potentially some tank-type water heaters in larger homes
- Average annual job impact – 1,000 jobs foregone (less job growth forecasted)
- Over **one million units impacted**, resulting in **5.6 tons per day NOx reduced**

11

Next Steps

Draft Rule Language/Staff
Report/Socioeconomic
Analysis:
May 7, 2024

Public Hearing:
June 7, 2024



12



Proposed Amended Rule 463 – Organic Liquid Storage

Stationary Source Committee
April 19, 2024

PAR 463 Background

- ▶ Reduces volatile organic compound (VOC) emissions from stationary above-ground organic liquid storage tanks
- ▶ Included as actions in two AB 617 Community Emission Reduction Plans (CERPs)
 - ▶ Wilmington, Carson, West Long Beach
 - ▶ South Los Angeles
- ▶ Partially implements control measures in the 2012, 2016, and 2022 AQMPs
- ▶ Proposed amendments require more stringent leak detection and implement best available retrofit control technology (BARCT)
- ▶ Includes contingency measures to address the Coachella Valley Contingency Measure State Implementation Plan (SIP) Revision for the 2008 8-Hour Ozone Standard



Optical Gas Imaging and Doming Requirements in PAR 463

Optical Gas Imaging (OGI) Monitoring

- ▶ OGI provides images of vapors not seen with naked eye
- ▶ Rule 463 currently does not require use of OGI devices
- ▶ Proposed requirement: Require operators to use OGI devices every other week to inspect tank farms

Doming

- ▶ Domes reduce emissions from seals by eliminating the “wind effect” that pulls vapors from seals into the atmosphere; domes are not vapor tight;
- ▶ Proposed requirement: install domes on external floating roof (EFR) tanks storing materials with a True Vapor Pressure (TVP) ≥ 3.0 psia



Other Amendments to Rule 463

Seals

- ▶ Require secondary seals on all floating tanks and more stringent gap requirements for rim seals

Increased Emission Control

- ▶ Increase vapor recovery emission control efficiency from 95% to 98% for fixed roof tanks

Reporting ,Recordkeeping, and Testing

- ▶ Additional requirements related to OGI inspections
- ▶ Periodic testing to confirm qualification for exemption from doming



Cost-Effectiveness and Emission Reductions

5

Proposed Requirement	Cost-Effectiveness	Emission Reductions (tons per day)	Implementation Date
OGI Monitoring	\$24,400	0.40	July 1, 2025
Doming	\$32,500	0.01	When the tank is next emptied (no later than 23 years)
Secondary Seals	\$6,700	0.01	When the tank is next emptied (no later than 10 years)
Seal Gap	\$0	0	Date of Adoption

- ▶ Cost-effectiveness (and incremental) analysis was done for doming of *all* EFR tanks
 - ▶ Not cost-effective to dome all EFR tanks regardless of TVP at \$40,500/ton of VOC reduced
 - ▶ Not incrementally cost-effective to dome all EFR tanks at \$43,000/ton of VOC reduced

Contingency Measures

- ▶ The Coachella Valley Contingency Measure SIP Revision for the 2008 8-Hour Ozone Standard was adopted on March 1, 2024
 - ▶ Specifies consideration of contingencies in PAR 463
- ▶ If triggered, some facilities would be required to conduct more frequent (weekly) OGI inspections
 - ▶ Triggers are failure to meet a reasonable further progress milestone or attain an ozone National Ambient Air Quality Standard
- ▶ PAR 463 includes contingency measures for both the Coachella Valley and the South Coast Air Basin



Preliminary Analysis of Socioeconomic Impacts

7

- Required per Health and Safety Code Sections 40440.8 and 40728.5 since PAR 463 will significantly affect air quality or emission limitations
- For 2024-2080, average annual cost = \$4.6 million at 4% interest rate: • ~ 429 affected facilities with 1,600 tanks:



- ~ 22 jobs forgone annually on average using 4% real interest rate (subject to change)
- Draft Socioeconomic Impact Assessment will be made available at least 30 days prior to the Public Hearing on June 7, 2024 (subject to change)

California Environmental Quality Act (CEQA)

CEQA

- Analyzed environmental impacts relating to the installation of domes and additional secondary seals
- Analysis concluded no significant environmental impacts
- Draft Environmental Assessment was released for 30-day public review and comment period from March 27, 2024 to April 26, 2024

8

Key Issues and Next Steps

9

Staff is not aware of any remaining key issues

Set Hearing

May 3, 2024

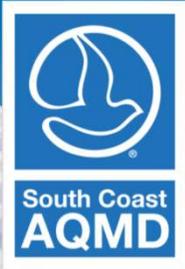
Public Hearing

June 7, 2024

Proposed Rule 317.1

Clean Air Act Nonattainment Fees for the 8-Hour Ozone Standards

Cleaning The Air That We Breathe...



Stationary Source Committee

April 19, 2024



Background – CAA Section 185

- Clean Air Act (CAA) section 185 establishes fee requirements for “severe” or “extreme” ozone nonattainment areas when an area fails to attain a federal ozone standard by the applicable date
 - Applicable to major stationary sources of volatile organic compounds (VOCs) and nitrogen oxides (NOx) (10 tons per year)¹
 - Fee shall be collected until the area is redesignated as an attainment area for that ozone standard

Nondiscretionary action - U.S. EPA is required to collect the fees if a state/local air authority does not

Criteria	8-Hour Ozone NAAQS	
	Revoked 1997	2008
Nonattainment Status ²	Extreme	Extreme
Attainment Deadline	06/15/2024	07/20/2032
Year Nonattainment Fees Begin	2025	2033

¹ – Facilities with potential to emit less than 10 tons per year are not subject to Proposed Rule 317.1

² – Nonattainment status for South Coast Air Basin and Coachella Valley

2



Pathways to Comply with CAA Section 185

Fee Collection

- Available for unrevoked and revoked ozone standards
- Collect fees each year based on the amount of emissions that exceed 80% of the baseline emissions

Fee Equivalency

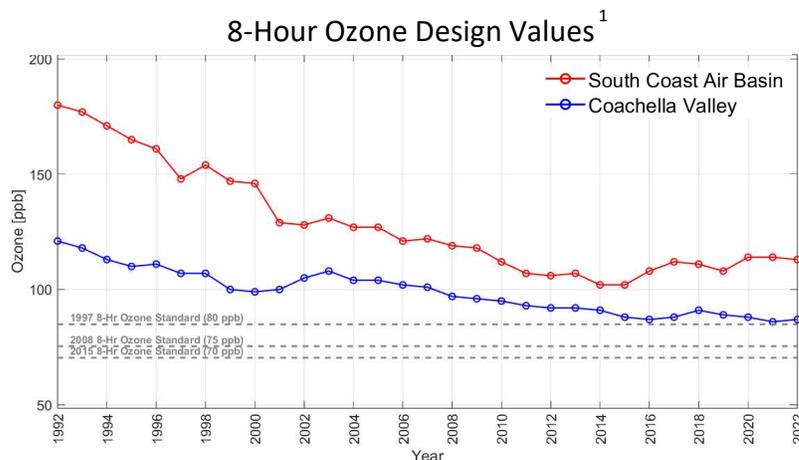
- Available for revoked ozone standards only
- Utilizes monies from incentive programs generating emission reductions surplus to the applicable State Implementation Plan (SIP)
- Used for the revoked 1979 standard in existing Rule 317 – Clean Air Act Non-Attainment Fees

- Proposed Rule (PR) 317.1 provides a compliance pathway for the 1997 and 2008 8-hour ozone standards to meet CAA section 185 requirements
- Fee collection is the only pathway for 1997 and 2008 ozone standards
 - 1997 standard – adequate funding to utilize the fee equivalency approach is not available
 - 2008 standard – it is not a revoked standard and a fee equivalency approach is not available

3



8-Hour Ozone Trends



- Overall air quality has improved and continued emission reductions will improve ozone
- South Coast Air Basin and Coachella Valley will not be in attainment by 2024 for the 1997 standard but Coachella Valley is likely eligible for an extension²

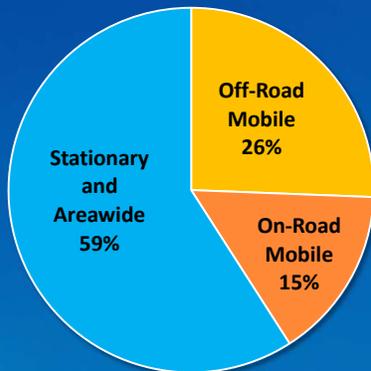
¹ – Annual 4th highest 8-hour average concentration, averaged over 3 years
² – Facilities are exempt from PR 317.1 fees in the extension year

4

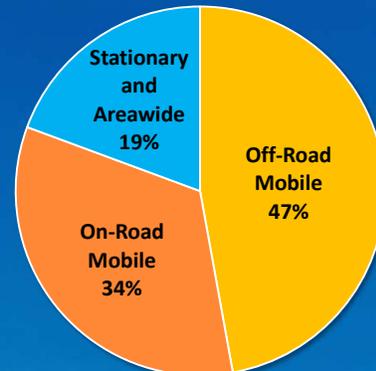


Source Contributions for Ozone Precursors of VOC and NOx

2023 VOC Emissions
379 tons per day



2023 NOx Emissions
250 tons per day



- The primary pollutants that must be controlled to achieve 8-hour ozone standards are NOx
- Over 80% of the NOx emissions in 2023 are from mobile sources



Key Requirements for PR 317.1

Applicability

- The 1997 and 2008 8-hour ozone standards
 - Triggered if U.S. EPA makes final finding of failure to attain
- Major stationary sources of VOCs and NOx (potential to emit of 10 tons per year or more)

← ≈ 320 facilities

Fee Obligations³

- Applies to emissions from major stationary sources¹ that exceed 80 percent of baseline emissions
 - Baseline emissions are based on emissions in the attainment year
 - Fee rate was \$11,922 per ton in 2023²
- Applicable facilities are responsible for paying fees for both 1997 and 2008 standards³

Criteria	8-Hour Ozone NAAQS	
	Revoked 1997	2008
Baseline Emissions	2024	2032
Nonattainment Fees Begin ³	2025	2033

¹ – Major stationary source only pays for pollutant which qualifies them as a major stationary source

² – U.S. EPA annually adjusts the fee rate by CPI

³ – If U.S. EPA makes final finding of failure to attain



CAA Section 185 NO_x Fee Example for 1997 Ozone Standard

Fee applies to emissions above 80% of baseline



* Assuming rounded 2023 fee rate, subject to future CPI adjustment

** Assessment would continue for future years until area is in attainment with 1997 standard

7



Alternative Baseline Option

Alternative Baseline Emissions Option

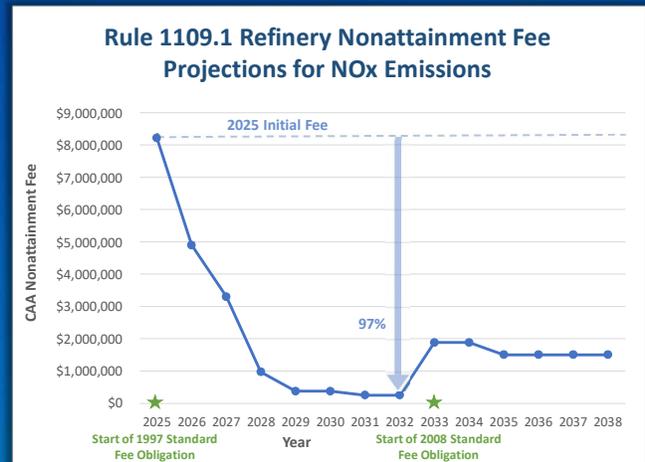
- Facility may propose alternate method to determine baseline emissions level if emissions are irregular, cyclical, or vary
- Alternate baseline shall reflect emissions from normal operating conditions
- Alternate method conditioned upon U.S. EPA issuing a guidance document

8



Preliminary Analysis of Fees Collected

- Fee obligation for the initial year (2025) is conservatively estimated to be \$26 million
- Fees are anticipated to decrease as emissions decrease
 - Emissions from many stationary source facilities may decrease to below the baseline amount due to the best available retrofit control technology (BARCT) rules
- Fee obligation may increase in 2033 if the South Coast AQMD fails to attain the 2008 standard

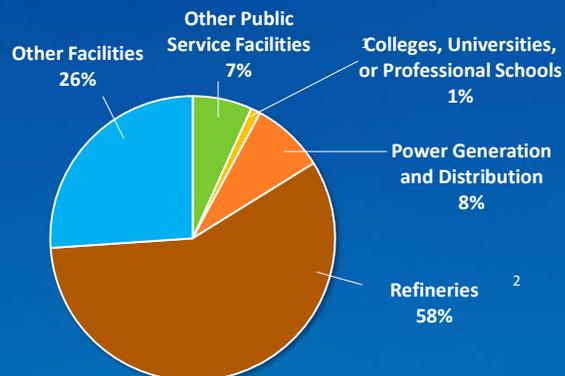


9



Projected CAA Nonattainment Fee in 2025

- In 2025, total fees estimated conservatively to be \approx \$26 million
 - Conservative approach assuming all Title V facilities (\approx 320) to be major stationary sources of VOCs and NOx and emissions remain the same as baseline except for Rule 1109.1 implementation



¹ – Other public service facilities include general medical & surgical hospitals; sewage treatment; solid waste landfill; water supply & irrigation systems; natural gas distribution; regulation & administration of communications, electric, gas, & other utilities; and other general government support.

² – 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).

10



Preliminary Analysis of Socioeconomic Impacts

- Estimated about 80 jobs foregone annually on average with ≈20 jobs foregone from construction sector
- Draft Socioeconomic Impact Assessment will be made available at least 30 days prior to the Public Hearing

11



Key Remaining Issues

- **PR 317.1:** Staff is not aware of any key remaining issues
- **Spending of Funds:** Stakeholders have commented on the proper use of the fees collected through PR 317.1
 - PR 317.1 sets up the regulatory framework to meet CAA requirements and the CAA does not specify how to spend the funds
 - Usage will be determined through a future public process due to considerations such as:
 - Uncertainty of the amount of future fees received and when the fees would be received
 - Evolving South Coast AQMD emissions reduction strategies
 - Advancement of technology

12



Rule Development Process

- PR 317.1 was developed through a robust public process:
 - Working Group composed of a wide range of representatives from businesses, environmental groups, public agencies, and consultants
 - Two Working Group Meetings held:
 - November 7, 2023 – 46 attendees
 - February 7, 2024 – 66 attendees
 - Public Consultation Meeting held on April 3, 2024
 - Mail distribution to over 1,500 addresses
 - Electronic distribution to about 2,400 emails
 - 93 attendees
 - Multiple meetings with affected businesses and the U.S. EPA

13



Next Steps



¹ Will also contain Draft Socioeconomic Impact Assessment

14



Proposed Amended Rule 1148.1 - Oil and Gas Production Wells



Stationary Source Committee
April 19, 2024

Rule 1148.1 Regulatory History



Adopted March 5, 2004

Purpose is to reduce VOC emissions from wellheads, well cellars, and handling of produced gas



Amended on September 4, 2015

Amendments focused on improving work practices and established odor mitigation procedures

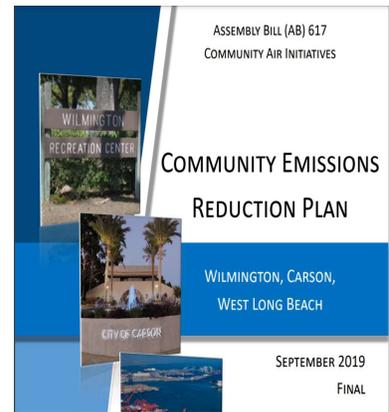
AB 617 and Community Emission Reduction Plans

Two AB 617 communities identified oil and gas production emissions as objectives in their Community Emission Reduction Plans (CERP)

- Wilmington, Carson, West Long Beach (WCWLB)
- South Los Angeles (SLA)

Key CERP actions community is seeking

- Enhanced notification (addressed in Rule 1148.2)
- Enhanced monitoring
- Use of leak detection technologies
- Require lower emission or zero-emission equipment
- Limit/eliminate odorant use
- Reduce emissions and exposure to oil and gas operations through rule amendments



3

Summary of Proposals



Monthly use of Optical Gas Imaging (OGI) for enhanced leak detection



Use of Tier 4 Final diesel engines on workover rigs



Equipment that uses produced gas shall meet specific NOx limits and verify compliance via source tests



Ban the use of odorants used to mask odors and regulate the use of odor neutralizing agents

4



Key Issue: Zero-Emission Workover Rig Operations

Community stakeholders requested use of zero-emission workover rigs

- Staff evaluated the cost-effectiveness for retrofitting engines to Tier 4 Final engines vs zero-emission option (see table below)
- Other technologies for this process (i.e. fuel cells) are still in developmental stage

Emission Reductions Strategy	NOx Emission Reductions (tons/day)	Cost (\$)	Cost-Effectiveness (\$/ton reduced)
Tier 4 Final	0.51	\$50,872,000	\$13,700
Zero-Emission Option	0.54	\$2,054,100,000	\$521,080

- CARB Advanced Clean Fleet Regulation will eventually require electrification of workover rigs starting in 2036

Staff is proposing use of Tier 4 Final engines effective 2027 with CARB regulation to fully electrify engines beginning in 2036.

Key Issue: Zero Toxics in Odor Neutralizing Agents

Community stakeholders raised concerns that neutralizing agents may be emitted into air and/or contain toxics

- PAR 1148.1 adds new requirements for neutralizing agents to exclude toxics listed in Rule 1401 in quantities greater than 0.1 percent by weight
- PAR 1148.1 will prohibit the atomization of neutralizing agents into the air
- Staff found operators use a neutralizing agent to encapsulate odors where:
 - Product does not contain air toxics listed in Rule 1401
 - Product does not contain endocrine disruptors based on EPA's Second List of Chemicals for Tier 1 Screening¹

¹ <https://www.epa.gov/system/files/documents/2023-08/List%202.pdf>

Key Issue: Public Notification for Leak Detection

Community stakeholders requested to be notified when leaks are found with OGI device

- Staff is evaluating an appropriate leak threshold for notification
 - Notification would occur to those signed up for Rule 1148.2 Oil and Gas Wells Activity
- Current and Proposed Rule 1148.1 require:
 - Identification and correction of leaks within 24 hours
 - Records of any leaks and repairs per the current rule language
 - South AQMD Compliance & Enforcement division follow up on incidents to ensure corrective action took place



Emission Reductions & Cost Effectiveness

Proposed Measure	Emission Reductions (tons/day)	Annual Cost (\$)	Cost-Effectiveness (\$/ton reduced)
Enhanced Leak Detection	0.27 VOC	\$1,369,000	\$13,800
Reduced Emissions from Produced Gas Usage	0.005 NOx	\$4,600 to \$56,100	\$7,000 to \$30,700
Workover Rig Tier 4 Final	0.51 NOx	\$2,544,000	\$13,700
Ban of Odorant Use	N/A	N/A	N/A

9

Impact Assessment

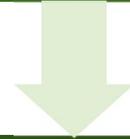
Socioeconomic Assessment

- Preliminary cost analysis of PAR 1148.1 indicates:
 - Average annual cost of ~ \$4.9 million using a 4% real interest rate or ~ \$4.3 million using a 1% real interest rate
 - Tier 4 Final engines will incur the biggest proportion of costs (43%) followed by OGI Cameras (29%)
 - 28 jobs foregone annually on average
 - ❖ With 7 jobs foregone from Construction sector and 4 jobs foregone from the Professional, Scientific, and Technical Services sector
 - Draft Socioeconomic Impact Assessment will be made available at least 30 days prior to the Public Hearing on June 7, 2024 (subject to change)
- ## California Environmental Quality Act Assessment
- No significant adverse environmental impacts are expected
 - A Notice of Exemption from CEQA will be prepared

10

Next Steps

Set Public Hearing – May 3, 2024



Tentative Public Hearing – June 7, 2024

Monthly Permitting Enhancement Program (PEP) Update
South Coast AQMD
Stationary Source Committee - April 19, 2024

Background

At the February 2, 2024 Board meeting, the Board directed staff to provide monthly updates to the Stationary Source Committee to report progress made under the Permitting Enhancement Program (PEP). The Chair's PEP initiative was developed to enhance the permitting program and improve permitting inventory and timelines. This report provides a summary of the pending permit application inventory, monthly production, and other PEP related activities.

Summary**Pending Permit Application Inventory**

The permitting process consists of a constant stream of incoming applications and outgoing application issuances, rejections, and denials. The remainder of the applications are considered the pending application inventory. The inventory consists of applications that are being prescreened prior to being accepted, workable applications, and non-workable applications. Non-workable means that staff are unable to proceed with processing an application because it is awaiting actions to address various regulatory requirements or deficiencies. As an example, after staff issues a Permit to Construct to a facility, staff must wait for the facility to construct and test the equipment prior to issuing a final Permit to Operate. Once a final Permit to Operate is issued, the permit application is removed from the pending application inventory. Other examples include facilities that may be in violation of rules and cannot be permitted until a facility achieves compliance, staff awaiting additional information from facilities, or facilities that have not completed the CEQA process for their project. During the life of an application, it may switch several times between being workable and non-workable as actions are taken by facilities and staff. Attachment 1 contains more detailed descriptions of the categories of non-workable permit applications. Figure 1 below provides a monthly snapshot of the pending application inventory.

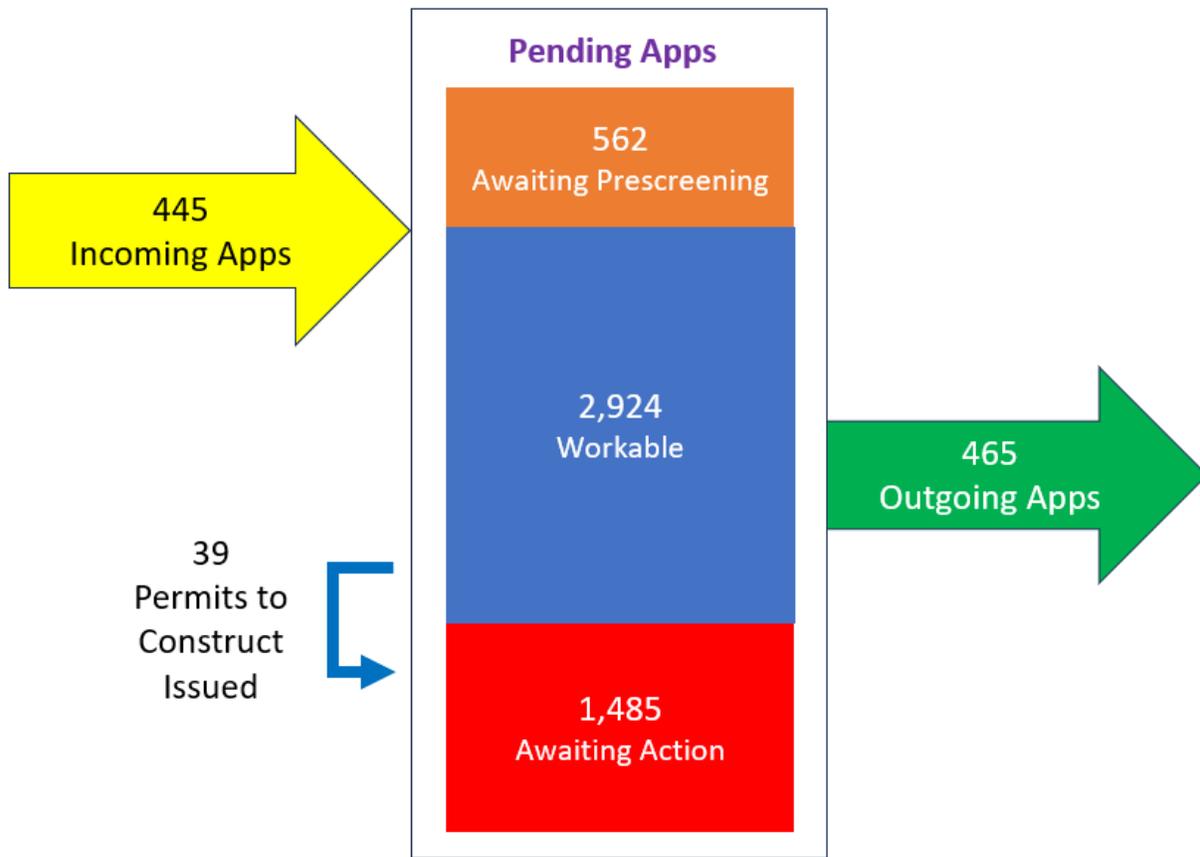


Figure 1: Application Processing Workflow – March 2024

Table 1 below lists the categories included in Awaiting Action (Non-Workable) for the last month. Please note that Table 1 provides a snapshot of data and applications may change statuses several times before final action.

Table 1: Awaiting Action (Non-Workable) Applications Summary

Awaiting Action (Non-Workable) Categories	March 2024
Additional Information from Facility	235
CEQA Completion	25
Completion of Construction	770
Facility Compliance Resolution	17
Facility Draft Permit Review	92
Fee Payment Resolution	2
Other Agency Review	35
Other Facility Action	69
Other South Coast AQMD Review	100
Public Notice Completion	23
Source Test Completion	117

Please see Attachment 1 for more information on these categories.

In March, 445 incoming applications were submitted which was a decrease of 160 incoming applications from the previous month. There were 465 outgoing applications which was a decrease of 312 applications from February. Note that the high number of outgoing applications in February was due to the completion of more than 200 change of ownership applications received from the AltAir Refinery in Paramount. Since outgoing applications (green arrow) exceeded incoming applications (yellow arrow) this month, the pending application inventory decreased.

The rate of incoming applications is unpredictable and is dependent on business demands and the economic climate, as well as South Coast AQMD rule requirements. Maintaining the average production rate of outgoing applications greater than average rate of incoming applications is key to reducing the pending application inventory until a manageable working inventory is established. Maintaining a low vacancy rate with trained and experienced permitting staff is the biggest factor in maintaining high production and reducing the pending application inventory. In addition, data and analysis showed that addressing vacancies at the Senior and Supervising AQ Engineers was vital since these positions are the review and approval stages of the permitting process. Now that vacancies and process bottlenecks are in the final stages of being addressed, production is improving.

Production

Prior to staff retirements, permit production levels in 2020 were typically above 500 completions per month. Prior to PEP implementation, high vacancy rates resulted in decreased permit completions. Lower production rates nearing 400 completions per month occurred as the vacancy rate peaked. As the vacancy rate has been reduced and staff have been trained, production has increased. Figure 2 below shows a rolling 12-month average of application completions and the monthly production for the last three months. Recently, increased monthly production levels (orange circles) are raising the rolling 12-month production averages (black line) in the chart below. The rolling 12-month average includes the monthly totals from the last year to visualize the trend over time, as production in individual months often fluctuates (in addition to fluctuations in incoming application submittals). The current rolling 12-month average production rate is 470 completions per month. In the coming months, staff anticipates production rates will return to 2020 levels. A higher rolling 12-month average will indicate sustained higher production levels. These higher production levels will begin to reduce the pending application inventory and improve permit processing times.

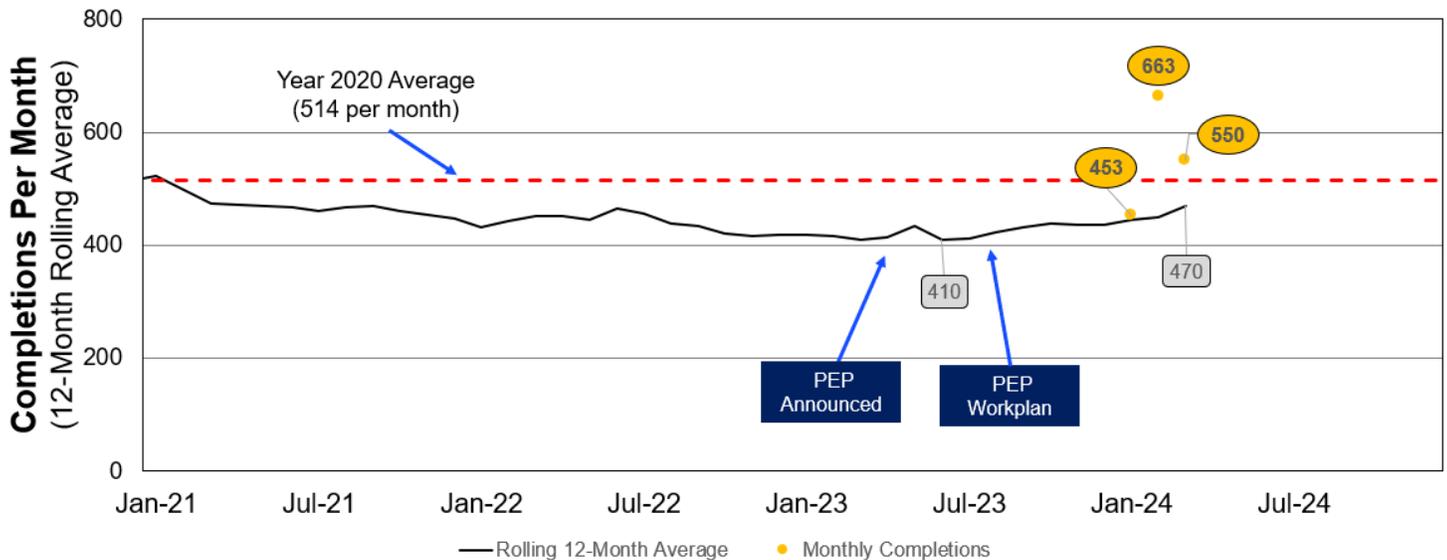


Figure 2: Application Completions - Rolling 12-Month Average and Recent Three Months

Production began to increase in the second half of 2023 as substantial promotional and hiring occurred. New engineering staff are currently being trained and production is expected to increase over the coming months and years as they become more experienced in their duties. Production was exceptionally high for February 2024 as staff completed a large change of ownership project for AltAir Refinery in Paramount that included over 200 applications.

Engineering & Permitting (E&P) Vacancy Rate

The current E&P vacancy rate is 10%, which is the minimum target vacancy rate for PEP. This is an increase from the February 2, 2024 report to the Board due to three staff resignations (all Air Quality Engineers). External recruitments are in progress, which will reduce the vacancy rate. When PEP was first announced, the E&P vacancy rate was greater than 20%.

Key Activities This Month

- Staff concluded interviews to address two Waste Management Supervisor vacancies to relieve permit processing bottlenecks. The waste management sector is a focus of PEP efforts, and these positions will relieve identified bottlenecks in the coming months. One of the positions is a new addition to better address the workload and compliance challenges in this team.
- Staff conducted hiring interviews for a Staff Specialist position to consolidate permit public noticing functions. This new process is expected to streamline the public notice process and decrease the time to distribute public notices and therefore improve permit processing timelines.
- Staff training was conducted to provide permit processing support to the Waste Management team to process time-critical soil remediation projects. Several additional projects have been issued permits after this training to relieve bottlenecks.
- Staff conducted a meeting of the Permitting Streamlining Task Force (PSTF) subcommittee meeting on April 11.

Upcoming Meetings:

- Staff will conduct Permitting Working Group (PWG) meetings that will be a collaborative public effort to discuss permitting requirements with various industry sectors and receive public input.
- Staff are targeting to conduct at least six public meetings regarding permitting in Fiscal Year 2024-2025. A schedule of future PSTF and PWG meetings is under development.
- A PEP update to the Board will occur in the third quarter of 2024.

Attachment 1

Explanation of Non-Workable Application Statuses

Workable applications are those applications where staff have the required information to process the permit application.

Non-workable applications are those applications where the application process has been paused while staff are awaiting the resolution of one or more related tasks or where the permit cannot be issued.

Description of Non-Workable/Awaiting Action Terms

Additional Information from Facility

During permit processing staff may need additional information from a facility that was not included in the original permit application package or a change of scope of the proposed project. Additional information may include items regarding materials used in the equipment (such as toxics), equipment information, or other items to perform emission calculations or determine compliance for the proposal in the application.

CEQA Completion

Prior to issuing permits, CEQA requirements are required to be evaluated and completed. South Coast AQMD can either be the Lead Agency that certifies or approves the CEQA document or the Responsible Agency that consults with the Lead Agency (typically a land use agency) on the CEQA document.

Completion of Construction

After a Permit to Construct is issued, the permit application file remains in the pending application inventory. Staff must wait for the facility to complete construction prior to completing other compliance determination steps before the permitting process can continue. Typically, a Permit to Construct is valid for one year, but it may be extended for various reasons if the facility demonstrates they are making increments of progress. For some large projects, construction may take years while the permit application remains in the pending application inventory.

Facility Compliance Resolution

Prior to issuing permits the affected facility must demonstrate compliance with all rules and regulations [Rule 1303(b)(4)]. Prior to the issuance of a Permit to Construct, all major stationary sources that are owned or operated by, controlled by, or under common control in the State of California are subject to emission limitations must demonstrate that they are in compliance or on a schedule for compliance with all applicable emission limitations and standards under the Clean Air Act. [Rule 1303(b)(2)(5)].

Facility Draft Permit Review

If a facility requests to review their draft permit, staff provides the facility a review period prior to proceeding with issuance. During the review period, staff do not perform any additional evaluation until feedback from the facility is received. Some projects include several permits or large facility permit documents which may take a substantial time to review.

Fee Payment Resolution

Prior to issuing permits, all fees must be remitted, including any outstanding fees from associated facility activities including, but not limited to, annual operating and emission fees, modeling or source testing fees, and permit reinstatement fees.

Other Agency Review

The Title V permitting program requires a 45-day review of proposed permitting actions by U.S. EPA prior to many permitting actions. During the review period, staff are unable to proceed with permit issuance. If U.S. EPA has comments or requests additional information, the review stage may add weeks or months to the process before staff can proceed with the project.

For Electricity Generating Facilities (Power Plants), CEC may provide a review of proposed permits prior to issuance.

Other Facility Action

Prior to issuing a permit, a facility may need to take action to address deficiencies or take steps to meet regulatory requirements. This may include acquiring Emission Reduction Credits after staff notifies a facility the project requires emissions to be offset, performing an analysis for Best Available Control Technology requirements, or conducting air dispersion modeling.

Other South Coast AQMD Review

Prior to proceeding with a permit evaluation, permit engineering staff may require assistance and support from other South Coast AQMD departments. For example, IM support for electronic processing due to unique or long-term project considerations or to complete concurrent review of separate phases or integrated processes for multi-phase projects is routinely needed.

Public Notice Completion

There are several South Coast AQMD requirements that may require public noticing and a public participation process prior to permit issuance. Rule 212 and Regulation XXX both detail public noticing thresholds and requirements which include equipment located near schools, high-emitting equipment, equipment above certain health risk thresholds, or significant projects or permit renewals in the Title V program. The public notice period is typically 30 days, and staff are required to respond to all public comments in writing prior to proceeding with the permitting process. Other delays in the public notice process may include delays in distribution of the notice by the facility, incomplete distribution which may require restarting the 30-day period, or requests for extension from the public.

Source Test Completion

Many rules require source testing prior to permit issuance. Source testing is the measurement of actual emissions from a source that may be used to determine compliance with emission limits, or measurements of toxic emissions may be used to perform a health risk assessment. Lab analysis of an air sample is often required as part of the process. The testing is performed by third party contractors who prepare a source test protocol to detail the testing program, and a source test report with the results of the testing and equipment operation. Both the protocol and report need to be reviewed and approved by South Coast AQMD staff.



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 2023 and 2024 NOx and SOx RTCs (January – March 2024)

April 2024 Report to Stationary Source Committee

Table I

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)¹

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 ² (\$/ton)
Jan-23	Jan-22 to Dec-22	40.8	\$1,954,673	5	\$47,864
Feb-23	Feb-22 to Jan-23	40.9	\$1,956,548	6	\$47,866
Mar-23	Mar-22 to Feb-23	40.9	\$1,956,548	6	\$47,866
Apr-23	Apr-22 to Mar-23	40.9	\$1,956,548	6	\$47,866
May-23	May-22 to Apr-23	60.7	\$2,386,163	10	\$39,311
Jun-23	Jun-22 to May-23	51.7	\$1,468,779	11	\$28,422
Jul-23	Jul-22 to Jun-23	72.8	\$2,130,599	14	\$29,269
Aug-23	Aug-22 to Jul-23	73.8	\$2,152,599	15	\$29,171
Sep-23	Sep-22 to Aug-23	82.7	\$2,290,774	20	\$27,711
Oct-23	Oct-22 to Sep-23	73.7	\$1,931,554	19	\$26,213
Nov-23	Nov-22 to Oct-23	181.6	\$3,574,020	42	\$19,676
Dec-23	Dec-22 to Nov-23	188.0	\$3,652,720	46	\$19,425
Jan-24	Jan-23 to Dec-23	179.4	\$3,173,637	46	\$17,686
Feb-24	Feb-23 to Jan-24	344.1	\$5,206,263	79	\$15,129
Mar-24	Mar-23 to Feb-24	382.3	\$5,626,714	98	\$14,718
Apr-24	Apr-23 to Mar-24	382.5	\$5,631,114	99	\$14,722

Table II

Twelve-Month Rolling Average Price Data for Compliance Year 2024 NOx RTCs
(Report to Governing Board if rolling average price greater than \$22,500/ton)¹

Twelve-Month Rolling Average Price Data for Compliance Year 2024 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 ² (\$/ton)
Jan-24	Jan-23 to Dec-23	27.9	\$700,760	4	\$25,126
Feb-24	Feb-23 to Jan-24	27.9	\$700,760	4	\$25,126
Mar-24	Mar-23 to Feb-24	27.9	\$700,760	4	\$25,126
Apr-24	Apr-23 to Mar-24	33.4	\$788,760	5	\$23,623

Table III

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)¹

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 ² (\$/ton)
Jan-23	Oct-22 to Dec-22	14.4	\$545,813	3	\$38,000
Feb-23	Nov-22 to Jan-23	14.4	\$547,688	4	\$38,031
Mar-23	Dec-22 to Feb-23	14.4	\$547,688	4	\$38,031
Apr-23	Jan-23 to Mar-23	0.04	\$1,875	1	\$50,000
May-23	Feb-23 to Apr-23	19.82	\$429,615	4	\$21,671
Jun-23	Mar-23 to May-23	28.3	\$561,871	6	\$19,857
Jul-23	Apr-23 to Jun-23	49.4	\$1,223,691	9	\$24,765
Aug-23	May-23 to Jul-23	30.6	\$816,076	6	\$26,680
Sep-23	Jun-23 to Aug-23	31.0	\$821,995	9	\$26,524
Oct-23	Jul-23 to Sep-23	9.9	\$160,175	6	\$16,221
Nov-23	Aug-23 to Oct-23	116.8	\$1,780,641	28	\$15,241
Dec-23	Sep-23 to Nov-23	114.4	\$1,721,166	27	\$15,051
Jan-24	Oct-23 to Dec-23	120.1	\$1,787,896	30	\$14,885
Feb-24	Nov-23 to Jan-24	176.9	\$2,179,931	41	\$12,324
Mar-24	Dec-23 to Feb-24	208.7	\$2,521,682	56	\$12,085
Apr-24	Jan-24 to Mar-24	203.1	\$2,459,352	54	\$12,109

Table IV

Three-Month Rolling Average Price Data for Compliance Year 2024 NOx RTCs
(Report to Governing Board if rolling average price greater than \$35,000/ton)¹

Three-Month Rolling Average Price Data for Compliance Year 2024 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 ² (\$/ton)
Jan-24	Oct-23 to Dec-23	11.6	\$395,760	2	\$34,000
Feb-24	Nov-23 to Jan-24	11.6	\$395,760	2	\$34,000
Mar-24	Dec-23 to Feb-24	11.6	\$395,760	2	\$34,000
Apr-24	Jan-24 to Mar-24	5.5	\$88,000	1	\$16,000

¹ District Rule 2002 (f)(1)(H) requires that any rolling average price greater than the threshold triggers a report to the Governing Board. The Governing Board determined at the March 3, 2023 meeting that the requirements of Rule 2002 (f)(1)(H) are no longer applicable to the RECLAIM program, therefore this information 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 reported in the RECLAIM Annual Audit Report exceeds \$15,000 per ton. The average annual RTC price is reported to the Governing Board in March of each year. The Governing Board determined at the March 1, 2024 meeting that no additional analysis or action was required in response to the price threshold exceedance from the most recent report.

Table V

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)³

Twelve-Month Rolling Average Price Data for Compliance Year 2023 SOx 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 ⁴ (\$/ton)
Jan-23	Jan-22 to Dec-22	None	-	-	-
Feb-23	Feb-22 to Jan-23	None	-	-	-
Mar-23	Mar-22 to Feb-23	None	-	-	-
Apr-23	Apr-22 to Mar-23	None	-	-	-
May-23	May-22 to Apr-23	None	-	-	-
Jun-23	Jun-22 to May-23	None	-	-	-
Jul-23	Jul-22 to Jun-23	None	-	-	-
Aug-23	Aug-22 to Jul-23	None	-	-	-
Sep-23	Sep-22 to Aug-23	None	-	-	-
Oct-23	Oct-22 to Sep-23	None	-	-	-
Nov-23	Nov-22 to Oct-23	8.0	\$20,000	1	\$2,500
Dec-23	Dec-22 to Nov-23	8.0	\$20,000	1	\$2,500
Jan-24	Jan-23 to Dec-23	8.0	\$20,000	1	\$2,500
Feb-24	Feb-23 to Jan-24	8.0	\$20,000	1	\$2,500

Twelve-Month Rolling Average Price Data for Compliance Year 2023 SOx 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 ⁴ (\$/ton)
Mar-24	Mar-23 to Feb-24	8.0	\$20,000	1	\$2,500
Apr-24	Apr-23 to Mar-24	8.0	\$20,000	1	\$2,500

Table VI

Twelve-Month Rolling Average Price Data for Compliance Year 2024 SOx RTCs

(Report to Governing Board if rolling average price greater than \$50,000/ton)³

Twelve-Month Rolling Average Price Data for Compliance Year 2024 SOx 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 ⁴ (\$/ton)
Jan-24	Jan-23 to Dec-23	None	-	-	-
Feb-24	Feb-23 to Jan-24	None	-	-	-
Mar-24	Mar-23 to Feb-24	None	-	-	-
Apr-24	Apr-23 to Mar-24	None	-	-	-

³ 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.

⁴ 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 reported in the RECLAIM Annual Audit Report exceeds \$15,000 per ton. The average annual RTC price is reported to the Governing Board in March of each year.

April 2024 Update on Work with U.S. EPA and California Air Resources Board 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. Key activities with U.S. EPA and CARB since the last report are summarized below.

- Scheduled meeting on April 18th with U.S. EPA (Region IX) to continue discussions from February 29, 2024 meeting
- RECLAIM/NSR Working Group meeting will not be held in April
- The next Working Group Meeting is planned for second quarter 2024 to provide an update on discussions with U.S. EPA regarding the New Source Review issues for the RECLAIM transition

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
General Counsel's Office
Settlement Penalty Report (03/01/2024 - 03/31/2024)**

Total Penalties

Civil Settlement: \$224,861.53
MSPAP Settlement: \$202,121.00

Total Cash Settlements: \$426,982.53

Total SEP Value: \$0.00

Fiscal Year through 03/31/2024 Cash Total: \$4,272,493.46

Fiscal Year through 03/31/2024 SEP Value Only Total: \$668,125.00

Fac ID	Company Name	Rule Number	Settled Date	Init	Notice Nbrs	Total Settlement
Civil						
46980	ALEXANDER OIL, CO.	203, 463, 1148.1	03/13/2024	KCM	P75661	\$3,500.00
800196	AMERICAN AIRLINES, INC.	2004	03/06/2024	DH	P76078	\$7,611.00
196868	ANDERSON LOGISTICS ASSETS, LLC	203	03/06/2024	ND	P74672	\$1,171.00
144438	ANDRES TECHNICAL PLATING	203, 301, 1426, 1469	03/01/2024	KER	P70130, P76123	\$6,210.00
177917	APRO LLC (DBA "UNITED OIL #133")	203	03/13/2024	JL	P75741	\$750.00
181510	AVCORP COMPOSITE FABRICATION, INC.	2004, 2012, 2012 Appendix A, 3002	03/21/2024	DH	P66884, P66894	\$11,486.00
107654	CALMAT CO.	2004	03/21/2024	DH	P75991	\$5,270.00
153992	CANYON POWER PLANT	2004, 3002	03/26/2024	KER	P76084	\$4,836.00
169565	CIRCLE K STORES INC. - # 2709430	461	03/06/2024	ND	P78759	\$971.00
73820	DONALD G. HUNT	203, 1148.1	03/20/2024	JL	P74524	\$2,300.00
186899	ENERY HOLDINGS, LLC	2004, 2012, 2012 Appendix A, 3002	03/14/2024	SH	P73512, P76069, P76079	\$6,000.00
181945	EXCLUSIVE AUTO BODY & CUSTOMS	203	03/19/2024	CL	P74165	\$1,767.00
189838	F&B CUSTOM CABINETS	203	03/01/2024	SP	P69506, P76355	\$3,000.00
12332	GATX CORPORATION	3002	03/06/2024	JL	P75242	\$13,500.00

Fac ID	Company Name	Rule Number	Settled Date	Init	Notice Nbrs	Total Settlement
157359	HENKEL ELECTRONIC MATERIALS, LLC	2004, 2012, 3002	03/21/2024	SH	P66223, P66932, P66935, P66942, P66948, P78708	\$15,000.00
47445	HERLEY KELLY, CO.	203, 463	03/06/2024	ND	P69281, P75658	\$7,611.50
148693	JIMENEZ DEMOLITION	1403	03/01/2024	SH	P74567	\$2,750.00
149285	JIN'S SHELL SERVICE	203, 461	03/20/2024	RM	P74819	\$800.00
196899	KRISWIN HOME, LLC	1403	03/20/2024	JL	P75875	\$4,700.00
191061	LILACH BASSON	1403	03/06/2024	ND	P67620, P67627, P74434	\$1,500.00
190695	ME GUADALAPANA	222, 401	03/20/2024	JJ	P67513, P69123	\$900.00
8073	METROPOLITAN STEVEDORE COMPANY	203, 403, 1155	03/13/2024	EC	P73671	\$2,900.00
131160	MITSUBISHI CEMENT CORPORATION	403, H&S 42402	03/01/2024	RM	P69594, P73680	\$4,700.00
200351	NORAH	402, H&S 41700	03/06/2024	KCM	P74028	\$2,913.00
184672	ORGANIC ENERGY SOLUTIONS	402, H&S 41700	03/06/2024	ND	P63477	\$3,162.00
9391	P & M OIL, CO.	203, 463, 1148.1	03/26/2024	ND	P69264, P74052, P74501, P74526	\$18,736.00
180410	REICHHOLD, LLC	2004	03/01/2024	SH	P66898	\$2,500.00
193825	REPIPE 1	1403, 40 CFR 61.145	03/20/2024	JL	P73633	\$3,500.00
118620	ROBERTSON'S READY MIX, L.P.	203, 403	03/19/2024	KER	P64787, P64794, P73164, P74110	\$5,439.00
173222	SHYBARY GRAND, INC.	203	03/22/2024	EC	P62461, P62463, P62464, P62465, P62466, P62469, P62470, P62471, P62472, P62473, P68873, P68874, P68875, P68879, P68880, P68881, P73568	\$37,000.00
196374	SIGNAL HILL CONSTRUCTION	1403, 40 CFR 61.145	03/06/2024	JL	P79162	\$8,000.00
99720	SLOAN'S DRY CLEANERS	203, 1102	03/08/2024	RL	P73880	\$1,453.53
181234	SUNVAIR	1426, 203	03/01/2024	RM	P75257, P75271	\$9,500.00
121461	TARGET - LOS ANGELES	201, 203, 1470	03/06/2024	SH	P73555, P78004, P78009, P78018, P78553	\$10,000.00
84273	TEVA PARENTERAL MEDICINES, INC.	1155, 3002	03/01/2024	EC	P65656, P65659, P78561	\$800.00

Fac ID	Company Name	Rule Number	Settled Date	Init	Notice Nbrs	Total Settlement
196316	THE JIM HENSON COMPANY	201, 203	03/06/2024	ND	P62779	\$1,756.50
167957	TRUMP NATIONAL GOLF COURSE	203, 461	03/12/2024	KER	P73698	\$9,368.00
18452	UNIVERSITY OF CALIFORNIA, LOS ANGELES (UCLA)	3002	03/06/2024	MR	P65277	\$1,500.00

Total Civil Settlements: \$224,861.53

MSPAP						
177123	120 W. WILSON AVENUE APARTMENTS, LP	203	03/22/2024	CL	P75967	\$3,535.00
191341	3921 WILSHIRE APARTMENTS	201, 203	03/22/2024	CL	P76529	\$1,942.00
133855	7-ELEVEN - #33289	461	03/22/2024	CL	P78685	\$1,650.00
126566	76 SERVICE STATION	461	03/01/2024	CL	P76159	\$1,756.00
188604	ALAMEDA AUTO SPA, INC.	203	03/22/2024	CL	P75739	\$690.00
168966	ALI'S ENTERPRISES, INC. 2	461	03/22/2024	CL	P79086	\$1,650.00
138968	ALL AMERICAN PETROLEUM	203, 461	03/01/2024	CL	P78765	\$3,191.00
119951	ALLEN VILLA MOBIL	461	03/22/2024	VB	P66043	\$1,508.00
117435	ALLOY PROCESSING	1469	03/01/2024	CL	P79517	\$2,552.00
177839	APRO LLC (DBA "UNITED OIL - #9")	461, H&S 41960.2	03/22/2024	CL	P77717	\$6,750.00
107976	AQHI, INCORPORATED	221, 1403	03/08/2024	CL	P77853	\$3,063.00
57946	ARCO DLR	461	03/22/2024	VB	P70074	\$2,042.00
148834	BAGCRAFT PAPERCON	203	03/01/2024	VB	P80402	\$2,463.00
163402	BALBOA FUELS, LLC (DBA "BALBOA SHELL")	461	03/01/2024	VB	P77741	\$1,300.00
179482	BENDER READY MIX, INC.	203, 403	03/01/2024	CL	P74462, P74477	\$4,084.00
202309	BLACK DIAMOND PAVER STONES & LANDSCAPE	403	03/22/2024	CL	P77825	\$3,027.00
167755	BON APPETIT BAKERY	201, 203	03/22/2024	CL	P78428	\$4,084.00
194036	BUENA VIVA APARTMENT COMPLEX	1403, 40 CFR 61.145	03/01/2024	CL	P63473	\$11,900.00
156096	CT PROPANE	461	03/01/2024	VB	P79065	\$1,531.00
8865	C. J. SEGERSTROM & SONS	461	03/01/2024	VB	P76415	\$2,342.00
9120	CAL ELECTROPLATING, INC.	203, 1469	03/22/2024	CL	P78101	\$2,012.00
118464	CARDLOCK FUELS SYSTEM, LLC.	203	03/01/2024	CL	P78767	\$7,147.00
169559	CIRCLE K STORES, INC. - #2709434	461	03/01/2024	CL	P76161	\$485.00
191645	CRESCENT FUEL, INC.	203, 461	03/22/2024	CL	P70486	\$782.00
145298	DALLA, INC.	461	03/22/2024	VB	P79077	\$1,633.00
193490	DINO STATION #3	203	03/22/2024	CL	P75745	\$17,357.00
198770	DOWNEY GAS STATION	461, H&S 41960.2	03/22/2024	VB	P78695	\$1,456.00
144403	FLORENCE FOOD MART CORP	461, H&S 41960	03/22/2024	CL	P74823	\$1,236.00

Fac ID	Company Name	Rule Number	Settled Date	Init	Notice Nbrs	Total Settlement
127964	G & M OIL CO, LLC	203	03/01/2024	VB	P66039	\$1,700.00
133930	HYDROFORM USA	1469	03/22/2024	CL	P78052	\$825.00
17168	KRYLER CORP	1469	03/22/2024	CL	P75863	\$1,148.00
22312	LA AIRPORT MARRIOTT HOTEL	1146	03/22/2024	CL	P78412	\$10,210.00
800313	LAXFUEL CORP	3002, 461	03/22/2024	CL	P78414	\$5,269.00
182885	LEE'S ARCO	203, 461, H&S 41960	03/01/2024	CL	P75726	\$3,479.00
201129	LEGAL TRUCKING, INC.	1403, 40 CFR 61.145	03/08/2024	CL	P76274	\$1,173.00
200402	LINEAGE LOGISTICS/WALMART	203	03/22/2024	CL	P78358	\$1,852.00
194641	MAMCO, INC. (DBA "ALABBASI CONSTRUCTION")	403	03/01/2024	CL	P75209, P76455	\$11,138.00
167111	METRO GAS COMPANY, INC.	461, H&S 41960.2	03/01/2024	VB	P79057	\$2,603.00
199248	MORENO AUTOBODY	203	03/08/2024	CL	P78020	\$1,171.00
172777	NIKRAD ENT, INC. (DBA "CHEVRON ALONDRA")	461, H&S 41960.2	03/22/2024	VB	P78694	\$1,456.00
115702	NIKRAD ENTERPRISES, INC.	461, H&S 41960	03/22/2024	VB	P75729	\$3,513.00
175261	OSI RIVERSIDE	1146	03/01/2024	VB	P75420	\$9,210.00
105606	QUALITY CLEANERS	201, 203, 1102	03/22/2024	CL	P78404	\$2,169.00
140997	QUIXTOP	461	03/01/2024	CL	P76158	\$3,748.00
164133	RALPH'S FUEL CENTER	461, H&S 41960.2	03/22/2024	CL	P77722	\$3,649.00
142375	RALPH'S STORE	203	03/22/2024	VB	P77658	\$1,021.00
29352	REDLANDS COUNTRY CLUB	461	03/22/2024	VB	P79310	\$1,606.00
74551	RICHMORE GARDENS TOWERS HOMEOWNERS ASSOCIATION	203	03/08/2024	CL	P76544	\$1,942.00
160714	RON'S MINI MART, INC.	203, 461	03/22/2024	VB	P78764	\$3,674.00
120890	SAN GABRIEL COUNTRY CLUB	203, 461	03/01/2024	CL	P80401	\$2,342.00
185592	SANTA FE PROPERTIES LP	203	03/22/2024	CL	P75627	\$857.00
191504	SEA BREEZE PET MEMORIAL PARK	203	03/01/2024	CL	P68594, P76405	\$2,092.00
73610	SF HOLDING SUPERFINE TEXACO	461	03/08/2024	CL	P77747	\$4,338.00
117851	SHORE TERMINALS, LLC	203	03/01/2024	VB	P78218	\$1,071.00
195006	SPEEDWAY NO. 6164 - ARCO	461, H&S 41960.2	03/08/2024	VB	P78690	\$1,301.00
18845	STUTZMAN PLATING, CO.	203, 1469	03/22/2024	CL	P75256	\$4,288.00
197612	TIERRA SITE WORKS, INC	403	03/08/2024	CL	P74021	\$3,182.00
128815	TRAVEL CENTERS OF AMERICA - COACHELLA VALLEY	461, H&S 41960.2	03/01/2024	VB	P73140	\$2,042.00
192421	UNITED PACIFIC	461, H&S 41960	03/22/2024	VB	P74843	\$1,513.00
164522	USA CANNING	203, 1146.1	03/22/2024	CL	P77608	\$7,147.00
183873	VEER GAS PARTNERS, INC.	203, 461	03/01/2024	CL	P75734	\$2,552.00

Fac ID	Company Name	Rule Number	Settled Date	Init	Notice Nbrs	Total Settlement
187377	WALMART DISTRIBUTION CENTER	203	03/08/2024	CL	P79701	\$971.00
109146	WALMART	461, H&S 41960.2	03/22/2024	CL	P77659	\$1,171.00
40674	WEBB'S AUTO & TRUCK SERVICE	461, H&S 41960	03/01/2024	VB	P75740	\$1,530.00
Total MSPAP Settlements: \$202,121.00						

**SOUTH COAST AQMD'S RULES AND REGULATIONS INDEX
FOR MARCH 2024 PENALTY REPORT**

REGULATION II - PERMITS

- Rule 201 Permit to Construct
- Rule 203 Permit to Operate
- Rule 221 Plans
- Rule 222 Filing Requirements for Specific Emission Sources Not Requiring a Written Permit Pursuant to Regulation II

REGULATION III - FEES

- Rule 301 Permitting and Associated Fees

REGULATION IV - PROHIBITIONS

- Rule 401 Visible Emissions
- Rule 402 Nuisance
- Rule 403 Fugitive Dust
- Rule 461 Gasoline Transfer and Dispensing
- Rule 463 Storage of Organic Liquids

REGULATION XI - SOURCE SPECIFIC STANDARDS

- Rule 1102 Petroleum Solvent Dry Cleaners
- Rule 1146 Emissions of Oxides of Nitrogen from Industrial, Institutional and Commercial Boilers, Steam Generators, and Process Heaters
- Rule 1146.1 Emissions of Oxides of Nitrogen from Small Industrial, Institutional, and Commercial Boilers, Steam Generators,
- Rule 1148.1 Oil and Gas Production Wells
- Rule 1155 Particulate Matter Control Devices

REGULATION XIV - TOXICS

- Rule 1403 Asbestos Emissions from Demolition/Renovation Activities
- Rule 1426 Emissions from Metal Finishing Operations
- Rule 1469 Hexavalent Chromium Emissions from Chrome Plating and Chromic Acid Anodizing Operations
- Rule 1470 Requirements for Stationary Diesel-Fueled Internal Combustion and Other Compression Ignition Engines

**SOUTH COAST AQMD'S RULES AND REGULATIONS INDEX
FOR MARCH 2024 PENALTY REPORT**

REGULATION XX - REGIONAL CLEAN AIR INCENTIVES MARKET (RECLAIM)

- Rule 2004 Requirements
- Rule 2012 Requirements for Monitoring, Reporting, and Recordkeeping for Oxides of Nitrogen (NOx) Emissions
- Rule 2012
- Appendix A Protocol for Monitoring, Reporting, and Recordkeeping for Oxides of Nitrogen (NOx) Emissions

REGULATION XXX- TITLE V PERMITS

- Rule 3002 Requirements

CODE OF FEDERAL REGULATIONS

- 40 CFR 61.145 Standard for Demolition and Renovation

CALIFORNIA HEALTH AND SAFETY CODE

- 41700 Prohibited Discharges
- 41960 Certification of Gasoline Vapor Recovery System
- 41960.2 Gasoline Vapor Recovery
- 42402 Violation of Emission Limitations – Civil Penalty