



Proposed Rule 2306 - Indirect Source Rule for New Intermodal Rail Yards

Working Group Meeting #8

2/01/2023
9:00AM (PST)
SOUTH COAST AQMD

Join Zoom Webinar Meeting - from PC or Laptop
<https://scagmd.zoom.us/j/99824774155>
Zoom Webinar ID: 998 2477 4155
Teleconference Dial In (669) 900-6833

Agenda

Summary of November Working Group Meeting

Update to Proposed Rule 2306 Development Schedule

Rule Language Overview

- Purpose and Applicability
- Definitions
- Requirements
- Recordkeeping and Reporting

Next Steps

Discussion

Summary of November Working Group Meeting

Provided Status Update on Proposed New Intermodal Rail Yards In and Around the South Coast AQMD

Introduced Preliminary Staff Methodology for Calculating Facility Emissions

Provided Comparative Example of Staff Methodology using SCIG EIR Activity Data with Business As Usual and CARB's State Control Strategy Scenarios

Introduced Initial Rule Concepts on Facility Wide Emissions Limit and Requirement for Zero Emission Infrastructure

Status of PR 2306 Rulemaking

□ Progress made to date

- Updated entire emissions inventory consistent with 2022 State Implementation Plan (SIP) and Air Quality Management Plan (AQMP)
 - Significant progress on development of standardized emissions inventory methodology document
- Developed rule concept
 - First Draft of the preliminary draft rule language is now available at:
<http://www.aqmd.gov/home/rules-compliance/rules/scaqmd-rule-book/proposed-rules/rule-2306>

□ Key remaining activities

- Multiple workshops in the communities affected by the rule
- Continuing to meet with all stakeholders and revising rule language based on feedback
- Drafting and revising rulemaking documents: CEQA, socioeconomic analysis, staff report

Update to PR 2306 Development Schedule



* Planning for community workshops is currently ongoing, and staff aims to hold these workshops in late February or early March

Rule Concept Overview

Purpose and Applicability

Rule Purpose

- Reduce and facilitate reductions of local and regional emissions of NOx and PM
- Assist in attainment goals from 2016 and 2022 SIP and AQMP for National Ambient Air Quality Standards
- Facilitate SIP emission reduction commitments for South Coast by ensuring local emission reductions achieve at least state-wide targets

Rule Applicability

Any operator of a new intermodal rail yard within the South Coast AQMD

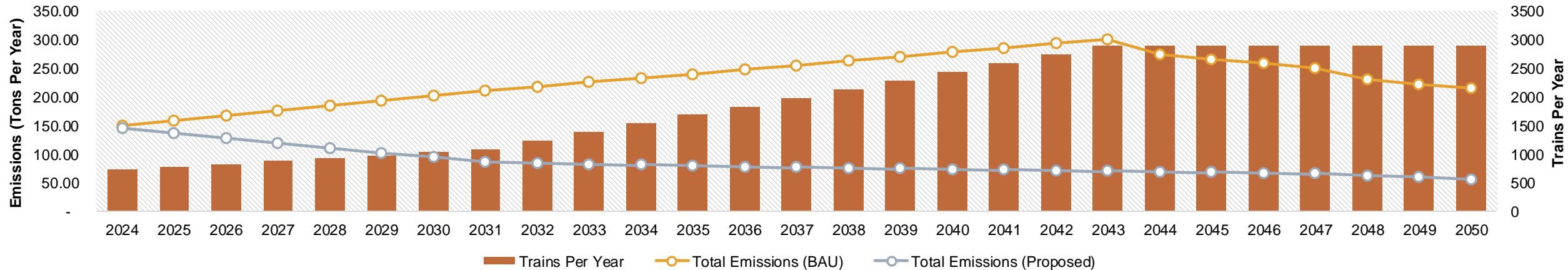
Legal owner of a new intermodal rail yard within the South Coast AQMD

State or local government that enters into a contract for a new intermodal rail yard

Facility Wide Emissions Limit Overview

- ❑ Staff used a comparative analysis of projected emissions from two scenarios to determine potential emission reductions of a facility wide emissions limit, as shown in graph below
 - “Business as Usual” assumes current regulations; and
 - “Proposed” assumes state level regulations adhere to 2022 AQMP and SIP commitments
- ❑ Facility wide emissions limit will achieve at least the reductions shown in the “proposed” scenario

Emissions Between Business as Usual (BAU) and Proposed CARB Regulations Assuming Annualized Increase

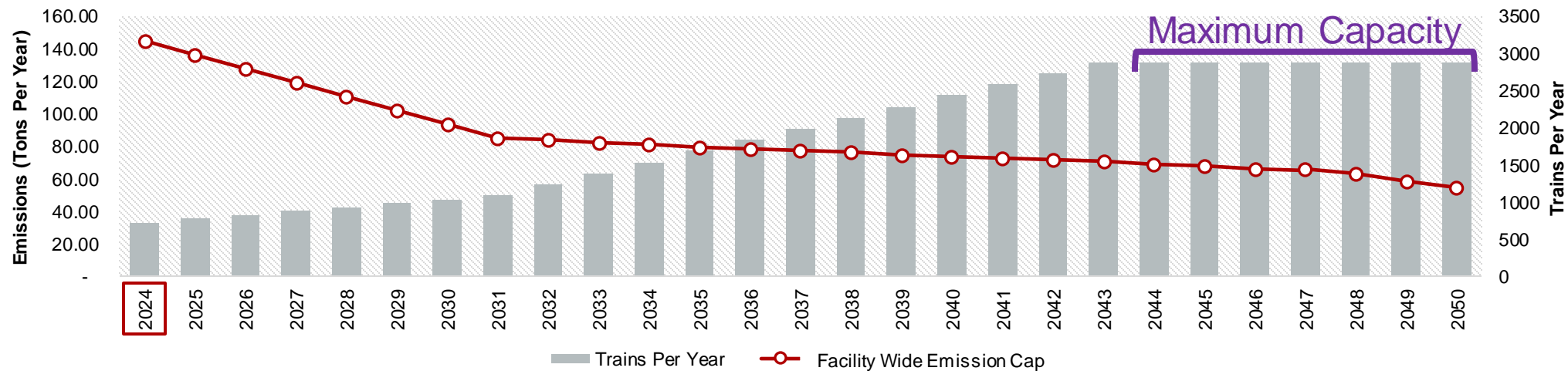


Calculating Facility Wide Emissions Limit

- A new intermodal rail yard will calculate their annual facility wide emissions limit using:
 - A standardized methodology based on state emission reduction targets for all railyard-related mobile sources and provided as part of the rule
 - Site specific projections of activity data from the initial year of operation
 - Projected up until the year where state targets are available

Scenario shows a new intermodal rail yard with initial year of operation in 2024

Example – Projecting Future Year Facility Wide Limits



Additional Rule Elements

Zero Emission Infrastructure

- Requirement for sufficient ZE infrastructure to support on-site activities at maximum operational capacity*
- ZE infrastructure deployment will increase through time

Additional Mitigation Measures to Meet Facility Wide Emissions Limit

- Early investment towards required ZE infrastructure can serve as Early and Additional Action Banking (EAAB) benefits towards emissions limit compliance**
- Extra investment beyond required ZE infrastructure also generates EAAB benefits
- Emission reductions below facility wide emissions limit may also earn EAAB benefits for subsequent compliance period(s) under specified circumstances
- Mitigation Fees

* To be provided in the Initial Facility Outlook Plan

** EAAB concept is currently being developed and limitations may vary by method of EAAB benefit generation.

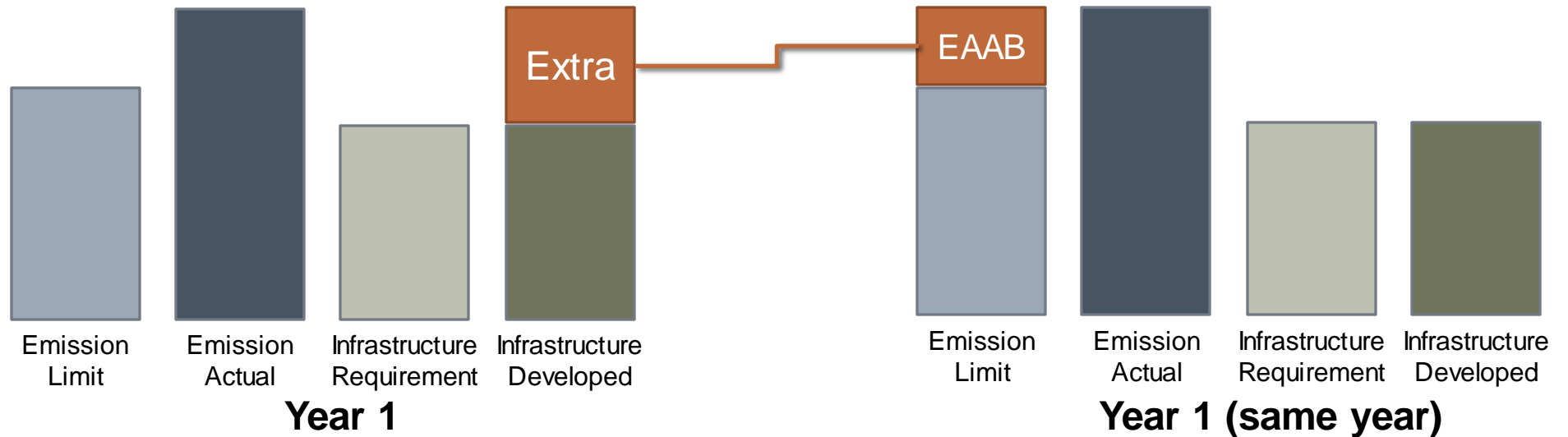
Early and Additional Action Banking

- ❑ Early and Additional Action Banking (EAAB) provides flexibility for new intermodal rail yards and incentivizes early deployment of ZE technologies and infrastructure development
- ❑ EAAB benefits* are temporary and can be generated by two methods:
 1. Early and additional infrastructure development beyond rule requirements
 2. Additional reductions beyond the Facility Wide Emissions Limit

Examples of Early and Additional Action Banking

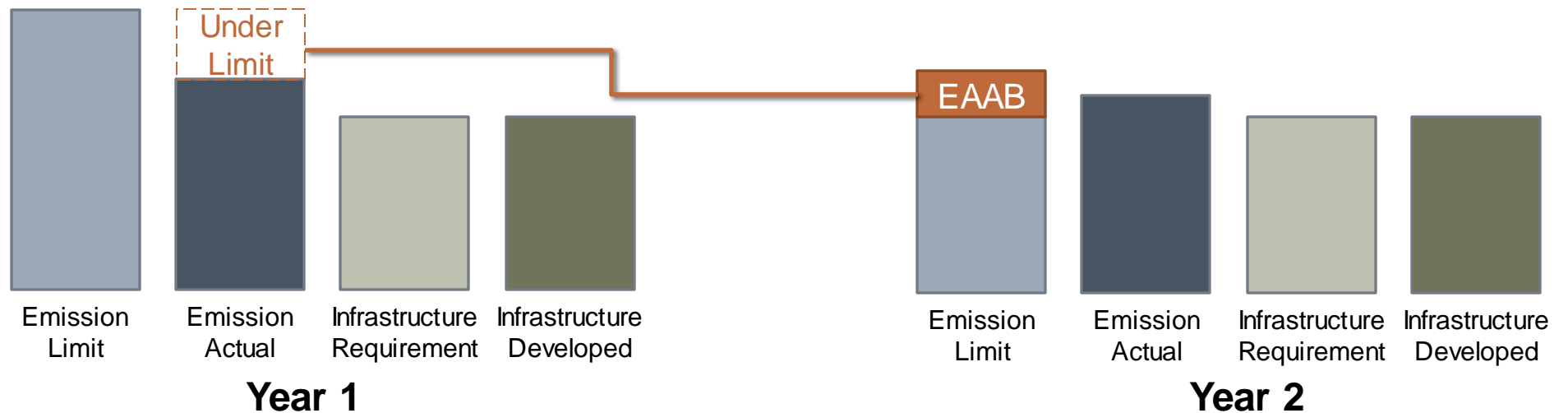
Scenario 1

Additional infrastructure upgrade yields benefits to comply with emissions limit in the same year (and potentially subsequent years)



Scenario 2

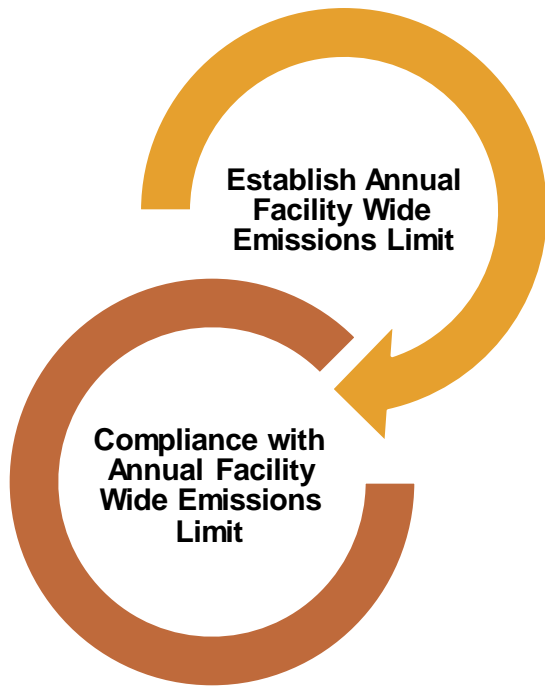
Additional reductions beyond emissions limit yields benefits for compliance in the following year



Staff is considering different mechanisms to limit how banking is used

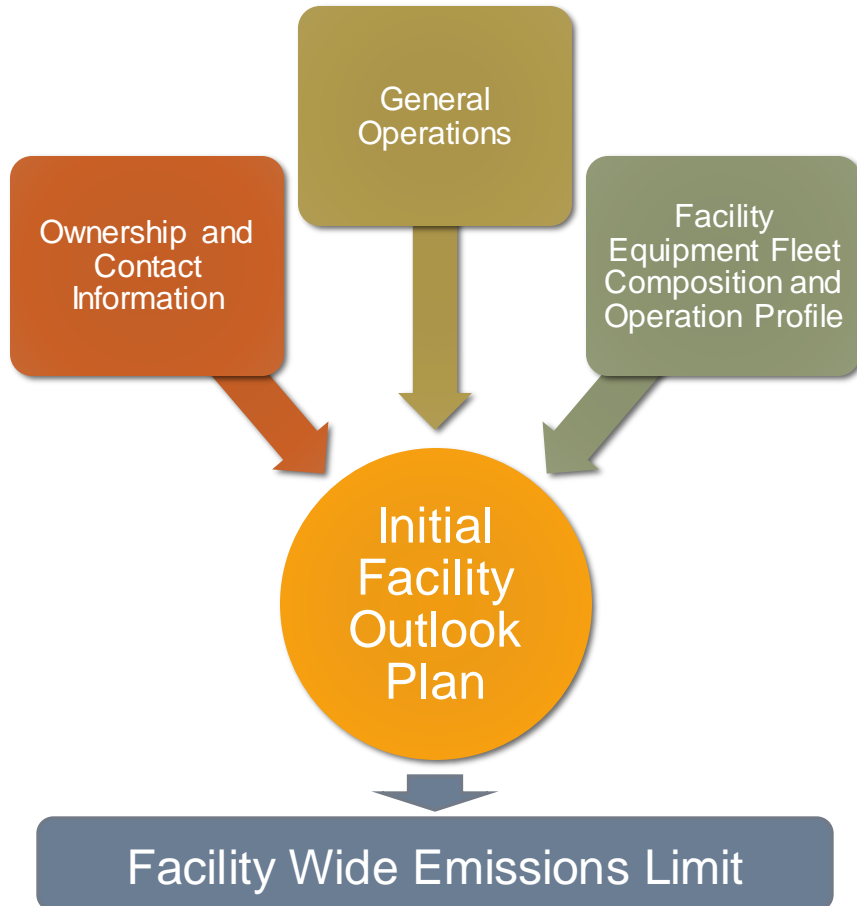
Rule Requirements

Initial Steps for New Intermodal Rail Yards



Establish Annual Facility-Wide Emissions Limit	
What needs to be submitted?	Initial Facility Outlook Plan
When does it need to be submitted?	No later than 18 months prior to the date of facility operation
Who is obligated to submit the plan?	Operator of a new intermodal facility
Compliance with Annual Facility-Wide Emissions Limit	
How will compliance be verified?	Annual Facility Wide Emissions Limit Compliance Report
When does the report need to be submitted?	April 15 th of the calendar year after the initial full calendar year of operation and every April 15 th thereafter

Initial Facility Outlook Plan



Ownership and Contact Information

- Facility owner and operator
- Duration of existing contractual agreements (if applicable)

General Operations

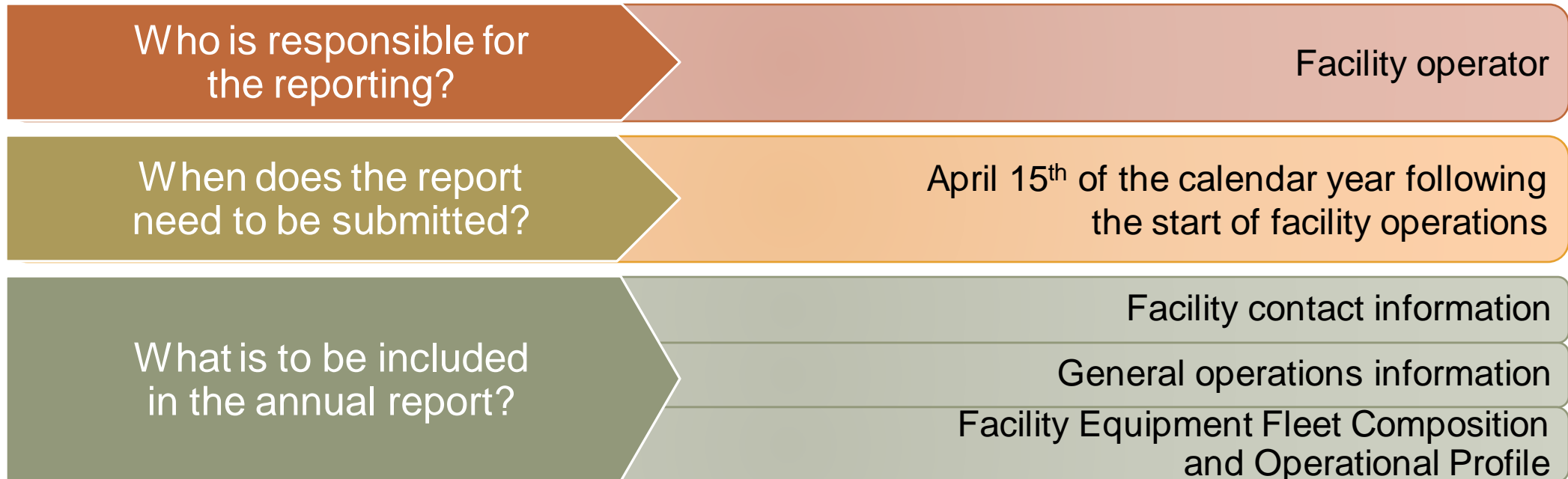
- Hours per day and days per year of operation
- Maximum annual container throughput capacity
- Projected annual throughput until the year maximum is reached
- Facility Wide Emissions Limit based on facility activity
- All additional data required to calculate the Facility Wide Emissions Limit

Facility Equipment Fleet Composition and Operation Profile

- Locomotives (Line Haul and Switcher)
- Drayage Trucks
- Cargo Handling Equipment (CHE)
- Transport Refrigeration Units (TRUs)

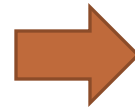
Annual Facility Wide Emissions Limit Compliance Report

- ❑ A facility will demonstrate compliance with their Annual Facility Wide Emissions Limit by reporting their actual activity data and emissions inventory for the previous calendar year using staff developed methodology



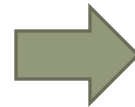
Owner Infrastructure Plan

What reporting is the owner responsible for?*



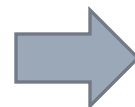
Owner Infrastructure Plan

When does the Owner Infrastructure Plan need to be submitted?



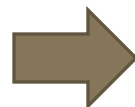
No later than 12 months prior to start of facility operations

Why does the report need to be submitted?



To establish project milestones for development of infrastructure to support implementation of ZE technologies

What is to be included in the plan*?



- Description of infrastructure projects with associated project milestones
- Applicable utilities and/or government agencies

***An Owner Infrastructure Plan is still required if the owner of a facility is the same entity as the operator**


Notifications

Notifications

Intermodal Rail Yard Status Notification for Intermodal Rail Yard Operator

No later than 30 days after
change of operator

Operator shall submit



- Current and previous operator
- Date of operator change
- Facility classification (if different from previous operator)
- Responsible Official (if different from previous operator)

Intermodal Rail Yard Status Notification for Intermodal Rail Yard Owner

No later than 30 days after
change of ownership

Owner shall submit



- Current and previous owner
- Date of ownership change
- Facility classification (if different from previous owner)
- Responsible Official (if different from previous owner)

Next Steps

Hold Community Consultation Meetings (anticipated in early March)

Revise Preliminary Draft Rule Language Based on Public Feedback

Hold Next Working Group Meeting in April 2023

Release of Draft Emissions Inventory Methodology Document in April 2023

Hold Second Round of Community Consultation Meetings in July 2023

Hold Public Workshop in August 2023

Public Hearing in October 2023



ZOOM:

- Click on the “Raise Hand” button at the bottom of your screen.

TELECONFERENCE:

- Dial *9 to “raise your hand”

Your name will be called when it is your turn to speak and the meeting host will unmute your line.

Proposed Rule 2306

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Sign up for the mailing list at: <https://www.aqmd.gov/sign-up> (select “Proposed Rule 2306”)

Email us at: RailyardISR@aqmd.gov.

For more information, visit: www.aqmd.gov/fbmsm (click into “Railyard and Intermodal Facilities”)