



**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 Larry McCallon, Chair
Supervisor Holly J. Mitchell, Vice Chair
Councilmember Michael A. Cacciotti, Board Vice Chair
Senator Vanessa Delgado (Ret.), Board Chair
Board Member Veronica Padilla-Campos
Councilmember José Luis Solache

August 18, 2023 ♦ 10:30 a.m.

TELECONFERENCE LOCATIONS

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

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

A meeting of the South Coast Air Quality Management District Stationary Source Committee will be held at 10:30 a.m. on Friday, August 18, 2023 through a hybrid format of in-person attendance in the Judith Mitchell Room CC-8 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 through 5)

- 1. Update on Proposed Amended Rule 1405 - Control of Ethylene Oxide Emissions from Sterilization and Related Operations (10 mins)** Kalam Cheung, PhD
Planning and Rules
Manager
(No Motion Required)
Staff will present updates to PAR 1405 since the Stationary Source Committee on June 16, 2023. Presentation will focus on key remaining issues and staff responses.
(Written Material Attached)
- 2. Update on Proposed Amended Rule 1178 – Further Reductions of VOC Emissions from Storage Tanks at Petroleum Facilities (10 mins)** Michael Krause
Assistant Deputy
Executive Officer
(No Motion Required)
Staff will present an update to PAR 1178 since the Stationary Source Committee on June 16, 2023. Presentation will focus on the key remaining issue and staff responses.
(Written Material Attached)
- 3. Update on Proposed Amended Rule 1111 – Reduction of NOx Emissions From Natural-Gas-Fired, Fan-Type Central Furnaces (10 mins)** Heather Farr
Planning and Rules
Manager
(No Motion Required)
Staff will provide a summary of Proposed Amended Rule 1111 that will extend the mitigation fee end date by two years for mobile home furnaces. Staff will summarize key issues and future rulemaking efforts.
(Written Material Attached)
- 4. Status Report on Reg. XIII – New Source Review (10 mins)** Jason Aspell
Deputy Executive
Officer
(No Motion Required)
This report presents the state and federal Final 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 final compliance with applicable state and federal requirements from January 2021 through December 2021.
(Written Material Attached)
- 5. Quarterly Permitting Update for Rule 1109.1 - Emissions of Oxides of Nitrogen from Petroleum Refineries and Related Operations (10 mins)** Bhaskar Chandan
Senior Engineering
Manager
(No Motion Required)
Staff will provide a quarterly update of permitting activities associated with the implementation of Rule 1109.1.
(Written Material Attached)

WRITTEN REPORTS (Items 6-7)

- 6. 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)** Michael Krause
- 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)
- 7. Notice of Violation Penalty Summary (No Motion Required)** Bayron Gilchrist
General Counsel
- This report provides the total penalties settled in June and July 2023 which includes Civil, Supplemental Environmental Projects, Mutual Settlement Assessment Penalty Program, Hearing Board and Miscellaneous.
(Written Material Attached)

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, September 15, 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.

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 1405



Control of Ethylene Oxide Emissions from Sterilization and Related Operations

Stationary Source Committee
August 18, 2023

Prior Stationary Source Committee Meetings

April 2023 Stationary Source Committee Meeting

- Briefed committee on PAR 1405
- Industry and community stakeholders expressed concerns and requested additional time
- Committee directed staff to continue to work with stakeholders

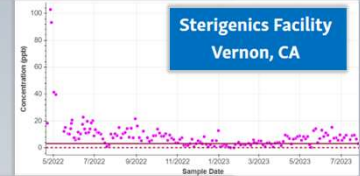
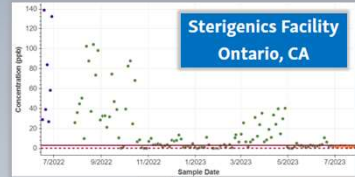
June 2023 Stationary Source Committee Meeting

- Briefed committee on updates to the rule, key remaining issues, and staff responses
- Stakeholders commented on feasibility of requirements and concerns with fence-line monitoring
- Committee requested staff to return to Stationary Source Committee after release of rule language

Background

- Recent data from U.S. EPA and OEHHA indicate EtO cancer risk is 30 to 50 times higher than previously known
- South Coast AQMD monitoring detected elevated fence-line EtO levels near three sterilization facilities
- PAR 1405 will further reduce EtO emissions from sterilization facilities, enhance monitoring of EtO emissions, and collect information from warehouses to assess the need for future rulemaking

PAR 1405 is based on best available control technology achieved-in-practice



PAR 1405 Public Process



Multiple Layers of Protection



Stringent controls at exhaust stack with continuous monitoring (CEMS/SCEMS)



Permanent Total Enclosure (PTE) to capture fugitive emissions with continuous monitoring



Interim mobile and fenceline air monitoring of large sterilization facilities before CEMS/SCEMS (greater protection) is in place

Curtailment in effect when:

New

- 1) fenceline levels exceed trigger threshold or
- 2) facility fails to meet stack and fugitive requirements

Overview of Curtailment

Purpose:

- To reduce elevated fenceline EtO concentrations in response to observed levels

Key Requirements:

- Based on 24-hour canister sample taken at fenceline by facility or South Coast AQMD*
- Initial curtailment threshold – 17.5 ppb/25 ppb until PAR 1405 requirements are in effect
 - Consistent with trigger threshold in Early Action Reduction Plan
- Final curtailment threshold – 3.0 ppb
 - Based on concentrations that can be reliably quantified by real-time monitors or analyzed using an approved method
- Curtailment ends with a subsequent sample below curtailment threshold

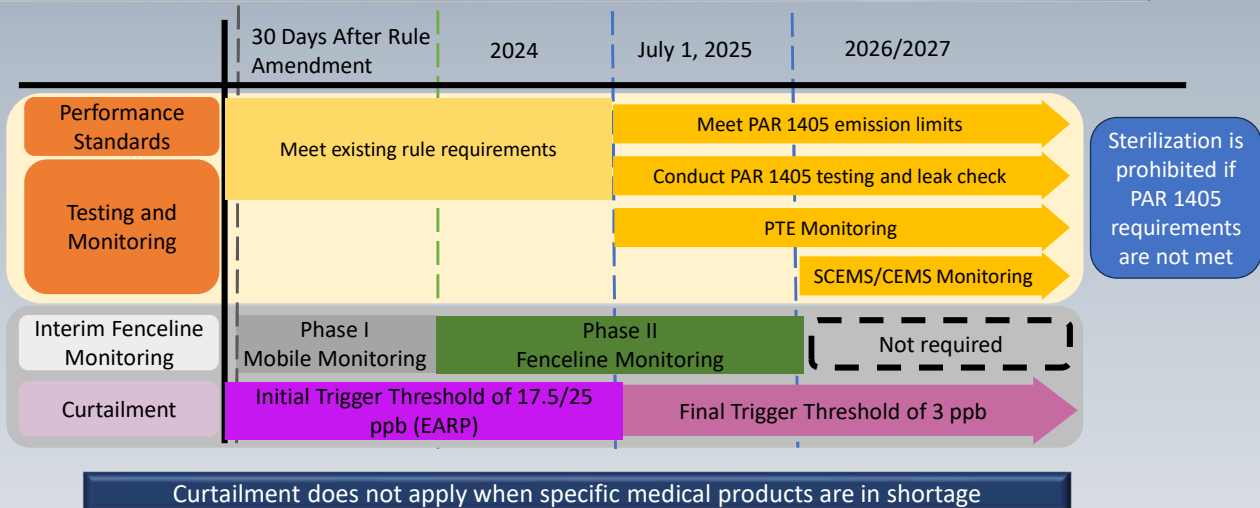


Curtailment Schedule

Trigger Threshold	1st Result	2nd Result	3rd Result
Initial 17.5-25.0 ppb	20%	50%	100%
Initial > 25.0 ppb	50%	100%	100%
Final 3.0 ppb	50%	100%	100%

*Curtailment based exclusively on real-time monitoring would only occur if it is an approved method and approved in the fenceline air monitoring plan

Regulatory Timeline for Large Sterilization Facilities



7

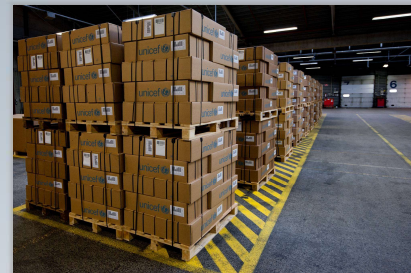
Overview of Key Requirements for Warehouses

Applicability

- Warehouse registered with U.S. FDA and receives EtO sterilized product

Requirements

- Warehouse $\geq 100,000$ square feet
 - Record and report amount of sterilized product received in 2024
- Warehouse $\geq 250,000$ square feet
 - Assess ethylene oxide emissions by one of the following
 - Conduct an emission study to demonstrate emissions are low (4 lbs or less per year)
 - Conduct fenceline monitoring for one year
 - Fund a demonstration program for South Coast AQMD to conduct real-time monitoring



8



Key Remaining Issue – Continuous Monitoring Technology

Stakeholder comments

- Request the use of continuous monitoring technology for fenceline monitoring with detection limits lower than 1 ppb

Staff responses

- Existing continuous monitoring technologies can reliably measure EtO levels as low as 1 ppb
 - However, these are not approved methods
- Staff is requesting the purchase of two continuous monitors (scheduled for the September 2023 Governing Board meeting)
 - Help accelerate the process for CEMS/SCEMS certification
 - Help demonstrate the full capabilities of continuous monitoring technology for *fenceline* monitoring and other specific applications



9



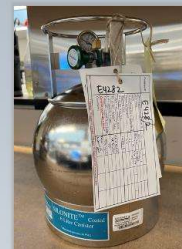
Key Remaining Issue – Curtailment

Stakeholder comments

- Rule relies on the use of unreliable monitoring technologies
- Fenceline monitoring results from 24-hour canister samples are not consistent with facility operations

Staff responses

- Interim fenceline monitoring allows either canister sampling/analysis or real-time monitoring technology with demonstrated detection limit of 1 ppb or less
 - Canister samples will be collected when high EtO levels detected by real-time monitors
- Curtailment would be evaluated by the results from 24-hour canisters samples collected and analyzed per U.S. EPA method
- Purpose of interim fenceline monitoring is not to assess facility operation but to ensure fenceline EtO are below certain levels



10



Key Remaining Issue – Curtailment Trigger Threshold

Stakeholder comments

- Curtailment trigger threshold of 3 ppb is too high
- Curtailment trigger threshold should be based on risk

Staff responses

- Trigger threshold of 3 ppb is based on 3 times the detection limit of 1 ppb
 - Detection limit determined from preliminary testing and evaluation conducted by South Coast AQMD in 2022
 - Real-time monitors at present time have not been shown to reliably measure at levels for a lower curtailment trigger threshold
- *DRAFT* revised OEHHA risk factors are much higher
 - Concentration corresponding to 100 in a million risk for off-site worker reduces from 3.18 ppb to 0.08 ppb
 - Background levels of EtO in South Coast AQMD shown to be up to 0.17 ppb in 2021
- Setting a curtailment trigger level that is lower than what can be reliably measured or lower than background levels would not be appropriate



11



Key Remaining Issue – Background EtO Levels and Precursors of EtO

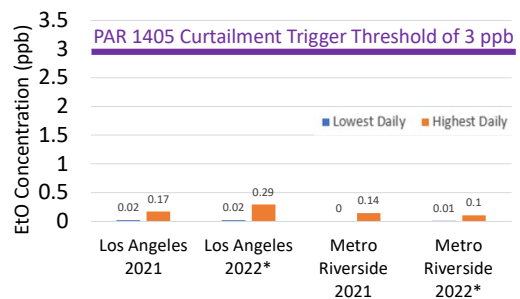
Stakeholder comments

- Background EtO and other sources of EtO are not considered and may contribute to fence-line levels
- Precursors to EtO also are not considered

Staff responses

- Staff is aware of combustion sources and other sources such as cigarette smoke
- Background EtO levels South Coast AQMD are far below the curtailment trigger threshold
- Staff is not aware of EtO precursors being emitted from facilities subject to PAR 1405
- South Coast AQMD submitted comment letters to U.S. EPA and OEHHA to urge for more study on the sources of EtO background

Ethylene Oxide Levels from the National Air Toxics Trends Station (NATTS) Network



*Preliminary data

12



Key Remaining Issue – Feasibility of Performance Standards

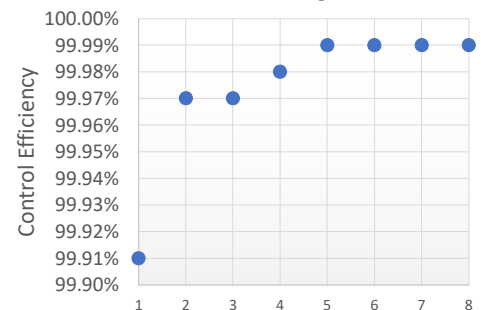
Stakeholder comments

- Performance standards are not feasible to achieve and should be less stringent, and facility-wide mass emission limit is based on a mid-size facility in Illinois with lower usage

Staff responses

- Facility-wide limit of 0.015 lb/hr on rolling 30-day average
 - Achieved-in-practice
 - Consistent with applying a 99.99% control efficiency for the highest permitted throughput in South Coast AQMD
- Alternative performance standard of 0.01 ppm based on source test data from multiple South Coast AQMD facilities
- Facilities in South Coast AQMD may need to augment existing control systems to meet proposed performance standards

Source Test Results for Large Facilities



13



Key Remaining Issue – Rulemaking Timeline

Stakeholder comment

- The rulemaking timeline for PAR 1405 is rushed and too short

Staff responses

- Rulemaking activity began one year ago
 - 7 working group meetings, a Public Workshop, and a Public Consultation Meeting
 - 3 briefings to Stationary Source Committee
- Three versions of PAR 1405 have been released to address comments received
- Industry stakeholders requested a 90-day delay in April SSC and the Public Hearing has been rescheduled from June to October 2023
- Elevated EtO levels observed at three sterilization facilities prompted an urgent response to strengthen Rule 1405 and address fugitive EtO emissions

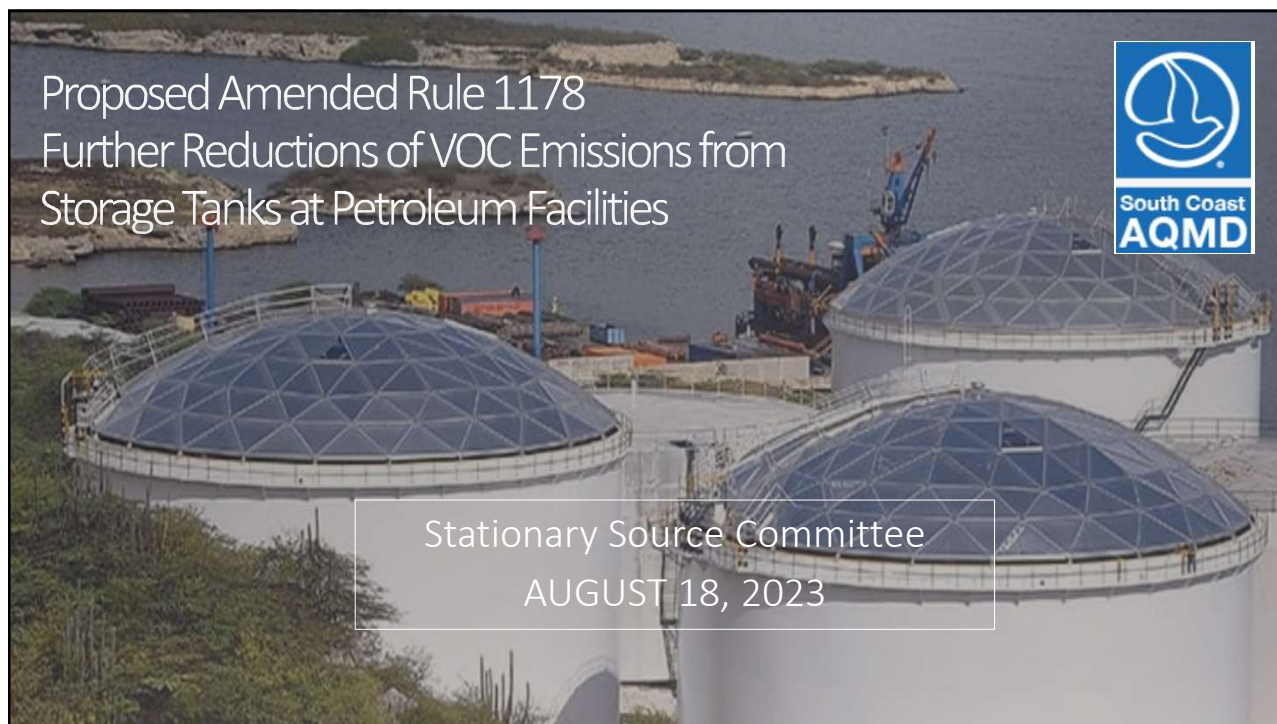


14



Key Dates

Action	Date
Set Hearing	September 1, 2023
Public Hearing	October 6, 2023



Proposed Amended Rule 1178 Further Reductions of VOC Emissions from Storage Tanks at Petroleum Facilities



Stationary Source Committee
AUGUST 18, 2023

Background

- Rule 1178 was adopted in 2001 and regulates VOC emissions from storage tanks located at petroleum facilities that have emitted more than 20 tons VOC per year
 - Contains more stringent control requirements than Rule 463 that also regulates VOC emissions from tanks
- Presented an update to Stationary Source Committee on PAR 1178 June 16, 2023
 - One key remaining issue on doming implementation schedule
 - Committee requested that staff return with an update

Proposed Amendments to Rule 1178

- Leaks from tanks have potential to result in significant VOC emissions
- Proposed amendments will require stringent leak detection and implement best available retrofit control technology (BARCT)

Required Leak Detection Requirements:

- Quarterly and semi-annual inspections currently required
- Optical gas imaging devices not used for current inspections

Proposed requirement: Weekly inspections using optical gas imaging devices implemented in addition to current leak detection requirements.

Additional Domings:

- Domings are not vapor tight controls designed only to reduce emissions from tanks by other Cyclic Programs

Remaining Key Issue – Doming Compliance Schedule

- One facility requesting more time to dome tanks
 - End of 2023 for 13 tanks to avoid more than one tank out of service
- Must propose doming schedule fully implemented by 2038
 - Results in cost-effectiveness of \$37,200/ton
 - \$36,000/ton cost-effectiveness guideline for VOC reduction approved by the South Coast AQMD Governing Board
 - Cost-effectiveness reduced if compliance schedule extended

Compliance Date	Cost-effectiveness
2038	\$37,200
2041	\$15,300

- With 2038 schedule, consented facility has over 1 year per tank project-doming projects should not overlap
- 0.14 tons per day achieved 5 years earlier with proposed 2038 implementation schedule

Doming of Crude Oil Storage Tanks



Proposed Doming Requirement

- Requiring domes on crude oil tanks, currently exempt from doming
- Full implementation in 2038

- One facility requested more time to complete doming to avoid possibility of having more than one tank down at a time
 - Could result in market impacts
- Facility unique due to size and amount of crude processed
 - Greatest number of tanks subject to doming at a single facility
 - Process almost 40% of all crude processed from tanks subject to doming across all facilities

3

Alternative Doming Compliance Schedule

- Staff proposing alternative compliance schedule
- Allows for 3 additional years to complete doming

[Proposed Alternative Schedule]

% of Tanks Domed	Compliance Date
25%	2030
50%	2036
75%	2040
100%	2041

4

Rule Schedule

- Set Hearing – August 4, 2023
- Public Hearing – September 1, 2023



PROPOSED AMENDED RULE 1111 – REDUCTION OF NOX EMISSIONS FROM NATURAL GAS-FIRED, FAN-TYPE CENTRAL FURNACES

STATIONARY SOURCE COMMITTEE

AUGUST 18, 2023

RULE 1111 BACKGROUND

- ❑ Adopted in December 1978 and established a NOx limit of 40 ng/J
- ❑ Applies to manufacturers, distributors, sellers, and installers of residential and commercial natural gas furnaces
- ❑ NOx limit lowered to 14 ng/J in November 2009 with future compliance dates
 - Mitigation fee alternative compliance option allowed for a limited period
- ❑ Condensing, non-condensing, and weatherized furnaces have met the NOx limit of 14 ng/J NOx
- ❑ Mobile home furnace mitigation fee alternate compliance option ends on September 30, 2023
 - ❑ Subject to 14 ng/J NOx limit thereafter

Category	Final Compliance Date (14 ng/J NOx)
Condensing/ Non-Condensing*	September 30, 2019 
Weatherized	September 30, 2021 
Mobile Home	September 30, 2023

* Compliance date for high altitude installations extended to March 31, 2022

CURRENT STATUS

No manufacturers have developed, or plan to develop, 14 ng/J furnaces for mobile homes

- Manufacturers cite design challenges, payback for development, and other regulatory requirements
- Cannot replace without significant retrofits or cost increases

Developing a zero-emission requirement for space heating

- 2022 AQMP targeted a 2029 effective date for zero-emission space heating
- Separate rule amendment effort for Rule 1111 has already been initiated

3

STAFF PROPOSAL – RULE LANGUAGE

- Staff proposes to extend mitigation fee end date for mobile homes by two years for all size ranges
 - Manufacturers will continue to pay mitigation fees per unit sold
 - Mitigation fee option extended to September 30, 2025

Size Range	Furnace Category	Phase One Mitigation Fee		Phase Two Mitigation Fee		Phase Two Mitigation Fee Option End Date
		Phase One Mitigation Fee Start Date	Phase One Mitigation Fee (\$/Unit)	Phase Two Mitigation Fee Start Date	Phase Two Mitigation Fee (\$/Unit)	
≤ 60,000 BTU/hr	Condensing	May 1, 2018	\$275	October 1, 2018	\$350	September 30, 2019
	Non-condensing	October 1, 2018	\$225	April 1, 2019	\$300	September 30, 2019
	Weatherized	October 1, 2018	\$225	April 1, 2019	\$300	September 30, 2021
	Mobile Home	October 1, 2018	\$150	April 1, 2019	\$150	September 30, 2025
> 60,000 Btu/hr and ≤ 90,000 BTU/hr	Condensing	May 1, 2018	\$300	October 1, 2018	\$400	September 30, 2019
	Non-condensing	October 1, 2018	\$250	April 1, 2019	\$350	September 30, 2019
	Weatherized	October 1, 2018	\$250	April 1, 2019	\$350	September 30, 2021
	Mobile Home	October 1, 2018	\$150	April 1, 2019	\$150	September 30, 2025
> 90,000 BTU/hr	Condensing	May 1, 2018	\$325	October 1, 2018	\$450	September 30, 2019
	Non-condensing	October 1, 2018	\$275	April 1, 2019	\$400	September 30, 2019
	Weatherized	October 1, 2018	\$275	April 1, 2019	\$400	September 30, 2021
	Mobile Home	October 1, 2018	\$150	April 1, 2019	\$150	September 30, 2025

4

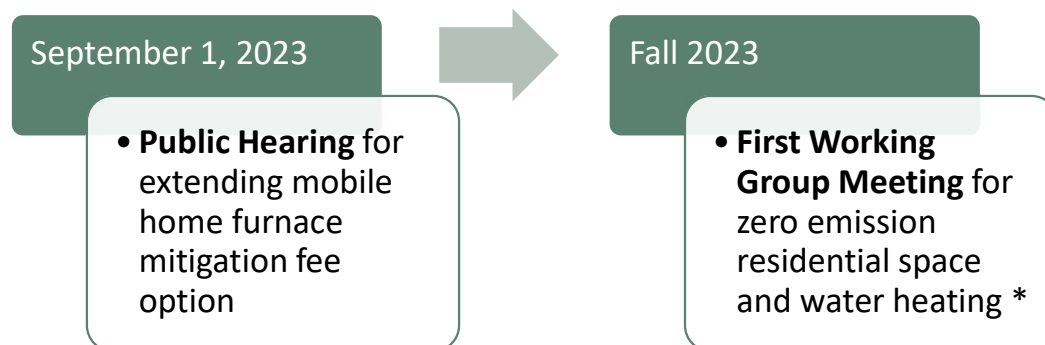
PUBLIC PROCESS

- ☐ Reached out to mobile home furnace manufacturers and interested environmental groups
- ☐ Conducted Public Consultation Meeting



5

NEXT STEPS



* Staff is in the process developing an incentive program for zero emission building appliance

6

Status Report on Regulation XIII - New Source Review

Stationary Source Committee Meeting
August 18, 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

3

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

4

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



5

Federal NSR Offset Accounts

Final Determination of Equivalency (FDE), CY 2021

DESCRIPTION	(Tons / Day)			
	VOC	NOx	SOx	PM10
CY 2020 Final Ending Balance	115.55	24.69	5.35	17.74
CY 2021 Total Debits	-0.15	-0.19	0.00	-0.01
CY 2021 Total Credits	2.63	0.35	0.15	0.31
CY 2021 Total Discount of Credits for Surplus Adjustment	0.00	-0.12	0.00	0.00
CY 2021 Final Ending Balance	118.03	24.73	5.50	18.04

- Federal NSR offset accounts include federal major sources, *i.e.*, sources with emissions greater than federal major source thresholds
- 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

6

Projected Federal NSR Offset Accounts CY 2022

DESCRIPTION	(Tons / Day)			
	VOC	NOx	SOx	PM10
2021 Actual Ending Balance	118.03	24.73	5.50	18.04
CY 2022 Total Projected Debits	-0.37	-0.21	-0.06	-0.18
CY 2022 Total Projected Credits	2.82	0.67	0.29	0.56
CY 2022 Projected Ending Balance	120.48	25.19	5.73	18.42

Projected Federal NSR Offset Accounts CY 2023

DESCRIPTION	(Tons / Day)			
	VOC	NOx	SOx	PM10
CY 2022 Projected Ending Balance	120.48	25.19	5.73	18.42
CY 2023 Total Projected Debits	-0.37	-0.21	-0.06	-0.18
CY 2023 Total Projected Credits	2.82	0.67	0.29	0.56
CY 2023 Projected Ending Balance	122.93	25.65	5.96	18.80

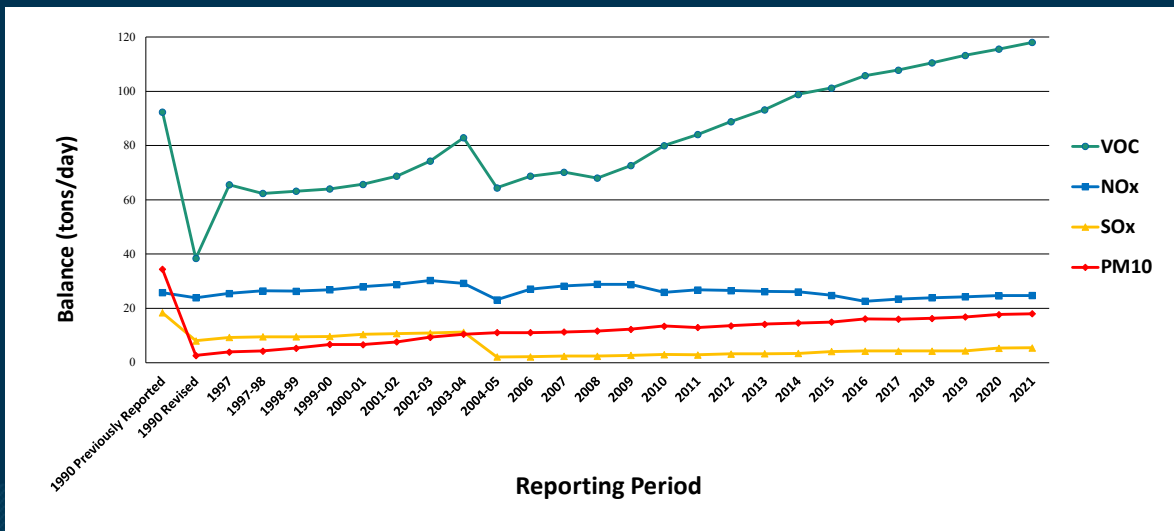
Federal Cumulative Net Emission Increase

February 4, 2011 - December 31, 2020

DESCRIPTION	(Tons / Day)			
	VOC	NOx	SOx	PM10
2020 Cumulative Net Emission Increase	-24.67	-3.74	-1.88	-1.92
2021 Increases in Potential to Emit	0.23	0.01	0.00	0.01
2021 Decreases in Potential to Emit	-3.05	-0.42	-0.19	-0.38
2021 Cumulative Net Emission Increase	-27.49	-4.15	-2.07	-2.29
Rule 1315(g) Table B Threshold	13.94	1.00	0.33	2.05

Federal Offset Account Balances

(1990 - 2021)



State NSR Offset Accounts

Final Determination of Equivalency (FDE), CY 2021

DESCRIPTION	(Tons / Day)			
	VOC	NOx	SOx	PM10
CY 2021 Actual Starting Balance	87.88	35.71	10.05	23.59
CY 2021 Actual Total Debits	-0.99	-0.42	-0.05	-0.03
CY 2021 Actual Total Credits	2.63	0.35	0.15	0.31
CY 2021 Actual Ending Balance	89.51	35.64	10.15	23.87

- State offset accounts include state subject sources, *i.e.*, sources with emissions greater than state thresholds
- 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

11

Conclusions

- The final 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 Cumulative Net Emission Increases for CY 2021 remained below the thresholds identified in Table B of Rule 1315(g)(4)
- Next Preliminary Determination of Equivalency for CY 2022 will be presented to the Governing Board in February 2024

12



Rule 1109.1: NO_x Emissions from Petroleum Refineries and Related Operations

- ▶ Adopted on November 5, 2021
- ▶ Established NO_x emission limits (BARCT) for nearly 300 pieces of combustion equipment
- ▶ Alternative compliance pathways for facilities with six or more pieces of equipment



Rule 1109.1 Applicability

3



9 Petroleum Refineries

- Chevron (El Segundo)
- Marathon (Carson)
- Marathon (Wilmington)
- Marathon – Calciner
- Marathon – Sulfur Recovery Plant
- Phillips 66 (Carson)
- Phillips 66 (Wilmington)
- Torrance Refining Company
- Ultramar (Valero)



3 Small Refineries

Asphalt Plants

- Lunday-Thagard DBA World Oil Refining (LTR)
- Valero Wilmington Asphalt Plant

Biodiesel Refinery

- AltAir Paramount



4 Related Operations

Hydrogen Plants

- Air Liquide Large Industries
- Air Products and Chemicals (Carson & Wilmington)

Sulfuric Acid Plant

- Eco Services Operations

About I-Plans, B-Plans, and B-Caps

- ▶ I-Plan provides a phased implementation schedule and establishes Phase targets
- ▶ Five I-Plan Options
- ▶ B-Plan and B-Cap provides options to achieve BARCT in aggregate
 - ▶ B-Plan is BARCT equivalent concentration plan and allows NOx concentration limits equivalent to BARCT in aggregate
 - ▶ B-Cap is BARCT equivalent Mass Cap and requires a NOx emission limit for each unit
 - ▶ B-Cap requires an additional 10% NOx emission reduction
- ▶ Allows refineries to implement projects within turnaround schedules

4

I-Plan Options	Refinery	Permit Appl Submittal Deadline		
		Phase I	Phase II	Phase III
Option 1		80%	100%	
B-Plan Rule Limits	Torrance	Jan 1, 2023	Jan 1, 2031	
	LTR			
Option 2		65%	100%	
B-Plan	Chevron	July 1, 2024	Jan 1, 2030	
Option 3		40%	100%	
B-Plan	Ultramar/ Valero	July 1, 2025	July 1, 2029	
Option 4		50%	80%	100%
B-Cap	Marathon	N/A	Jan 1, 2025	Jan 1, 2028
Option 5		50%	70%	100%
Rule Limits	Phillips 66	Jan 1, 2023	Jan 1, 2025	July 1, 2028

Status of I-Plans, B-Plans, and B-Caps

Plan Options	Applications Received	Facilities	Status
I-Plan with Rule limits (Options 1 & 5)	3	Phillips 66 (Wilmington and Carson) and LTR	Issued
I-Plan with B-Plan (Options 1, 2 & 3)	6	Torrance Refining Company, Chevron, Ultramar	4 Issued 2 EPA review completed
I-Plan with B-Cap (Option 4)	8	Marathon Petroleum Corp.	Facility Review

▶ WCWLB and SELA AB 617 steering committees notified on January 19 prior to the issuance of B-Plans

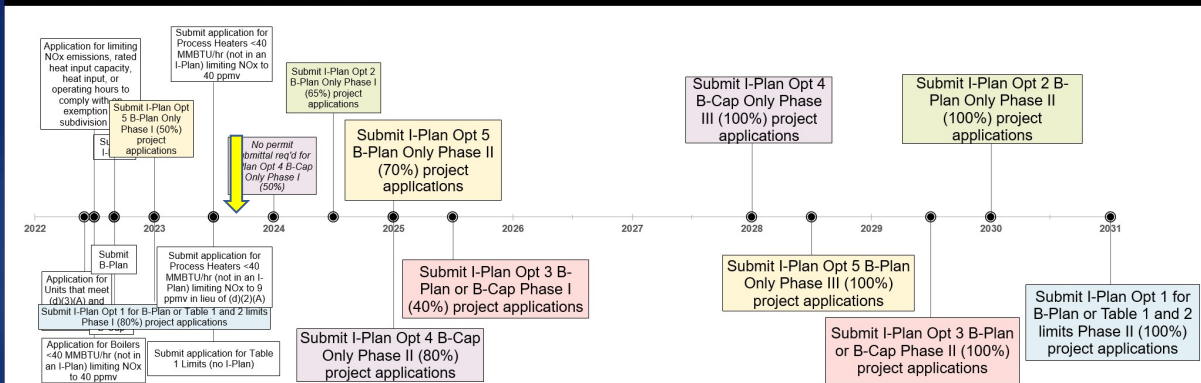
▶ All Plans are available on South Coast AQMD website



Rule 1109.1 Plans

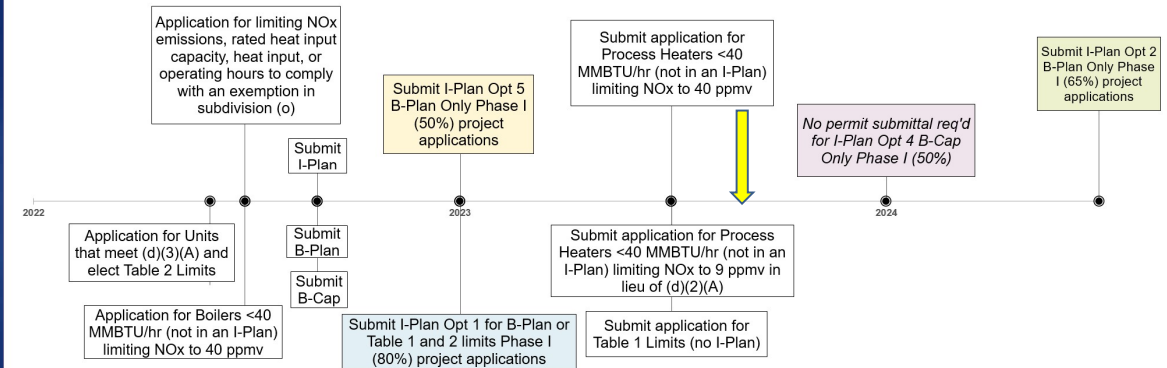
Overall Timeline of Rule 1109.1 Applications

Rule 1109.1 CRITICAL ACTIVITY DEADLINES



Rule 1109.1 Applications Timeline – First 3-Years (2022-24)

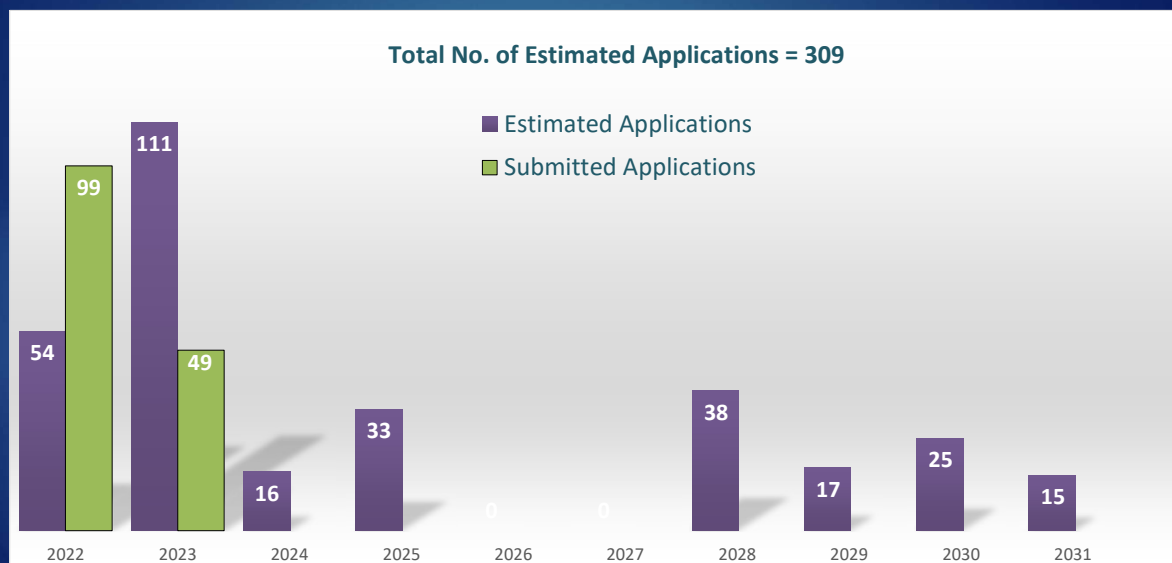
Rule 1109.1 CRITICAL ACTIVITY DEADLINES



Future applications will implement Plan requirements

Rule 1109.1 Application Count by Year

Total No. of Estimated Applications = 309



Permit Application Submittal Summary

Breakdown of submitted applications (cumulative) by type:

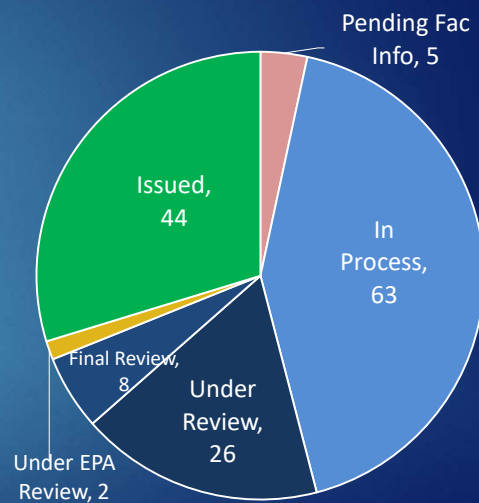
	Q4 2022	Q1 2023	Q2 2023	Q3 2023
BARCT Limits	7	13	13	17
Conditional Limits	37*	29	29	29
Boilers/Heaters < 40 MMBtu/hr	0	8	8	46
Exemption Applications	7	7	7	7
Alternate BARCT Limits	0	9	9	9
Add Source Test Condition	10	20	20	23
Plan Applications	11	17	17	17
<i>B-Plan</i>	3	3	3	3
<i>B-Cap</i>	1	4	4	4
<i>I-Plan</i>	7	10	10	10
Total	72	103	103	148

*8 of the 37 applications were later reclassified as "Boilers/Heaters <40 MMBtu/hr" that are reflected in Q1-2023 data

Permit Application Processing Summary

▶ Permit application processing status:

	Q2 2023	Q3 2023
Awaiting Additional Facility Info	6	5
In Process	30	63
Under Review	21	26
Final Review	8	8
Under U.S. EPA Review	18	2
Issued	20	44
Total	103	148



Streamlining Implementation

11

- ▶ Timely processing of Rule 1109.1 applications requires:
 - Complete permit application packages
 - Operators responding quickly to South Coast AQMD requests for additional information
 - Minimizing or eliminating additional modifications to permit applications that could delay permit issuance (e.g. increase in throughput or firing rate)
 - No modifications that may trigger additional regulatory requirements
- ▶ Streamlined permit evaluation and development of templates for applications

11

Next Steps

12

- ▶ Continue processing Rule 1109.1 applications expeditiously
- ▶ Continue outreach to the refineries to:
 - Minimize need for additional information requests
 - Focus processing on Rule 1109.1 projects
 - Communicate regulatory requirements and policies
- ▶ Continue to strategically process other projects
- ▶ Next SSC update: November 2023

12

August 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. Key activities with U.S. EPA and CARB since the last report are summarized below.

- RECLAIM/NSR Working Group meeting was not held in August
- Next presentation to the Stationary Source Committee is scheduled for September 15, 2023
- Next meeting scheduled for October 12, 2023 to discuss the latest considerations for proposed amendments to Regulation XIII and XX

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

Settlement Penalty Report (06/01/2023 - 06/30/2023)

Total Penalties

Civil Settlement: \$390,183.00
Hearing Board Settlement: \$2,000.00
MSPAP Settlement: \$26,956.00
No Burn Day: \$150.00
Total Cash Settlements: \$419,289.00

Fiscal Year through 06/30/2023 Cash Total: \$6,299,893.62

Fac ID	Company Name	Rule Number	Settled Date	Init	Notice Nbrs	Total Settlement
Civil						
191040	365 DISPOSAL & RECYCLING	201, 203, 403, 1110.2, 1133, 1133.1, 1403	06/28/2023	KER	P67537, P67538, P67539, P67540, P67541, P67542, P67543, P67544, P67545, P67546, P67547, P67548, P67549, P67550, P67640, P69221, P69224, P69225, P69230, P69231, P74319, P74320, P74344, P74345, P74346, P74350, P74751, P74752, P74851, P74852, P74853, P74854, P74855, P74856, P74857, P74858, P74859, P74860, P74861, P74862, P74863, P74864	\$119,496.00
21593	COAST PLATING, INC.	201,203, 430, 1469, 1469.1	06/20/2023	SH	P69801, P69807, P69808, P69824, P69837, P73501	\$7,500.00
191728	DONGHAO LI	1403, 403	06/13/2023	RM	P69460, P70290, P70292, P70294, P70296	\$24,122.00
192589	HYE PRECISION	444, H&S 25205.5	06/15/2023	KER	P59489	\$2,928.00
129253	J & ED'S AUTOBODY	203, 1151	06/15/2023	SP	P65595	\$1,000.00
800312	LA CO HARBOR-UCLA MEDICAL CENTER	3002	06/29/2023	DH	P73804, P73874	\$1,500.00
171107	PHILLIPS 66 CO/LA REFINERY WILMINGTON PL	1118, 3002	06/06/2023	ND	P67767, P67768	\$83,461.50
132368	QG PRINTING II, LLC	3002	06/15/2023	JL	P68712, P68746	\$9,819.00
182980	SIGNAL HILL PETROLEUM, INC.	203, 463, 1173	06/21/2023	JJ	P66842, P73253, P73269, P73351	\$36,886.50
187885	SMITHFIELD PACKAGED MEATS, CORP.	2004, 3002	06/16/2023	KCM	P74627	\$1,800.00
51475	SO CAL EDISON CO	218, 218.1, 2004, 3001, 3002	06/20/2023	SH	P63899, P66174, P67116, P67119, P69538, P69912, P73928, P74109	\$50,000.00

Fac ID	Company Name	Rule Number	Settled Date	Init	Notice Nbrs	Total Settlement
174704	TESORO LOGISTICS-EAST HYNES TERMINAL	462, 463, 1142, 1149, 1178, 3002	06/27/2023	EC	P65135, P66515, P66517, P67704, P67910, P67922, P67923, P68209, P73201, P74054, P74504	\$9,500.00
174655	TESORO REFINING & MARKETING CO., LLC	221, 463, 1114, 1118, 1173, 1178, 1189, 3002	06/15/2023	KCM	P65123, P65618, P68967, P74056	\$12,500.00
181667	TORRANCE REFINING COMPANY, LLC	1173, 3002	06/07/2023	DH	P67959	\$1,750.00
181667	TORRANCE REFINING COMPANY, LLC	2004, 3002	06/23/2023	DH	P67956	\$23,420.00
172272	VAN NUYS COURTHOUSE EAST-JCC/AOC	201, 203, 222	06/15/2023	SH	P66835, P68869	\$4,500.00

Total Civil Settlements: \$390,183.00

Hearing Board

112573	FREUND BAKING COMPANY	1153.1	06/21/2023	JL	6226-1	\$2,000.00
--------	-----------------------	--------	------------	----	--------	------------

Total Hearing Board Settlements: \$2,000.00

MSPAP

192822	FELIX RAMOS	1403	06/14/2023	GV	P74214	\$4,261.00
159019	LA CANADA SHELL	461	06/23/2023	CL	P66041	\$1,424.00
162741	MICHAEL'S SHELL, KSM ENTERPRISES, INC.	461	06/16/2023	VA	P78676	\$1,344.00
136913	MORRELL'S ELECTRO PLATING, INC	1469	06/16/2023	VA	P69849	\$995.00
129249	MULTICHROME / MICROPLATE CO., INC.	1469	06/16/2023	CL	P74756	\$1,456.00
180338	PACIFIC AVIATION DEVELOPMENT, LLC	201, 203, 461	06/23/2023	CL	P62788	\$3,162.00
137050	PERFORMANCE CONSTRUCTION & PAINTING	40 CFR 61.145, 1403	06/23/2023	CL	P76108	\$2,218.00
171391	PRECISION HERMETIC TECHNOLOGY, INC.	203	06/23/2023	CL	P77601	\$1,171.00
160807	PRIMO POWDER COATING & SANDBLASTING	109, 203, 1151	06/16/2023	CL	P78551	\$4,855.00
1334	SOC-CO PLASTIC COATING CO.	3002	06/16/2023	VA	P63996	\$995.00
52742	STOROPACK, INC.	1146.1, 3002	06/09/2023	GV	P75304	\$793.00
28381	UPLAND CITY OF FLEET MAINTENANCE DIV	203, 461	06/13/2023	GV	P73167	\$1,882.00
63128	WEI CHUAN U.S.A., INC.	1415.1	06/23/2023	VA	P74914	\$1,021.00
193472	WIDE CORP-SAM COHEN	40 CFR 61.145, 1403	06/21/2023	GV	P74417	\$1,379.00

Total MSPAP Settlements: \$26,956.00

No-Burn Day

888888	Resident, Laguna Niguel	445	6/27/2023	JJ	2031491	\$50.00
888888	Resident, San Bernardino	445	6/27/2023	JJ	2030615	\$50.00
888888	Resident, Long Beach	445	6/27/2023	JJ	2030163	\$50.00

Total No-Burn Day Settlements: \$150.00

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

Settlement Penalty Report (07/01/2023 - 07/31/2023)

Total Penalties

Civil Settlement: \$539,956.00
Hearing Board Settlement: \$2,000.00
MSPAP Settlement: \$53,015.00
Total Cash Settlements: \$594,971.00

Fiscal Year through 07/31/2023 Cash Total: \$594,971.00

Fac ID	Company Name	Rule Number	Settled	Init	Notice Nbrs	Total Settlement
Civil						
183078	ANTHEM OIL POMONA	461, H&S 41960.2	07/14/2023	ND	P69628, P69633, P69641, P70744	\$7,250.00
137362	BHL INDUSTRIES	221, 403, 1166	07/19/2023	EC	P73403, P74310, P74312	\$3,300.00
157152	BOWERMAN POWER LFG, LLC	1110.2, 3002, 42402	07/19/2023	MR	P63080, P63090, P65511, P65525, P65543, P74707, P74721	\$453,645.00
190051	BRIDGE POINT LONG BEACH, LLC	221, 403, 1166, 2004	07/07/2023	EC	P73402, P74309, P74311, P74615	\$12,300.00
83102	LIGHT METALS, INC.	402, 2004, 2012, 2012 Appendix A, 3002, H&S 41700	07/20/2023	MR	P63461, P63690, P63774, P65861, P66855, P66871, P66890, P68358, P68359, P68360, P68361, P68362, P68364, P68365, P68372	\$21,000.00
141750	NRC ENVIRONMENTAL SERVICES, INC.	403, 1466	07/05/2023	RM	P70278, P70279, P70280	\$6,000.00
190100	OCEAN DEVELOPMENT, INC.	1403	07/05/2023	RM	P67500, P69730, P69731, P69737, P69738, P74230, P74231	\$3,400.00
149027	WARREN E & P, INC.	203, 463	07/13/2023	KER	P74507, P74510, P75660	\$25,761.00
162523	WOOD KOTE PRODUCTS, INC.	314	07/19/2023	SP	P65660, P66976	\$6,000.00
192992	ZAKIR HUSEIN MALEK	1403	07/19/2023	ND	P74220, P74221	\$1,300.00
Total Civil Settlements :						\$539,956.00

Fac ID	Company Name	Rule Number	Settled	Init	Notice Nbrs	Total Settlement
Hearing Board						
112573	FREUND BAKING COMPANY	1153.1	07/19/2023	JL	6226-1	\$2,000.00
Total Hearing Board Settlements : \$2,000.00						

MSPAP						
25087	AAA PLATING & INSPECTION, INC.	203, 1469	07/07/2023	VA	P77858	\$2,635.00
181770	ALISO CREEK SHELL	461	07/07/2023	CL	P78760	\$1,455.00
115618	BEAR OIL COMPANY, LLC.	461	07/14/2023	VA	P73118	\$1,493.00
153145	EBMI ENTERPRISES, INC.	203, 461	07/14/2023	CL	P78751	\$2,552.00
144474	GARNER ENGINEERING INC	203	07/07/2023	VA	P73272	\$937.00
11245	HOAG HOSPITAL	3002	07/07/2023	CL	P63994	\$921.00
168885	K & A FUELS, INC.	461	07/07/2023	CL	P66044	\$1,821.00
163720	LA BREA SINCLAIR	203, 461	07/07/2023	CL	P75711	\$1,445.00
194161	MOSES KARMI	1403	07/14/2023	CL	P74435	\$1,942.00
182690	NEW CINGULAR WIRELESS PCS, LLC	203, 1470	07/07/2023	CL	P75972	\$971.00
194573	PULTE HOMES	403	07/14/2023	VA	P74183	\$6,558.00
194573	PULTE HOMES	403	07/14/2023	VA	P75221	\$4,684.00
183670	RADC ENTERPRISES, INC.	203, 461	07/21/2023	CL	P77708	\$1,456.00
176677	SUKUT CONSTRUCTION, LLC	403	07/14/2023	VA	P63480	\$3,747.00
87470	TARGET STORES, NO. 291	203	07/21/2023	CL	P77906	\$1,021.00
82245	THREE D SERVICE	403	07/14/2023	CL	P75231	\$1,942.00
193927	TRENT A. JOHN	1403	07/21/2023	VA	P74431	\$4,396.00
136112	U.S. GAS	461	07/07/2023	CL	P78754	\$1,446.00
107668	WEBB'S CHEVRON/WEBB'S AUTO & TRUCK	203, 461	07/07/2023	CL	P74828	\$1,756.00
199102	WILSHIRE CONSTRUCTION, LP.	402, 403	07/07/2023	CL	P76538, P76545	\$9,837.00
Total MSPAP Settlements : \$53,015.00						

SOUTH COAST AQMD'S RULES AND REGULATIONS INDEX FOR JUNE AND JULY 2023 PENALTY REPORTS

REGULATION I - GENERAL PROVISIONS

Rule 109 Recordkeeping for Volatile Organic Compound Emissions

REGULATION II - PERMITS

Rule 201 Permit to Construct

Rule 203 Permit to Operate

Rule 218 Continuous Emission Monitoring

Rule 218.1 Continuous Emission Monitoring Performance Specifications

Rule 221 Plans

Rule 222 Filing Requirements for Specific Emission Sources Not Requiring a Written Permit Pursuant to Regulation II.

REGULATION III - FEES

Rule 314 Fees for Architectural Coatings

REGULATION IV - PROHIBITIONS

Rule 402 Nuisance

Rule 403 Fugitive Dust (*Pertains to solid particulate matter emitted from man-made activities.*)

Rule 430 Breakdown Provisions

Rule 444 Open Fires

Rule 445 Wood Burning Devices

Rule 461 Gasoline Transfer and Dispensing

Rule 462 Organic Liquid Loading

Rule 463 Storage of Organic Liquids

REGULATION VIII - ORDERS FOR ABATEMENT

Rule 817 Effective Date of Decision

REGULATION XI - SOURCE SPECIFIC STANDARDS

Rule 1110.2 Emissions from Gaseous- and Liquid-Fueled Internal Combustion Engines

Rule 1114 Petroleum Refinery Coking Operations (MCS-01)

Rule 1118 Emissions from Refinery Flares

Rule 1133 Composting and Related Operations – General Administrative Requirements

Rule 1133.1 Chipping and Grinding Activities

Rule 1142 Marine Tank Vessel Operations

Rule 1146.1 Emissions of Oxides of Nitrogen from Small Industrial, Institutional, and Commercial Boilers, Steam Generators,

**SOUTH COAST AQMD'S RULES AND REGULATIONS INDEX
FOR JUNE AND JULY 2023 PENALTY REPORTS**

	and Process Heaters
Rule 1149	Storage Tank Degassing
Rule 1151	Motor Vehicle and Mobile Equipment Non-Assembly Line Coating Operations
Rule 1153.1	Emissions of Oxides of Nitrogen from Commercial Food Ovens
Rule 1166	Volatile Organic Compound Emissions from Decontamination of Soil
Rule 1173	Fugitive Emissions of Volatile Organic Compounds
Rule 1178	Further Reductions of VOC Emissions from Storage Tanks at Petroleum Facilities
Rule 1189	Emissions from Hydrogen Plant Process Vents

REGULATION XIV - TOXICS

Rule 1403	Asbestos Emissions from Demolition/Renovation Activities
Rule 1415.1	Reduction of Refrigerant Emissions from Stationary Refrigeration Systems
Rule 1466	Control of Particulate Emissions from Soils with Toxic Air Contaminants
Rule 1469	Hexavalent Chromium Emissions from Chrome Plating and Chromic Acid Anodizing Operations
Rule 1469.1.	Spraying Operations Using Coatings Containing Chromium
Rule 1470	Requirements for Stationary Diesel-Fueled Internal Combustion and Other Compression Ignition Engines

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

REGULATION XXX- TITLE V PERMITS

Rule 3001	Applicability
Rule 3002	Requirements

CODE OF FEDERAL REGULATIONS

40 CFR 61.145	Standard for Demolition and Renovation
---------------	--

CALIFORNIA HEALTH AND SAFETY CODE

25205.5	Hazardous Waste Fees - Facilities and Generator Fees
41700	Prohibited Discharges
41960.2	Gasoline Vapor Recovery
42402	Violation of Emission Limitations; Civil Penalty
42402.1	Negligent Emission of Air Contaminants; Civil Penalties