



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

STATIONARY SOURCE COMMITTEE MEETING

Committee Members

Mayor Ben J. Benoit, Chair
Supervisor Sheila Kuehl, Vice Chair
Senator Vanessa Delgado (Ret.)
Board Member Veronica Padilla-Campos
Vice Mayor Rex Richardson
Supervisor Janice Rutherford

June 17, 2022 ♦ 10:30 a.m.

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

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

Join Zoom Webinar Meeting - from PC or Laptop

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

Zoom Webinar ID: 941 4149 2308 (applies to all)

Teleconference Dial In

+1 669 900 6833

One tap mobile

+16699006833,94141492308#

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

PUBLIC COMMENT WILL STILL BE TAKEN

AGENDA

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

Cleaning the air that we breathe...

CALL TO ORDER

ROLL CALL

ACTION ITEM (Item 1)

1. **Revised Financial Incentive Program to Reduce Hexavalent Chromium Facilities** (10 mins) Michael Laybourn
Planning and Rules
Program Supervisor
(Motion Requested)

In January 2021, the Board established an incentive program and released a solicitation to utilize \$5,040,000 of Community Air Protection program incentive funds for a program to reduce emissions from hexavalent chromium facilities, including funds for add-on air pollution controls for hexavalent chromium. CARB has subsequently released a draft regulatory proposal that includes future prohibitions of hexavalent chromium for metal plating and chromic acid anodizing operations. Accordingly, staff recommends revising the program and issuing a new solicitation that would provide incentive funds for hexavalent chromium facilities to switch to trivalent chromium plating technologies or other less toxic alternatives in lieu of hexavalent chromium. As with the previous effort, the program targets projects in environmental justice communities to achieve emission reductions beyond existing regulatory requirements, and further decreases community exposure to hexavalent chromium. This action is to: 1) Revise the incentive program to exclusively fund less toxic non-hexavalent chromium metal finishing alternatives; 2) Approve issuance of two Program Announcements, for facilities and contractors; 3) Authorize the Executive Officer to execute contracts with selected entities to implement the program; 4) Release unspent projects funds to be used by the back-up list of mobile source projects; and 5) Reimburse the General Fund for program administrative costs from the Community Air Protection AB 134 Fund (Fund 77)

(Written Material Attached)

INFORMATIONAL ITEMS (Items 2 through 7)

2. **Determine That Proposed Amendments to BACT Guidelines Are Exempt from CEQA and Amend BACT Guidelines** (10 mins) Bhaskar Chandan
Engineering and
Permitting Manager
(No Motion Required)

This item is to add new and amended listings to South Coast AQMD BACT Guidelines. Periodically, after consultation with stakeholders through the BACT Scientific Review Committee, staff proposes amendments to the BACT Guidelines to make them consistent with recent changes to South Coast AQMD rules and regulations as well as state requirements. Staff is proposing to add new and amended listings to Part B: Lowest Achievable Emission Rate Determinations for Major Polluting Facilities, Part D: BACT Determinations for Non-Major Polluting Facilities and to update the Overview, Parts A and C: Policy for Major and Non-Major Polluting Facilities, respectively. This action is to determine that the proposed amendments to the BACT Guidelines are exempt from the requirements of the California Environmental Quality Act and to amend the BACT Guidelines.

(Written Material Attached)

- 3. Update on Rule 2015 – Backstop Provisions NOx RECLAIM Trading Credit (RTC) Price Threshold Exceedance (10 mins)** Jason Aspell
Deputy Executive Officer
(No Motion Required)
Staff will provide an update on the assessment of the NOx RECLAIM program required by Rule 2015 – Backstop Provisions. Rule 2015 requires an evaluation and review of the compliance and enforcement aspects of the RECLAIM program following a determination that RTC prices exceed \$15,000 per ton.
(Written Material Attached)
- 4. Summary of Proposed Amended Rule 218.2 - Continuous Emission Monitoring System: General Provisions; and Proposed Amended Rule 218.3 - Continuous Emission Monitoring System: Performance Specifications (10 mins)** Michael Krause
Assistant Deputy Executive Officer
(No Motion Required)
Staff will provide a summary of Proposed Amended Rules 218.2 and 218.3 that proposes to add provisions to reflect recently adopted rules for the RECLAIM transition and to clarify recertification and data requirements for the installation and operation for continuous emission monitoring system (CEMS) at non-RECLAIM and former RECLAIM facilities.
(Written Material Attached)
- 5. Summary of Proposed Amended Rule 429 – Startup and Shutdown Provisions for Oxides of Nitrogen (10 mins)** Michael Morris
Planning and Rules Manager
(No Motion Required)
Staff will provide a summary of Proposed Amended Rule 429 (PAR 429) which provides an exemption from NOx and CO concentration limits in various source-specific rules when units are starting up and shutting down for specified durations. PAR 429 also includes provisions limiting the frequency of scheduled startups, best management practices, notification, and recordkeeping requirements. Staff will provide a briefing on the proposed amended rule and any key remaining issues.
(Written Material Attached)
- 6. Ultraviolet, Electron Beam, or Light-Emitting Diode (UV/EB/LED) Update (10 mins)** Heather Farr
Planning and Rules Manager
(No Motion Required)
Staff will provide a summary on UV/EB/LED materials which includes an update on staff’s request to the U.S. EPA regarding the thin film test method, recordkeeping requirements, and additional proposed permit exemptions for UV/EB/LED equipment and operations.
(Written Material Attached)

- 7. 2021 Annual Report on AB 2588 Program (5 mins)** Eugene Kang
(No Motion Required) Planning and Rules
The Air Toxics “Hot Spots” Information and Assessment Act of 1987 (AB Manager
2588) requires local air pollution control districts to prepare an annual report
and present it a public hearing. This report provides information regarding the
South Coast AQMD’s implementation of AB 2588 through Rule 1402. This
annual update describes the various activities including quadrennial emissions
reporting and prioritization, preparation and review of Air Toxics Inventory
Reports, Health Risk Assessments, Voluntary Risk Reduction Plans, Risk
Reduction Plans, and additional South Coast AQMD activities related to air
toxics.
(Written Material Attached)

WRITTEN REPORT (Item 8 through 10)

- 8. Notice of Violation Penalty Summary** Bayron Gilchrist
(No Motion Required) General Counsel
This report provides the total penalties settled in May 2022 which includes
Civil, Supplemental Environmental Projects, Mutual Settlement Assessment
Penalty Program, Hearing Board and Miscellaneous.
(Written Material Attached)
- 9. Twelve-month and Three-month Rolling Average Price of Compliance** Jason Aspell
Years 2021 and 2022 NOx and SOx RTCs (April – May 2022)
(No Motion Required)
The attached report summarizes the twelve-month and three-month rolling
average prices of NOx and SOx RTCs.
(Written Material Attached)
- 10. Monthly Update of Staff’s Work with U.S. EPA and CARB on New Source** Michael Krause
**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)

OTHER MATTERS

- 11. 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)

12. 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.

12. **Next Meeting Date:** Friday, August 19, 2022 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 Chairman will announce public comment.

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

If interpretation is needed, more time will be allotted.

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

Directions for Video ZOOM on a DESKTOP/LAPTOP:

- If you would like to make a public comment, please click on the **"Raise Hand"** button on the bottom of the screen.

This will signal to the host that you would like to provide a public comment and you will be added to the list.

Directions for Video Zoom on a SMARTPHONE:

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

Directions for TELEPHONE line only:

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



INCENTIVE PROGRAM TO REDUCE HEXAVALENT CHROMIUM EMISSIONS

Stationary Source Committee
June 17, 2022

BACKGROUND

May
2020

South Coast AQMD received \$5 million of CARB's Community Air Protection (CAP) funds to reduce hexavalent chromium emissions

Jan
2021

Board authorized use of CAP funds for add-on air pollution controls for hexavalent chromium tanks or transition to trivalent chromium

March
2021

CARB proposed hexavalent chromium phase-out in their Chrome Plating Air Toxics Control Measure (ATCM)

April
2021

Staff paused incentive program to fund add-on pollution controls for hexavalent chromium due to potential phase-out

CARB DRAFT ATCM

Draft regulatory language released April 2022 includes phase-out dates

January 1, 2026



Prohibits decorative hexavalent chromium electroplating

January 1, 2039



Prohibits hard hexavalent chromium electroplating and chromic acid anodizing*

*Includes technology review process

DRAFT FOR INFORMAL PUBLIC COMMENT AND DISCUSSION
NOTE: This preliminary discussion draft of the proposed amendments to the Chrome Plating ATCM is provided for review purposes only. The draft is subject to ongoing revisions and refinement.

Final Draft Regulation Order 415/2022

The following is the final regulation order for the Air Resources Board amendments to title 17, California Code of Regulations, Article 1, sections 93102-93102.16 and 17, California Health and Safety Code.

Section headings shown in bold are to be bold in the final California Code of Regulations. Subsection headings shown in italic are to be italic in the final California Code of Regulations.

§ 93102. Airborne Toxic Control Measure for Chromium Plating and Chromic Acid Anodizing Facilities.

The Airborne Toxic Control Measure for Chromium Plating and Chromic Acid Anodizing Facilities (ATCM) is contained in sections 93102 through 93102.16. The ATCM is organized as follows:

Sections 93102 through 93102.3 specify the applicability of the ATCM, exemptions, and definitions. Section 93102.4 sets forth requirements for hexavalent chromium facilities that differ depending on whether a facility is an existing facility, a modified facility, or a new facility. Section 93102.5 sets forth various new requirements that apply to all facilities beginning January 1, 2026 (i.e., all existing, modified, and new facilities). Section 93102.6 contains special provisions that apply only to enclosed hexavalent chromium electroplating facilities and facilities that perform electroplating using a trivalent chromium bath.

Sections 93102.7 through 93102.14 contain additional requirements that apply to all facilities, unless an exception is provided in this ATCM. Most of the requirements in sections 93102.7 through 93102.14 have been in effect since 1968. Section 93102.15 sets forth requirements that apply to the manufacture, sale, supply, offer for sale, and use of chromium plating and chromic acid anodizing kits in California. There are three appendices to the ATCM; these appendices are contained in section 93102.16.

NOTE: Authority cited: Sections 39600, 39601, 39650, 39658, 39659, and 39666, Health and Safety Code. Reference: Sections 39650, 39658, 39659, 39665, and 39666, Health and Safety Code, and 40 CFR Part 63 Subpart N.

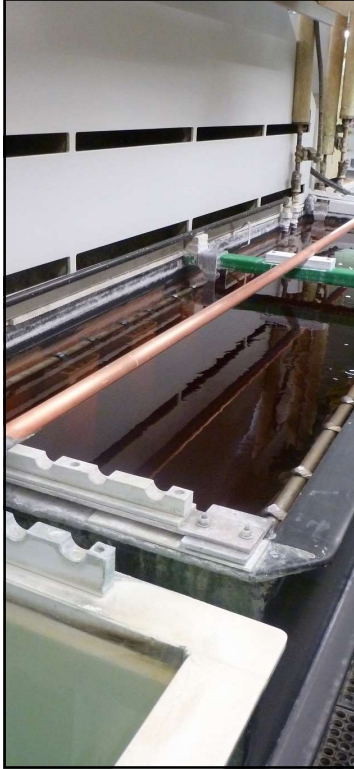
UPDATED INCENTIVE PROGRAM BASED ON CARB ATCM

Staff Recommendation

- Due to the potential phase out of hexavalent chromium, staff no longer recommends providing funds for add-on hexavalent chromium controls
- Recommend revising incentive program to exclusively fund use of trivalent chromium or other less toxic alternatives in lieu of hexavalent chromium
- Applicable to hexavalent chromium plating and chromic acid anodizing facilities

Additional Benefits

- Transition from hexavalent chromium can reduce the use of chemical fume suppressants that contain per- and polyfluoroalkyl substances (PFAS)
 - PFAS is persistent in the environment and linked to various health issues
 - Other agencies considering potential PFAS ban



PROGRAM IMPLEMENTATION

- Many facilities are small businesses with limited expertise converting to a non-hexavalent chromium operation
- South Coast AQMD can help identify contractors to assist operators through concurrent solicitation
- Staff proposes issuing two Program Announcements:
 - ✓ Facilities can submit a proposal to transition to a non-hexavalent chromium operation
 - ✓ Contractors can submit a proposal to facilitate the transition from hexavalent chromium

5



CHALLENGES AND CONTINGENCY

Participation

- Not many facilities applied for funds from previous solicitation
- Seven facilities applied for add-on controls
- Potential phase-out may increase interest

Funds must be fully expended by June 30, 2024

Any unspent funds will be used for mobile source projects

6

NEXT STEPS

- Staff recommends approval for consideration at the August Board meeting
- Contingent upon Board approval, implement the program as follows:

Issue

- Two Program Announcements: (1) Facility Operators; and (2) Contractors

Execute

- Contracts with selected facilities or contractors to implement projects

Release

- Unallocated project funds for the back-up list of mobile source projects

Reimburse

- General Fund for program administrative costs

DRAFT

BOARD MEETING DATE: August 5, 2022

AGENDA NO.

PROPOSAL: Revise Financial Incentive Program to Reduce Emissions from Hexavalent Chromium Facilities, Issue Solicitations, and Authorize Executive Officer to Execute Contracts

SYNOPSIS: In January 2021, the Board established an incentive program and released a solicitation to utilize \$5,040,000 of Community Air Protection program incentive funds for a program to reduce emissions from hexavalent chromium facilities, including funds for add-on air pollution controls for hexavalent chromium. CARB has subsequently released a draft regulatory proposal that includes future prohibitions of hexavalent chromium for metal plating and chromic acid anodizing operations. Accordingly, staff recommends revising the program and issuing a new solicitation that would provide incentive funds for hexavalent chromium facilities to switch to trivalent chromium plating technologies or other less toxic alternatives in lieu of hexavalent chromium. As with the previous effort, the program targets projects in environmental justice communities to achieve emission reductions beyond existing regulatory requirements, and further decreases community exposure to hexavalent chromium. This action is to: 1) Revise the incentive program to exclusively fund less toxic non-hexavalent chromium metal finishing alternatives; 2) Approve issuance of two Program Announcements, for facilities and contractors; 3) Authorize the Executive Officer to execute contracts with selected entities to implement the program; 4) Release unspent projects funds to be used by the back-up list of mobile source projects; and 5) Reimburse the General Fund for program administrative costs from the Community Air Protection AB 134 Fund (Fund 77).

COMMITTEE: Stationary Source Committee, June 17, 2022; Recommended for Approval

RECOMMENDED ACTIONS:

1. Revise the incentive program to reduce emissions from hexavalent chromium facilities by exclusively funding less toxic non-hexavalent chromium metal finishing alternatives;

DRAFT

2. Approve issuance of two Program Announcements, for Hexavalent Chromium Facilities and Contractors;
3. Authorize the Executive Officer to execute contracts up to \$5,040,000 to implement emission reduction projects at hexavalent chromium facilities from the Community Air Protection AB 134 Fund (77);
4. Authorize the Executive Officer to execute contracts using unspent funds for projects to reduce hexavalent chromium emissions from the Board approved back-up list of mobile source projects; and
5. Reimburse the General Fund up to 6.25% of the CAP grant amount from the Community Air Protection AB 134 Fund (77).

Wayne Nastri
Executive Officer

SR:MK:HF:ML:TT

Background

Under Assembly Bill 617 (AB 617) the California legislature has appropriated incentive funding to address localized air pollution in the most impacted communities. In addition, Senate Bill 856 (SB 856) incorporated the Budget Act of 2018, allocated additional funds under the Community Air Protection (CAP) program, and expanded the scope of new incentives to include toxic air contaminant reductions at stationary sources. To address the new funding opportunity, CARB staff released the CAP Incentives 2019 Guidelines (2019 CAP Guidelines) which added funding guidelines for emission reductions at hexavalent chromium facilities (includes chromium plating and chromic acid anodizing operations). Hexavalent chromium is a potent carcinogen that is associated with nasal and lung cancer.

Based on a prior disbursement request for CAP Year two incentive funding, \$5,040,000 was allocated to South Coast AQMD in May 2020 to implement projects that reduce hexavalent chromium emissions from hexavalent chromium facilities. In January 2021, the Board authorized the release of Program Opportunity Notices (PON) to identify facilities interested in participating in an incentive program through installation of add-on air pollution controls or switching to non-hexavalent chromium metal finishing alternatives. Under 2019 CAP Guidelines, these projects would need to further reduce hexavalent emissions beyond regulatory requirements. Seven facilities submitted PON responses requesting financial assistance to install add-on air pollution controls for hexavalent chromium.

Staff began working with the seven facilities to develop contracts; however, CARB subsequently initiated rule development to amend their Airborne Toxics Control Measure for Chrome Plating (Chrome Plating ATCM). The proposed amendments to

DRAFT

the Chrome Plating ATCM includes a three-year phase-out of hexavalent chromium for decorative plating operations, and a 16-year phase-out for functional (hard chromium plating and chromic anodizing) operations, with technology assessments. In addition, the CAP Guidelines require that the grant-funded equipment be operated for the project life which is at least three years. With the proposed amendments to the Chrome Plating ATCM and the CAP restrictions for use of grant funded equipment, staff and CARB agreed that no contracts should be executed from the previous solicitation since none of the proposals were exclusively switching to non-hexavalent chromium metal finishing alternatives and hexavalent chromium plating and chromic acid anodizing operations may be prohibited in the near future.

Proposal

Staff is proposing to revise the financial incentive program to reduce hexavalent chromium emissions by providing funding for hexavalent chromium facilities to switch to non-hexavalent chromium metal finishing alternatives. The revised program would provide eligible facilities with financial assistance to purchase and install the equipment necessary to switch to non-hexavalent chromium metal finishing alternatives. Facilities would be responsible for ongoing operation costs such as maintenance, repair, and spare parts. Up to \$300,000 in funding would be available for each project and the project emissions reductions must be in excess of those otherwise required by applicable federal, State, or local rules or regulations.

To implement the incentive program, a Program Announcement is being released to solicit proposals from eligible hexavalent chromium facilities. Many of the hexavalent chromium facilities anticipated to participate in the incentive program are small businesses that do not have the capacity to identify contractors to implement projects. Accordingly, a second Program Announcement is being released to identify contractors that can provide engineering, design and installation services to hexavalent chromium facilities. Facilities can work with their own contractors to implement projects or can elect to work with contractors identified by South Coast AQMD. Additional information about program eligibility, funding limits, and reimbursement provisions is included in the Program Announcements. The incentive program has previously been presented to the East Los Angeles, Boyle Heights, West Commerce Community Steering Committee as an update on efforts to implement the Community Emission Reduction Plan action item to reduce emissions from metal finishing facilities. The public will continue to receive updates on this program through South Coast AQMD outreach efforts and facilities that are proposed to receive funding will be identified on the South Coast AQMD website.

As part of the program, staff had previously prepared a Project Plan that outlines program eligibility, funding limits, and reimbursement provisions. The Project Plan, approved by CARB, generally follows 2019 CAP Guidelines for hexavalent chrome plating facilities (Chapter 4); however, higher project funding percentages are established for small businesses. It should be noted, the Project Plan includes the

DRAFT

installation of add on air pollution controls as an eligible project, but as mentioned, this solicitation is specific to projects that result in a transition to non-hexavalent chromium metal finishing alternatives.

Program Announcements

Staff proposes to release two Program Announcements (PA) to implement the program: PA #2022-XX and PA# 2022-YY.

PA #2022-XX is for facilities interested in participating in the program. PA #2022-XX would require interested facilities to provide general facility information, a conceptual description of the intended project, estimated cost information and an anticipated schedule. All facilities interested in participating in the program would be required to submit a proposal in response to PA #2022-XX.

As previously mentioned, many of the facilities anticipated to be eligible to participate are very small entities that may not have experience implementing projects that involve the transition to non-hexavalent chromium metal finishing alternatives. PA# 2022-YY is intended to identify contractors that have experience designing and installing non-hexavalent chromium metal finishing alternatives. Contractors responding to PA# 2022-YY would be asked to provide general company information (including experience in converting hexavalent chromium plating lines or chromic acid anodizing operations to non-hexavalent chromium metal finishing alternatives), general cost estimate information, and resources available to provide installation services. Information from contractors responding to PA# 2022-YY would be provided to hexavalent chromium facilities as a resource for development of contracts with South Coast AQMD to implement the program.

Funding and Awards

Up to \$5,040,000 in funding is available under the program. Project eligibility and total project funding limits are included in the Program Announcement and the Project Plan. Awards will be made through contracts until all funding is exhausted. It is anticipated at least 15 contracts will be awarded from this Program Announcement based on availability of funds and the quality of proposals received. If there is not a sufficient number of facilities that are willing to participate in this opportunity, remaining grant funds can be used to implement a back-up list of mobile source projects. Prospective applicants will be expected to enter into a "Fixed Price" contract with South Coast AQMD for specific tasks. Payments will be based upon task deliverables.

Funds allocated for this program must be completely expended prior to June 30, 2024. Accordingly, staff is requesting that the Board authorize the Executive Officer to enter directly into contracts with selected facilities and contractors based on their responses to the Program Announcements to provide as much lead time as possible for facilities to get started on implementing these important projects.

DRAFT

Outreach

In accordance with South Coast AQMD's Procurement Policy and Procedure, a public notice advertising the Program Announcements will be published in the Los Angeles Times, the Orange County Register, the San Bernardino Sun, and Riverside County Press Enterprise newspapers to leverage the most cost-effective method of outreach to the South Coast Air District.

Additionally, potential participants may be notified utilizing South Coast AQMD's own electronic listing of certified minority vendors and Rule 1469 – Hexavalent Chromium Emissions from Chromium Electroplating and Chromic Acid Anodizing Operations facilities. Notice of the Program Announcements will be e-mailed to the Black and Latino Legislative Caucuses and various minority chambers of commerce and business associations and placed on the Internet on South Coast AQMD's website (www.aqmd.gov) where it can be viewed by making the selection "Grants & Bids." <http://www.aqmd.gov/nav/grants-bids>

Staff is also proposing to collaborate with representatives from the Metal Finishing Association of Southern California to identify and reach out to candidate facilities and contractors to respond to the Program Announcements. Staff will also present this opportunity to the AB 617 Community Steering Committees.

Benefits to South Coast AQMD

The successful implementation of this program would result in a reduction of hexavalent chromium emissions beyond regulatory requirements. There is an additional environmental benefit of eliminating the use of chemical fume suppressants containing per- and polyfluoroalkyl substances (PFAS) at facilities currently using these products. Most chemical fume suppressants contain PFAS, which persist in the environment and have been linked with a variety of health problems.

Resource Impacts

The total cost of the revised incentive program to reduce hexavalent chromium emissions will not exceed \$5,040,000. Sufficient funds are available from the CARB CAP (Year 2) grant which have been recognized into the Community Protection AB 134 Fund (77). Administrative costs will not exceed 6.25%.

Attachments

1. Program Announcement for Financial Incentive Program to Reduce Emissions from Hexavalent Chromium Facilities
2. Program Announcement for Identifying Contractors that Convert Hexavalent Chromium Plating Lines or Chromic Acid Anodizing Operations to Non-Hexavalent Chromium Metal Finishing Alternatives

DRAFT

Financial Incentive Program to Reduce Emissions from Hexavalent Chromium Facilities

A Funding Opportunity for
Existing Hexavalent Chromium Facilities to Convert Hexavalent
Chromium Plating Lines or Chromic Acid Anodizing Operations to
Non-Hexavalent Chromium Metal Finishing Alternatives in the
Jurisdiction of the
South Coast Air Quality Management District

Program Announcement PA 2022-XX

August 5, 2022

DRAFT

PURPOSE

The South Coast Air Quality Management District (South Coast AQMD) is seeking proposals from hexavalent chromium facilities (includes chrome plating and chromic acid anodizing facilities) for projects that reduce hexavalent chromium emissions by transitioning to less toxic non-hexavalent chromium alternatives. The purpose of this Program Announcement (PA) is to provide financial incentives to assist hexavalent chromium facilities in the purchase and installation of equipment necessary to reduce hexavalent chromium emissions beyond regulatory requirements.

BACKGROUND

Hexavalent chromium is a potent carcinogen and is associated with nasal and lung cancer. South Coast AQMD Rule 1469 - Hexavalent Chromium Emissions from Chromium Electroplating and Chromic Acid Anodizing Operations (Rule 1469) establishes requirements for reducing hexavalent chromium emissions from chrome plating and anodizing facilities. The California Air Resources Board (CARB) has made funding available to local air districts to implement air pollution reduction projects. South Coast AQMD has allocated a portion of the funding for hexavalent chromium facilities to implement projects that reduce hexavalent chromium emissions beyond current regulatory requirements.

South Coast AQMD prepared a Project Plan entitled, “[Emissions Reduction from Hexavalent Chromium Facilities](#)” that describes project eligibility and participant requirements for entities seeking Program funding. The Project Plan generally follows Chapter 4 of the CARB Community Air Protection 2019 Guidelines (2019 CARB Guidelines) except for payment of a higher percentage of project costs for small businesses. The Project Plan, which was released in May 2021 and approved by CARB in June 2021, allowed funding for either installing add-on pollution controls to hexavalent chromium tanks or converting to trivalent chromium or other less toxic alternatives to hexavalent chromium. Since the release of that Project Plan, CARB proposed a phase-out of hexavalent chromium; therefore, the South Coast AQMD is no longer proposing to fund the installation of add-on controls but will seek to fund projects that convert to less toxic alternatives to hexavalent chromium. Considering the CARB approved Project Plan included both options, the Project Plan was not amended; however, this PA is specific to funding projects that convert to the less toxic trivalent chromium plating or anodizing operations or other non-hexavalent chromium metal finishing alternatives. The South Coast AQMD has identified up to \$5,040,000 in incentive funds and is seeking hexavalent chromium facility owners or operators to implement hexavalent chromium emission reduction projects above and beyond current requirements of Rule 1469. Participating in the South Coast AQMD Program offers owners of eligible facilities to receive incentive funding for the early implementation of key air pollution reduction strategies above and beyond current regulatory requirements or ahead of potential future regulatory obligations. Participating entities would enter into a contract with the South Coast AQMD in order to receive payment for completed tasks.

DRAFT

PROGRAM ELIGIBILITY GUIDELINES

The following is a summary of the Project Plan eligibility requirements. Additional information on projects that can be funded under this PA is included under the heading, **Eligible Projects**. The increased funding for small businesses is described below under the heading, **Funding Limits**.

Eligible Applicants – Existing public and private entities that own their own hexavalent chromium facilities located within the South Coast AQMD are eligible to apply for funding. At the time of response submittal, the owner or operator of a facility must:

- A. Meet federal, State, or local requirements applicable to chrome plating and anodizing operations.
- B. Have authority to make any necessary building modifications.
- C. Show proof of regulatory compliance or valid operating permit.
- D. Submit quotes from at least two independent contractors. The quote from the selected contractor does not have to match the final invoice submitted for reimbursement if additional work is required for the installation, but parts and labor costs for the major components of the technology should match the initial quote.

After contract execution, the owner or operator of a facility must meet the following requirements:

1. Maintain the control technology to manufacturer's specifications during the contract period.
2. May not claim emissions reduction credits from the incentivized technology during the contract period.
3. Comply with local air district requirements during the contract period, such as parameter monitoring and reporting requirements.
4. Ensure permits for the control technology remain up-to-date and all permit requirements are met during the contract period as required by the South Coast AQMD.
5. Maintain compliance with all federal, State, and local rules and regulations.
6. Make replacement technology available for inspection if requested by South Coast AQMD and/or CARB staff during the contract period.

Eligible Projects - The South Coast AQMD is specifically interested in identifying projects that pursue the following strategies:

- **Conversion to the less toxic trivalent chromium plating operations or other non-hexavalent chromium metal finishing alternatives**
 - The equipment needed for trivalent chromium conversion or non-hexavalent chromium metal finishing alternatives may vary by facility. Examples of equipment that may be required for trivalent chromium plating conversion include the following:
 - Trichrome plating tank
 - New plating anodes

DRAFT

- Trichrome rinse tanks (including pre-rinse tank)
 - New rectifier
 - Tank air agitation system with air blower
 - Continuous filtration system
 - Tank heating/cooling system
 - Amp-hour meter/feeders with pumps
 - Ion exchange system
- **Other technologies that provide reductions that are in excess of those otherwise required by federal, State, and local rules and regulations**
 - Please note that South Coast AQMD must consult with CARB staff and receive approval to implement other technologies that are not described in the above listed examples, which have been previously approved and are taken from Chapter 4 of the 2019 CARB Guidelines.

Funding Availability – A funding amount of up to \$5,040,000 is available from South Coast AQMD to implement hexavalent chromium emission reduction projects in excess of regulatory requirements during this solicitation. Funding is available to applicants proposing qualifying projects and will be distributed according to guidelines in the Project Plan for entities defined as small businesses and in accordance with 2019 CARB Guidelines, Chapter 4 for entities that are not small businesses. Funding is limited and may be revised at any time.

Project Funding – A funding amount of up to \$5,040,000 is available from South Coast AQMD to implement the Program. Funding is limited and may be revised at any time. All facilities participating in the Program are required to enter into a contract with South Coast AQMD.

Funding Limits – Rule 1469 allows facilities with low usage to use chemical fume suppressants instead of installing more expensive add-on air pollution control devices. Based on facility information obtained during development of Rule 1469, most of the facilities relying on chemical fume suppressants as the sole source of emissions control are decorative operations that are also considered small businesses and might not be able to come up with the incremental portion of project costs. Therefore, to allow for Program participation, South Coast AQMD is specifying that for small businesses, 100% of the eligible project costs can be reimbursed. Facilities would be required to maintain and operate the equipment for the term of the project, which is three years. During the project term, the facility would be responsible for ongoing operation and maintenance costs, such as electricity use. Project funding limits are a total maximum grant amount of \$300,000 per facility.

Consistent with Table 4-2 of 2019 CARB Guidelines – Chapter 4, except for small businesses, the project funding limits are as follows:

DRAFT

Funding limit	Decorative Operations	Non-Decorative Operations
Maximum total grant amount, including initial performance test	\$300,000	\$300,000
Maximum percentage of eligible cost	90% for trivalent chromium conversion; or 80% for all other projects	90% for all projects
Maximum Percentage of eligible cost for Small Business*	100%	90% for all projects

*Small Business Definition: Facility is independently owned and operated with average annual gross receipts of three million dollars (\$3,000,000) or less, averaged over the previous three years, and 25 or fewer employees.

South Coast AQMD retains the discretion to make full, partial, or no awards. If the Program is undersubscribed, the South Coast AQMD may reallocate funding to implement a backup list of mobile source projects.

Contract Payment - Participating entities would enter into a contract with the South Coast AQMD in order to receive payment for completed tasks. The Program includes two contract payment options: 1) reimbursement after project completion or 2) payment after completion of individual contract milestones (e.g., engineering and design, installation, etc.). Program payment provisions will be established during the contract development process.

Reporting and Monitoring – All projects that receive funding under this Program must comply with the reporting requirements described in Chapter 3, Section H of the 2019 CARB Guidelines during the contract period. The contract period will be based on two phases: Project Completion and Project Life. Project Completion is the period after the contract is executed and until a post-construction inspection is made to document that the equipment is installed and operational. Project Life is the time the applicant is required to operate and maintain the grant-funded equipment. Project Completion will be based on the schedule included in the executed contract and the Project Life is three years.

Eligible Costs - Funds may only pay for items essential to the conversion to trivalent chromium or other non-hexavalent chromium metal finishing alternatives system, including:

- A. Design and engineering (e.g., labor, site preparation)
- B. Control technology and materials
- C. Instrumentation and monitoring units
- D. Required ventilation ductwork and electrical upgrades
- E. Installation
- F. Initial performance tests conducted to confirm post-technology emissions
- G. Shipping and delivery costs

DRAFT

- H. License fees, environmental fees, commissioning fees (safety testing), onsite required safety equipment, and fees incurred during pre-contract execution (i.e., permits, design, engineering, site preparation)

Program Schedule – The implementation schedule for Financial Incentive Program to Reduce Emissions from Hexavalent Chromium Facilities Program Announcement (PA 2022-XX) is shown below in Table 1.

Table 1: Schedule

August 5, 2022	Issue Program Announcement PA 2022-XX
Ongoing	Proposals are reviewed and contracts are issued until funding is exhausted
May 1, 2024	All final invoices and supporting documentation for payment must be received

PROPOSAL SUBMITTAL REQUIREMENTS

Submitted proposals must follow the format outlined below and all requested information must be supplied. Failure to submit proposals in the required format will result in elimination from proposal evaluation. It is the responsibility of the applicant to ensure that all information submitted is accurate and complete.

Proposal Elements – All proposals must contain the following:

Cover Letter – Transmittal of a proposal must be accompanied by a cover letter signed by the facility owner

Proposal Elements A-E – Proposals must include the following completed elements, and all required supporting documentation as requested:

Element A: Proposal Form (Attachment A)

Element B: Project Description/ Statement of Work

Element C: Project Budget

Element D: Project Implementation Schedule

Element E: Business Information Request (BIR) Forms (Attachment B)

The following section summarizes each element that must be completed by the applicant and submitted in accordance with the instructions provided in this PA under “Proposal Submittal Instructions”.

- *Cover Letter* – must be signed by the facility owner. This document should summarize the intent of the proposal as well as the requested funding amount, facility address, project budget and proposed timeline.
- *Element A: Proposal Form* – includes general information from the applicant. This information is to be provided in the designated spaces on the template attached to this PA.

DRAFT

- *Element B: Project Description/Statement of Work* – describes the proposed project including a) project goals and objectives; b) statement of work which should include a detailed description of the proposed project; c) description of the entity implementing the project, d) use of subcontractors, if any; e) duties of key project staff, including Project Manager, e) project deliverables specifying the individual tasks to be completed (e.g., engineering/design, permitting, equipment purchases/installation, source tests, etc.).
- *Element C: Project Budget* – A cost breakdown of the proposed project budget including a) total project cost; b) breakdown of costs by tasks identified above, including labor costs, e) subcontractor costs, if any, f) dollar amount requested from the applicant. Applicants need to inform vendors of the time frame of the award process so that project costs reflect the projected purchase date. Note that any orders placed, or payments made in advance of an executed contract with the South Coast AQMD are done at the risk of the applicant. The South Coast AQMD has no obligation to fund the project until a contract is fully executed by both parties.
- *Element D: Project Implementation Schedule* – Submittal of a schedule that identifies key project milestones, task completion dates, and any anticipated barriers to completion. Please note that all projects must be completed, and final invoices received no later May 1, 2024.
- *Element E: Business Information Request (BIR) Forms* – BIR forms **must** be completed and submitted with the proposal; required forms are attached to this PA. If recommended for an award, you will be required to provide an updated Campaign Contribution Disclosure form at that time.

PROPOSAL SUBMITTAL INSTRUCTIONS

The applicant **shall submit the original proposal plus three (3) complete hard copies and one (1) digital copy of the entire proposal package.** Each hard copy is to be marked “Program Announcement PA 2022-XX.” These hard copies should be placed together in a sealed envelope, plainly marked in the upper left-hand corner with the name, address, email, and phone number of the applicant. Hard copy proposals are **mandatory**, failure to submit a hard copy proposal will result in proposal rejection. **Faxed proposals will not be accepted.** All proposals will be reviewed but early submittals are encouraged recognizing that funding is limited and all projects must be completed and final invoices received no later than May 1, 2024.

The PA document PA 2022-XX can also be accessed via the internet by visiting South Coast AQMD’s website at: <http://www.aqmd.gov/nav/grants-bids>

The hardcopy proposal package must be addressed to:

Mr. Dean D. Hughbanks, Procurement Manager
Re: Program Announcement PA 2022-XX
Financial Incentive to Reduce Emissions from Hexavalent Chromium Facilities
South Coast Air Quality Management District
21865 Copley Drive

DRAFT

Diamond Bar, CA 91765

All proposals must be **signed by the facility owner**. Once submitted, proposals cannot be altered without the prior written consent of South Coast AQMD. South Coast AQMD reserves the right to reject any or all proposals if they do not meet the requirements of the PA including those listed below. All responses become the property of South Coast AQMD, and one copy of the proposal will be retained for South Coast AQMD files.

Proposals may be immediately rejected if:

- It is not for an eligible project as defined in this PA
- It does not meet the definition of an eligible entity
- It is not prepared in the format described
- It is not signed by the facility owner
- It does not include all elements as outlined under “Proposal Elements” required in this PA

PROPOSAL EVALUATION AND APPROVAL PROCESS

Awards will be made through contracts until all funding is exhausted. It is anticipated at least 15 contracts will be awarded from this PA based on availability of funds and the quality of proposals received. The applicant will be required to enter a “Fixed Price” contract with South Coast AQMD for specific tasks. Payments will be based upon task deliverables. If necessary, South Coast AQMD can enter into a contract with the contractor that the facility selects to install the hexavalent chromium reduction project.

ADDITIONAL INFORMATION & ASSISTANCE

This PA can be accessed at the South Coast AQMD website at <http://www.aqmd.gov/nav/grants-bids>. South Coast AQMD staff members are available to answer questions on the PA.

For General, Administrative, or Technical Assistance, please contact:

Michael Laybourn

Program Supervisor

Planning, Rule Development, & Implementation

Phone 909-396-3066

mlaybourn@aqmd.gov

Tiffani To

Air Quality Specialist

Planning, Rule Development, & Implementation

Phone: 909-396- 2738

tto@aqmd.gov

DRAFT

**Proposal to Convert Hexavalent Chromium Plating Lines or
Chromic Acid Anodizing Operations to Non-Hexavalent
Chromium Metal Finishing Alternatives
Proposal Form**

PA 2022-XX
Attachment A

Part I: Applicant information

Facility Name:	
Address:	
Facility ID	
Permit #	
Permit Limits:	
Funding requested:	
County:	
Contact Person:	
Title:	
Phone:	
Fax:	
Email:	

Part II: Certification - Please initial each statement then sign and date the form.

Applicant shall:

_____ disclose any other source(s) of funding that has been applied for and will be used for the same project, including the source of funds, amount and the purpose for funding.

_____ disclose the value of any existing financial incentive that directly reduces the project cost, including tax credits, or deductions, grants or other public financial assistance for the same equipment.

Applicant understands:

_____ an incomplete or illegible proposal including proposals that are missing required information may be rejected by the South Coast AQMD at their discretion.

_____ the South Coast AQMD may release the information the proposal contains to third parties if required by state and federal public records laws.

Signature

Print Name & Title

Date

Attachment – Business Information Request Packet

To be provided

DRAFT

Financial Incentive Program to Reduce Emissions from Hexavalent Chromium Facilities

A Funding Opportunity for

Identifying Contractors that Convert Hexavalent Chromium
Plating Lines or Chromic Acid Anodizing Equipment to Non-
Hexavalent Chromium Metal Finishing Alternatives in the Jurisdiction
of the
South Coast Air Quality Management District

**Program Announcement
PA 2022-YY**

August 5, 2022

PURPOSE

The South Coast Air Quality Management District (South Coast AQMD) has developed a Financial Incentive Program to Reduce Emissions from Hexavalent Chromium Facilities (referred to as the Program). Under the Program, South Coast AQMD has issued a separate Program Announcement (PA) to provide incentive funds to hexavalent chromium facilities (includes chrome plating and chromic acid anodizing facilities) to implement projects that reduce hexavalent chromium emissions beyond regulatory requirements by transitioning to less toxic non-hexavalent chromium plating alternatives. Many of the hexavalent chromium facilities anticipated to participate in the Program are small businesses that do not have the capacity to identify contractors to implement projects; therefore, the South Coast AQMD developed this PA to identify contractors interested in providing hexavalent chromium facilities with engineering design and installation services. Facilities selected to participate in the Program that do not identify contractors will be provided with information on the contractors responding to this PA.

BACKGROUND

Hexavalent chromium is a potent carcinogen and is associated with nasal and lung cancer. South Coast AQMD Rule 1469 - Hexavalent Chromium Emissions from Chromium Electroplating and Chromic Acid Anodizing Operations (Rule 1469) establishes requirements for reducing hexavalent chromium emissions from chrome plating and anodizing facilities. The California Air Resources Board (CARB) has made funding available to local air districts to implement air pollution reduction projects. South Coast AQMD has allocated a portion of the funding for hexavalent chromium facilities to implement projects that reduce hexavalent chromium emissions beyond current regulatory requirements.

South Coast AQMD prepared a Project Plan entitled, “[Emissions Reduction from Hexavalent Chromium Facilities](#)” that describes project eligibility and participant requirements for entities seeking Program funding. The Project Plan generally follows Chapter 4 of the CARB Community Air Protection 2019 Guidelines (2019 CARB Guidelines) except for payment of a higher percentage of project costs for small businesses. The Project Plan, which was released in May 2021 and approved by CARB in June 2021, allowed funding for either installing add-on pollution controls to hexavalent chromium tanks or converting to trivalent chromium or other less toxic alternatives to hexavalent chromium. Since the release of that Project Plan, CARB proposed a phase-out of hexavalent chromium; therefore, the South Coast AQMD is no longer proposing to fund the installation of add-on controls but will seek to fund projects that convert to less toxic alternatives to hexavalent chromium. Considering the CARB approved Project Plan included both options, the Project Plan was not amended; however, this PA is specific to funding projects that convert to the less toxic trivalent chromium plating operations or other non-hexavalent chromium metal finishing alternatives.

The South Coast AQMD has identified up to \$5,040,000 in incentive funds and is seeking to identify contractors to assist hexavalent chromium facility owners or operators to implement

DRAFT

PA 2022-YY

hexavalent chromium emission reduction projects above and beyond current requirements of Rule 1469. Participating in the South Coast AQMD Program offers contractors the opportunity to provide a valuable service to owners of eligible facilities to implement important projects that will reduce air pollution. Participating contractors would enter into a contract with the South Coast AQMD in order to receive payment for completed tasks.

PROGRAM ELIGIBILITY GUIDELINES

The following is a summary of the Project Plan eligibility requirements. Additional information on projects that can be funded under this PA is included under the heading, **Eligible Projects**. The increased funding for small businesses is described below under the heading, **Funding Limits**.

Contractor Experience – As mentioned, the Program is specific to funding projects that involve conversion to a trivalent chromium or less toxic alternative to hexavalent chromium. The equipment needed for trivalent chromium conversion may vary by facility; however, examples of equipment that may be required for trivalent chromium plating conversion include the following:

- Trichrome plating tank
- New plating anodes
- Trichrome rinse tanks (including pre-rinse tank)
- New rectifier
- Tank air agitation system with air blower
- Continuous filtration system
- Tank heating/cooling system
- Amp-hour meter/feeders with pumps
- Ion exchange system

Contractors replying to this PA must have a demonstrated experience in installing these types of equipment and processes.

Project Funding – A funding amount of up to \$5,040,000 is available from South Coast AQMD to implement the Program. Funding is limited and may be revised at any time. All contractors participating in the Program are required to enter into a contract with South Coast AQMD.

Funding Limits – Rule 1469 allows facilities with low usage to use chemical fume suppressants instead of installing more expensive add-on air pollution control devices. Based on facility information obtained during development of Rule 1469, most of the facilities relying on chemical fume suppressants as the sole source of emissions control are decorative operations that are also considered small businesses and might not be able to come up with the incremental portion of project costs. Therefore, to allow for Program participation, South Coast AQMD is specifying that for small businesses, 100% of the eligible project costs can be reimbursed. Facilities would be required to maintain and operate the equipment for the term of the project, which is three years. During the project term, the facility would be responsible for ongoing operation and maintenance costs, such as electricity use. Project funding limits are a total maximum grant amount of \$300,000 per facility.

DRAFT

PA 2022-YY

Consistent with Table 4-2 of 2019 CARB Guidelines – Chapter 4, except for small businesses, the project funding limits are as follows:

Funding limit	Decorative Operations	Non-Decorative Operations
Maximum total grant amount, including initial performance test	\$300,000	\$300,000
Maximum percentage of eligible cost	90% for trivalent chromium conversion; or 80% for all other projects	90% for all projects
Maximum Percentage of eligible cost for Small Business*	100%	90% for all projects

*Small Business Definition: Facility is independently owned and operated with average annual gross receipts of three million dollars (\$3,000,000) or less, averaged over the previous three years, and 25 or fewer employees.

South Coast AQMD retains the discretion to make full, partial, or no awards. If the Program is undersubscribed, the South Coast AQMD may reallocate funding to implement a backup list of mobile source projects.

Contract Payment - The Program includes two contract payment options: 1) reimbursement after project completion or 2) payment after completion of individual contract milestones (e.g., engineering and design, installation, etc.). Program payment provisions will be established during the contract development process.

Eligible Costs - Funds may only pay for items essential to the conversion to trivalent chromium or other non-hexavalent chromium metal finishing alternatives system, including:

- A. Design and engineering (e.g., labor, site preparation)
- B. Control technology and materials
- C. Instrumentation and monitoring units
- D. Required ventilation ductwork and electrical upgrades
- E. Installation
- F. Initial performance tests conducted to confirm post-technology emissions
- G. Shipping and delivery costs
- H. License fees, environmental fees, commissioning fees (safety testing), onsite required safety equipment, and fees incurred during pre-contract execution (i.e., permits, design, engineering, site preparation)

Program Schedule – The implementation schedule for the Financial Incentive Program to Reduce Emissions from Hexavalent Chromium Facilities Program Announcement (PA 2022-YY) is shown below in Table 1.

Table 1: Schedule

August 5, 2022	Issue PA 2022-YY
Ongoing	Proposals are reviewed and contracts are issued until funding is exhausted
May 1, 2024	All final invoices and supporting documentation for payment must be received

PROPOSAL SUBMITTAL REQUIREMENTS

Submitted proposals must follow the format outlined below and all requested information must be supplied. Failure to submit proposals in the required format will result in elimination from proposal evaluation. It is the responsibility of the contractor to ensure that all information submitted is accurate and complete.

Proposal Elements – All proposals must contain the following:

Cover Letter – Transmittal of a proposal must be accompanied by a cover letter signed by the owner of the contracting company

Proposal Elements A-E – Proposals must include the following completed elements, and all required supporting documentation as requested:

- Element A: Proposal Form (Attachment A)
- Element B: Project Description/ Statement of Work
- Element C: Project Budget
- Element D: Project Implementation Schedule
- Element E: Business Information Request (BIR) Forms (Attachment B)

The following section summarizes each element that must be completed by the contractor and submitted in accordance with the instructions provided in this PA under “Proposal Submittal Instructions”.

- *Cover Letter* – must be signed by the owner of the contracting company. This document should summarize the intent of the proposal and include contact information including but not limited to company website URL, telephone and e-mail address of the contact person(s) for technical and contractual matters, and any other relevant contact information.
- *Element A: Proposal Form* – includes general information from the contractor. This information is to be provided in the designated spaces on the template attached to this PA.
- *Element B: Project Description/Statement of Work* – describes the proposed project including a) project goals and objectives; b) statement of work which should include a detailed description of the services that can be provided; c) work experiences, including experience in converting hexavalent chromium operations to trivalent chromium or other non-hexavalent chromium metal finishing alternatives, d) use of subcontractors, if any; e) duties of key project staff, including Project Manager, f) project deliverables specifying

DRAFT

PA 2022-YY

the individual tasks to be completed (e.g., engineering/design, permitting, equipment purchases/installation, source tests, etc.), and g) licenses, including the contractor licenses or certificates necessary to conduct above described tasks.

- *Element C: Project Budget* – A breakdown of costs by tasks identified above, including a) labor costs, b) subcontractor costs, if any, and c) anticipated equipment costs. Contractors need to inform vendors of the time frame of the award process so that project costs reflect the projected purchase date. Note that any orders placed, or payments made in advance of an executed contract with the South Coast AQMD are done at the risk of the contractor. The South Coast AQMD has no obligation to provide funding until a contract is fully executed by both parties.
- *Element D: Project Implementation Schedule* – Submittal of a schedule that identifies key project milestones, task completion dates, and any anticipated barriers to completion. Please note that all projects must be completed, and final invoices received no later May 1, 2024.
- *Element E: Business Information Request (BIR) Forms* – BIR forms **must** be completed and submitted with the proposal; required forms are attached to this PA. If recommended for an award, you will be required to provide an updated Campaign Contribution Disclosure form at that time.

PROPOSAL SUBMITTAL INSTRUCTIONS

The contractor **shall submit the original proposal plus three (3) complete hard copies and one (1) digital copy of the entire proposal package.** Each hard copy is to be marked “Program Announcement PA 2022-YY.” These hard copies should be placed together in a sealed envelope, plainly marked in the upper left-hand corner with the name, address, email, and phone number of the applicant. Hard copy proposals are **mandatory**, failure to submit a hard copy proposal will result in proposal rejection. **Faxed proposals will not be accepted.** All proposals will be reviewed but early submittals are encouraged recognizing that funding is limited and all projects must be completed and final invoices received no later than May 1, 2024.

The PA 2022-YY document can also be accessed via the internet by visiting South Coast AQMD’s website at: <http://www.aqmd.gov/nav/grants-bids>

The hardcopy proposal package must be addressed to:

Mr. Dean D. Hughbanks, Procurement Manager

Re: Program Announcement PA 2022-YY

Financial Incentive Program to Reduce Emissions from Hexavalent Chromium Facilities

South Coast Air Quality Management District

21865 Copley Drive

Diamond Bar, CA 91765

DRAFT

PA 2022-YY

All proposals must be **signed by the owner of the contacting business**. Please note that faxed proposals will not be accepted. Once submitted, proposals cannot be altered without the prior written consent of South Coast AQMD. South Coast AQMD reserves the right to reject any or all proposals if they do not meet the requirements of the PA including those listed below. All responses become the property of South Coast AQMD, and one copy of the proposal will be retained for South Coast AQMD files.

Proposals may be immediately rejected if:

- It is not prepared in the format described
- It is not signed by the owner of the contracting business
- It does not include all elements as outlined under “Proposal Elements” required in this PA

PROPOSAL EVALUATION AND APPROVAL PROCESS

Awards will be made through contracts until all funding is exhausted. Contractors will be required to enter a “Fixed Price” contract with South Coast AQMD for specific tasks. Payments will be based upon task deliverables.

ADDITIONAL INFORMATION & ASSISTANCE

This PA can be accessed at the South Coast AQMD website at <http://www.aqmd.gov/nav/grants-bids>. South Coast AQMD staff members are available to answer questions on the PA.

For General, Administrative, or Technical Assistance, please contact:

Michael Laybourn

Program Supervisor

Planning, Rule Development, & Implementation

Phone 909-396-3066

mlaybourn@aqmd.gov

Tiffani To

Air Quality Specialist

Planning, Rule Development, & Implementation

Phone: 909-396- 2738

tto@aqmd.gov

**Proposal to Provide Contracting Services
to Facilities that Convert Hexavalent Chromium
Plating Lines or Chromic Acid Anodizing Operations to
Non-Hexavalent Chromium Metal Finishing Alternatives**

Proposal Form

PA 2022-YY

Attachment A

Part I: Applicant information

Contractor Name:	
Address:	
County:	
Contact Person:	
Title:	
Phone:	
Fax:	
Email:	

Part II: Certification - Please initial each statement then sign and date the form.

Contractor shall:

_____ disclose any other source(s) of funding that has been applied for and will be used for the same project, including the source of funds, amount and the purpose for funding.

_____ disclose the value of any existing financial incentive that directly reduces the project cost, including tax credits, or deductions, grants or other public financial assistance for the same equipment.

Applicant understands:

_____ an incomplete or illegible proposal including proposals that are missing required information may be rejected by the South Coast AQMD at their discretion.

_____ the South Coast AQMD may release the information the proposal contains to third parties if required by state and federal public records laws.

Signature

Print Name & Title

Date

DRAFT

PA 2022-YY

Attachment – Business Information Request Packet
To be provided



PROPOSED UPDATES TO BACT GUIDELINES

Stationary Source Committee
June 17, 2022

Background

- Best Available Control Technology (BACT) guidelines are periodically modified to reflect changes in technology
- Staff is proposing the following changes to the BACT Guidelines:
 - New listings/clarifications and updates to existing listings
 - Add a limited BACT exemption for PM10 and SOx emissions to be consistent with amendments to Rule 1304
 - Other administrative changes

BACT is the most stringent emission limitation or control technique for a class and category of equipment that is:

Achieved In Practice, or

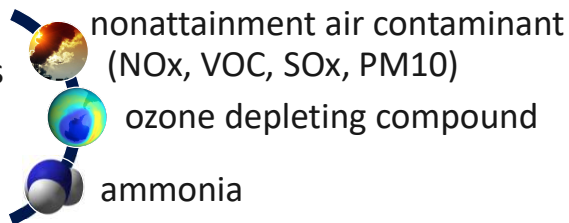
Contained In a State Implementation Plan (SIP), or

Technologically Feasible and Cost-effective

When is BACT Required?

- BACT is a major element of Regulation XIII - New Source Review (NSR)
- During permitting, an NSR analysis is performed for all
 - New sources
 - Relocated sources
 - Modifications to an existing source
- BACT is required if NSR analysis shows that:

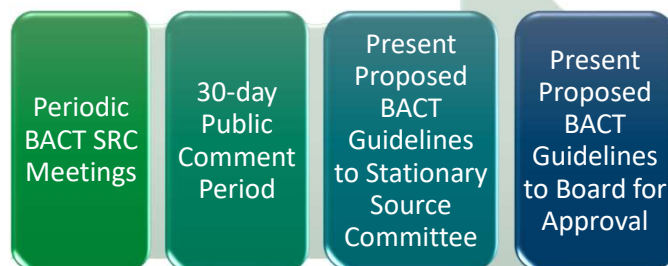
There is an emissions increase ≥ 1.0 lb/day



3

Process to Update BACT Guidelines

- Modifications to BACT Guidelines go through a public process which includes:
 - Review of the Most Stringent Emission Limitation or Control Technique
 - Cost-effective Evaluation for Non-major Sources
- Staff works with a Scientific Review Committee (SRC) which includes industry, other agencies, trade organizations, academia, and consultants



4

Summary of Proposed Updates to LAER/BACT Determinations

Equipment Category	Current LAER/BACT Limit	Proposed LAER/BACT Limit
Part B, Major Polluting Facilities		
Boiler, Fire-Tube, Natural Gas Fired <20 MMBTU/HR	NOx: 12 ppmv @ 3% O ₂ dry	NOx: 7 ppmv @ 3% O ₂ dry
Rotary Dryer, Aggregate Facility	NOx: 33 ppmv @ 3% O ₂ dry	NOx: 33 ppmv @ 3% O ₂ dry
Roller Coater – Paper and Film, with RTO for VOC Control	RTO overall control eff.: 95%	RTO overall control eff.: 97%
I.C. Engine – Stationary, Non-Emergency with SCR, NG Fired	Not established	Ammonia Slip: 10 ppm @ 15% O ₂
Fumigation – Methyl Bromide Fumigation Chamber ≥ 100,000 lbs CH ₃ Br/year	Not established	Carbon Adsorption and Chemical Scrubber overall control eff.: 86%
I.C. Engine – Compression Ignition ≥1,000 BHP, Stationary Emergency	U.S. EPA's Tier 2 emissions standards	U.S. EPA's Tier 4 Final emissions standards
Part D, Non-Major Polluting Facilities		
I.C. Engine – Stationary, Non-Emergency, Electrical with SCR, NG Fired	Not established	Ammonia Slip: 10 ppm @ 15% O ₂



5

Part B- LAER/BACT Determination for Major Polluting Facilities Proposed New Listing

- **I.C. Engine – Compression Ignition ≥1,000 BHP, Stationary Emergency**
 - Has been achieved in practice at Microsoft Data Center, Quincy, WA
 - Diesel engines rated at 3.0, 1.5 and 1 MW
 - Each engine is equipped with Selective Catalytic Reduction (SCR) and Diesel Particulate Filter (DPF) control technologies to meet emission requirements of EPA- Certified Tier 4 Final engines
 - **The following air districts have established BACT Guidance that requires the emergency engines to meet the U.S. EPA's Tier 4 emissions standards:**

Air Districts	Effective Date
■ Bay Area AQMD	January 1, 2020
■ Sacramento Metropolitan AQMD	June 4, 2021
■ San Joaquin Valley APCD	April 29, 2022



6

Part B- LAER/BACT Determination for Major Polluting Facilities Proposed New Listing (Cont'd)



- **I.C. Engine – Compression Ignition $\geq 1,000$ BHP, Stationary Emergency (cont'd)**
- Compliance options are provided for operators that are concerned about EPA-Certified Tier 4 Final Engines that require an inducement feature

Compliance Options to EPA-Certified Tier 4 Final I.C. Engine:

- Tier 4 Final Compliant I.C. Engine, which does not require inducement feature
- Retrofit EPA-Certified Tier 2 engine with exhaust aftertreatment equipment to meet EPA Tier 4 Final emissions standard



Inducement feature provides the operator a limited window to fix the fault before the engine shuts down if the aftertreatment system is not operating properly

Part B- LAER/BACT Determination for Major Polluting Facilities Proposed New Listing (Cont'd)

- **I.C. Engine – Compression Ignition $\geq 1,000$ BHP, Stationary Emergency (Cont'd)**

Key Written Comments	Responses
<ul style="list-style-type: none"> ▪ Concern over testing requirements for Compliant Tier 4 Final engines 	<ul style="list-style-type: none"> ▪ Testing is not a component of the BACT determination, however testing of the Compliant Tier 4 Final engine is needed to ensure compliance with the emissions limits
<ul style="list-style-type: none"> ▪ Allow a single-load test and the use of a dilution system to reduce the test duration to save fuel and minimize the environmental impacts 	<ul style="list-style-type: none"> ▪ Staff is drafting an engine testing guidance policy to address these concerns, while ensuring compliance with the emission standards ▪ Guidance will consider impacts on permit limits for testing and maintenance hours

Part B- LAER/BACT Determination for Major Polluting Facilities Proposed New Listing (Cont'd)

➤ I.C. Engine – Compression Ignition $\geq 1,000$ BHP, Stationary Emergency (Cont'd)

Key Written Comments	Responses
<ul style="list-style-type: none"> Concern about effectiveness of SCR technology during startup and low load operations; takes 20-30 minutes to reach temperatures for SCR to be effective for NOx reduction 	<ul style="list-style-type: none"> PM emissions are reduced by 87% whenever engine is operated 89% of NOx reductions achieved after the initial startup period of ~ 20 minutes NOx emissions during startup will be consistent with Tier 2 certified engines Faster startup period (<10 min) can be achieved with an integrated exhaust stream electrical load bank heater Based on a survey conducted by BAAQMD, ~ 80% of these engines operate at loads > 10% (when SCR is effective)

■ Comparison of EPA Standards:

Pollutants	Tier 4 Final	Tier 2	% Reduction
NOx., g/bhp-hr	0.5	4.56	89%
PM, g/bhp-hr	0.02	0.15	87%



9

Part D- BACT Determination for Non-Major Polluting Facilities Proposed New Listing

➤ I.C. Engine – Stationary, Non-Emergency, Electrical with SCR, NG Fired

- Cogeneration unit, Lean Burn engine with Selective Catalytic Reduction (SCR) driving an electrical generator, rated at 1,573 BHP
- 10 ppm Ammonia limit (15% O₂)
- Found to be cost effective



10

California Environmental Quality Act (CEQA)

- **Proposed amendments to the BACT Guidelines qualify for a CEQA exemption because they are:**
 - Not expected to require physical modifications that would cause a significant adverse effect on the environment
 - Designed to protect the environment

11

Next Step

Public Hearing Scheduled for August 5, 2022



12

UPDATE ON RULE 2015 – BACKSTOP PROVISIONS NOX RECLAIM TRADING CREDIT (RTC) PRICE THRESHOLD EXCEEDANCE

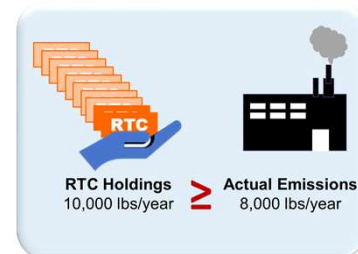
STATIONARY SOURCE COMMITTEE

JUNE 17, 2022



Background

- RECLAIM is a market incentives program for facilities with NO_x or SO_x emissions \geq 4 tons per year
- At the end of the annual compliance cycle, each facility must hold RECLAIM Trading Credits (RTCs) that are the same or more than actual emissions
- RTCs are only valid for a single compliance year and the price is recorded
- On December 4, 2015 RECLAIM was amended to reduce NO_x RTCs by 12 tons per day over a six year period (2015 NO_x Shave)
- NO_x RTC prices have been increasing due to the 2015 NO_x Shave



RECLAIM NOx RTC Price Thresholds

- There are two rules in RECLAIM that establish price thresholds
 - Rule 2002 - Allocations for NOx and SOx
 - Rule 2015 - Backstop Provisions
- If NOx RTCs exceed price thresholds, Rules 2002 and 2015 require reporting of the exceedance and potential actions
- At the January 21, 2022 Stationary Source Committee meeting, staff reported that NOx RTC prices exceeded Rule 2002 thresholds
 - Staff conducted an assessment to determine impacts from pricing increases
 - On June 3, 2022 Board approved staff recommendation not to convert Non-tradable/Non-usable NOx RTCs to Tradable/Usable NOx RTCs

**Rule 2002
NOx Price Thresholds**

- 12-month rolling average threshold of \$22,500 per ton
- 3-month rolling average threshold of \$35,000 per ton

**Rule 2015
NOx Price Threshold**

- Annual average threshold of \$15,000 per ton

NOx RTC Exceedence Compared to Rule 2015 Price Threshold

- March 4, 2022, Annual RECLAIM Audit Report shows that the Rule 2015 annual average \$15,000 NOx RTC price threshold* was exceeded

Compliance Year NOx RTCs	Annual Average Price (\$/ton)
2021	18,846
2022	33,085
2023	37,808

- Following a price threshold exceedance, Rule 2015(b)(6) requires:
 - Evaluation and review of the compliance and enforcement aspects of the RECLAIM program, including the deterrent effect of Rule 2004(d)(1) through (d)(4)
 - Submittal of results of evaluation to CARB and U.S. EPA within six months

* Price threshold has not been updated for inflation since rule adoption on October 15, 1993

Rule 2015 RECLAIM Program Assessment

Component	Analysis Approach
Rates of Compliance with Applicable Emission Caps	Assess Annual RECLAIM Audit Report programmatic compliance rate
Rate of Compliance with Monitoring, Recordkeeping and Reporting (MRR) requirements	Assess historical enforcement actions for RECLAIM MRR requirements
Ability of South Coast AQMD to Obtain Appropriate Penalties in Cases of Noncompliance	Assess resolution of enforcement actions to determine if penalties obtained are sufficient to deter noncompliance
Assessment of Whether the Program Provides Appropriate Incentives to Comply	Assess if the RECLAIM program includes adequate incentives to comply including the deterrent effect of Rule 2004 paragraphs (d)(1) through (d)(4)

5

Rule 2004(d)

Prohibition of Emissions in Excess of Annual Allocation

Rule 2015 requires a review of the following Rule 2004(d) provisions:

- (1) Quarterly compliance determinations
- (2) Violations for each day over allocation
- (3) Additional violations for larger emission exceedances
Increments of 500 or 1,000 pounds NO_x or SO_x
- (4) Must follow procedures in Regulation XX - RECLAIM and the Facility Permit

6

Draft Findings and Recommendation

- Continue the RECLAIM program with no changes to Rule 2004 (d)(1) thru (d)(4)
 - High level (consistently over 90%) programmatic compliance with emission limits
 - Consistent resolution of non-compliant events without court intervention
 - RTC price increase driven primarily from Calendar Year 2015 NOx emission shave
- Recommendation is consistent with June 3, 2022 Board action to not release Non-tradeable RTCs in response to the Rule 2002 RTC NOx price threshold exceedance
- Upon approval, the August 5, 2022, report with final recommendation to the Board will serve as the report due to CARB and U.S. EPA
- Report to be submitted to U.S. EPA by September 2022 (within 6 months of the March 2022 determination)

Proposed Amended Rule 218.2
Continuous Emission Monitoring System: General Provisions

Proposed Amended Rule 218.3
Continuous Emission Monitoring System: Performance Specifications

Stationary Source Committee

June 17, 2022



Background

- Continuous Emission Monitoring System (CEMS) rules provide specifications for CEMS installation and operation
- Rules 218.2 and 218.3 adopted on March 5, 2021:
 - Applies to former RECLAIM CEMS and Non-RECLAIM CEMS*
 - Aligns CEMS requirements for RECLAIM facilities as they transition to a command-and-control regulatory structure
- Staff has been monitoring Rules 218.2 and 218.3 implementation
 - Issues identified that require amendments

* RECLAIM CEMS are currently subject to Rules 2011 and 2012; Non-RECLAIM CEMS were previously subject to Rules 218 and 218.1



Proposed Rule Amendments

Key Revisions

- Includes new mass emission calculation and missing data procedure
- Includes new data validation for dual range analyzer

Other Revisions

- Includes specificity on Executive Officer discretion for recertification and exemption
- Provides more time for relative accuracy test audit report submittal
- Clarifies linearity error test procedure

3

Mass Emission Calculation

Rules 218.2 and 218.3 developed for concentration limits for individual units

Several landing rules for the RECLAIM transition include mass emissions-based limits for individual units or facility-wide

- Need data handling procedures for mass emissions
- Need calculation methods consistent with RECLAIM CEMS requirements

Table 5. Mass Emission Calculation Equations

Mass Emission Calculation	Eq. #	Equation*	Where:
Based on stack gas concentration and volumetric flow rate	9	$E = A \times C \times 1.214 \times 10^3$	c = The mass emissions of nitrogen oxides in pounds per hour. a = The stack gas concentration of nitrogen oxides averaged hourly (ppm). c = The stack gas volumetric flow rate averaged hourly (acfh).
Based on stack gas concentration, fuel heat rate, and stack concentration (Oxygen Factor approach)	10	$E = A \times C \times 1.214 \times 10^3$ $C = \frac{120.9(20.9 - b)}{A \times d \times V}$	c = The mass emissions of nitrogen oxides in pounds per hour. a = The stack gas concentration of pollutant averaged hourly (ppm). c = The stack gas flow rate determined by oxygen-based F factor approach averaged hourly (acfh). b = The stack gas concentration of oxygen measured (%). F = The oxygen-based dry F factor for the type of fuel used (CFR 60.4). d = The fuel flow rate for the type of fuel measured. V = The higher heating value of the fuel**.
Based on stack gas concentration, fuel heat rate, and carbon dioxide concentration (Carbon Dioxide F factor approach)	11	$E = A \times C \times 1.214 \times 10^3$ $C = \frac{F \times d \times V \times 1000}{A \times V}$	c = The mass emissions of nitrogen oxides in pounds per hour. a = The stack gas concentration of pollutant averaged hourly (ppm). c = The stack gas flow rate determined by carbon dioxide-based F factor approach averaged hourly (acfh). F = The carbon dioxide-based dry F factor for the type of fuel used (CFR 60.4). d = The fuel flow rate for the type of fuel measured. V = The higher heating value of the fuel**. L = The stack gas concentration of carbon dioxide measured (%).

*NOC conversion factor 1.214×10^3 is based on standard temperature of 60°F.
** Default value in Table 6, if applicable, or as measured as a method approved by the Executive Officer.

4

Missing Data Procedure

- Missing data procedures needed to fill data gaps for the mass emission calculation
- Proposing simplified procedure similar to Rule 1109.1 requirements

Missing data period \leq 8 hours

Missing data period $>$ 8 hours

Calculate missing data using the mass emissions immediately before and immediately after the missing data period

Calculate missing data using maximum hourly mass emissions from the previous 30 days

5

Startup and Shutdown Mass Emissions

- Permit or rule may specify mass emission limits with minute increments for startup or shutdown periods (e.g., 111 lbs for a cold startup of 166 minutes)
- Proposing new provisions for:
 - Determining startup and shutdown mass emissions
 - Data substitution procedure for missing minute data

Mass Calculation Method

Data Substitution

Calculate mass emission at the minute level

Substitute data invalid data with other startup or shutdown period depending on percent missing data

6

Dual Range Analyzer

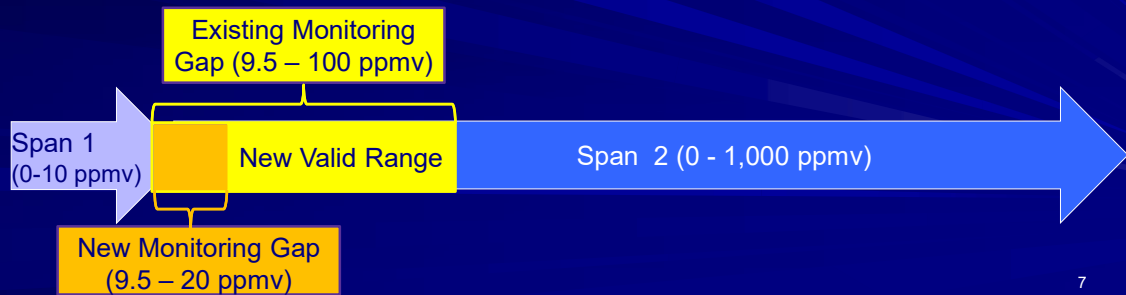
Existing Requirement

- Results in data gap that potentially overestimates emissions



Proposed Amendment

- Includes data validation procedure to minimize the data gap



7

Impacts and Key Issues

No additional cost expected from the proposed amendment

- CEMS rules provide administrative and technical guidelines
- Proposed amendment provides clarification, alternative options, and additional guidance

No anticipated socioeconomic impacts

Staff is not aware of any key remaining issues

8

Next Steps

Set Hearing:
August 5, 2022

Public Hearing:
September 2, 2022

Proposed Amended Rule 429 – Startup and Shutdown Provisions for Oxides of Nitrogen



STATIONARY SOURCE COMMITTEE
JUNE 17, 2022

Background

- Rule 429 currently provides an exemption from NO_x emission limits during scheduled startups and shutdowns for:

Rule 429		
Rule 1134 Stationary Gas Turbines	Rule 1146 Boilers and Process Heaters ≥ 5 MMBtu/hr	Rule 1159 Nitric Acid Production Units

- During startup and shutdown, units cannot consistently meet concentration limits in landing rules
 - Equipment is not at steady-state conditions
 - Temperature is not optimal for pollution control equipment such as SCR

Need for PAR 429

- Proposed Amended Rule 429 (PAR 429) expands its applicability

PAR 429				
Rule 1134 Stationary Gas Turbines	Rule 1146 Boilers and Process Heaters \geq 5 MMBtu/hr	Rule 1147 Miscellaneous Sources	Rule 1147.1 Aggregate Dryers	Rule 1147.2 Metal Melting and Heating Furnaces

- PAR 429 is designed to exempt facilities from the NO_x and CO concentration limits during startup and shutdown
- Although some units may have permit requirements for startup and shutdown, U.S. EPA commented that startup and shutdown provisions must be addressed in a rule

3

Startup and Shutdown Duration Limits

- Duration limits apply when a unit exceeds NO_x or CO concentration limits in applicable landing rule
 - Some furnaces heat up slowly to avoid equipment stress
- Startup is further limited and shall not last longer than the time to reach:
 - Stable conditions; and
 - Minimum operating temperature of NO_x post-combustion control equipment

Unit Type	Time Allowed When Emissions Exceed Concentration Limits
Boilers and Process Heaters > 40 MMBtu/hour Rated Heat Input	8 hours
Boilers and Process Heaters \leq 40 MMBtu/hour Rated Heat Input	6 hours
Simple Cycle Gas Turbines	15 minutes
Cogeneration, Combined Cycle, Compressor and Recuperative Gas Turbines	2 hours
Furnaces	24 hours
Aggregate Dryers	60 minutes
Tunnel Kilns	2 hours

4

Other Proposed Provisions

Limit to the Number of Scheduled Startups

- Maximum of 35 annual scheduled startups for furnaces
- Furnaces are idled when demand is low
- Maximum of 10 annual scheduled startups for all other unit types

Best Management Practices

- Take all reasonable and prudent steps to minimize emissions during startup and shutdown
- Includes adjusting temperatures of post-combustion controls

Requirements for Units with NOx Post-Combustion Control Equipment

- Install temperature measuring device
- Operate NOx post-combustion control equipment if the temperature of the exhaust gas has reached the minimum operating temperature

Notification and Recordkeeping

5

Impacts and Key Issues

Costs

- The provisions in PAR 429 are not expected to impose any additional costs

Environmental Impacts

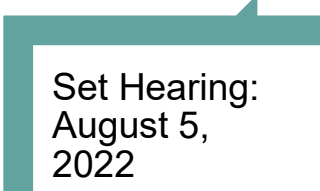
- PAR 429 seeks to further minimize emissions during startup and shutdown events without involving physical modifications that would cause a significant adverse effect on the environment
- A Notice of Exemption from CEQA will be prepared

Key Issues

- Staff is not aware of any remaining key issues

6

Next Steps



Set Hearing:
August 5,
2022



Public Hearing:
September 2,
2022



ULTRAVIOLET, ELECTRON BEAM, OR LIGHT-EMITTING DIODE (UV/EB/LED) UPDATE

STATIONARY SOURCE COMMITTEE

June 17, 2022

UV/EB/LED TECHNOLOGY OVERVIEW

- UV/EB/LED curing uses UV energy, visible light, or low energy electrons to cure materials such as coatings or inks
- Industry comments:
 - Materials may be formulated without VOCs or toxic materials
 - No NO_x emissions from combustion since conventional furnace or oven is not required
 - Fast curing time can result increased material throughput

UV/EB/LED TECHNOLOGY – STAFF CONCERNS

- Some UV/EB/LED formulated with same solvents as conventional materials
 - Past VOC study found VOCs ranged between less than 10 g/L up to 200 g/L
 - UV/EB/LED component recently added to non-compliant solvent-based system requiring pollution controls to comply with VOC limits
- No NOx emissions from many conventional coating and ink systems because they do not require ovens
 - High VOC coating operations should not be exempt just because they do not generate NOx emissions
- Increased throughput could increase overall actual VOC emissions

3

UV/EB/LED UPDATE

Trade association recently raised these three issues and requests

Approval of test method for thin film UV/EB/LED materials to determine compliance with VOC rules

Reduce recordkeeping requirements for UV/EB/LED materials

Rule 219 UV/EB/LED exemption from modifying permit for existing coating operations that add a UV/EB/LED component

Rule 219

- Identifies equipment, processes, or operations that do not require a permit due to low emissions

4

TEST METHOD AND RECORDKEEPING UPDATE

Clarification on VOC test method for thin film UV/EB/LED materials

- South Coast AQMD sent letter to U.S. EPA on April 19, 2022 requesting guidance on an acceptable test method to determine VOC compliance for thin film UV/EB/LED materials
- Staff followed up but to date, have not received a response

Clarification on recordkeeping requirements for UV/EB/LED materials

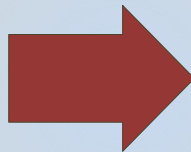
- Stakeholders stated recordkeeping is overly burdensome and should be reduced to incentivize use of UV/EB/LED technologies
- Staff simplified and streamlined recordkeeping form to address similar comment
- US. EPA recently requested enhanced recordkeeping during current Rule 219 amendments to ensure exemptions are enforceable
- U.S. EPA letter also requested guidance if recordkeeping requirements should be maintained

5

UV/EB/LED REQUEST FOR ADDITIONAL RULE 219 EXEMPTION

Trade association provided comments regarding need to modify permit when adding UV/EB/LED to existing process

- Stated the permit process was a regulatory hurdle to the adoption of low-emitting technologies
- Requested a Rule 219 permit exemption



During January 2022 Board Meeting, Governing Board directed staff to:

- Evaluate potential UV/EB/LED amendments to Rule 219
- Provide a status report to Stationary Source Committee by June 2022

6

UPDATE ON EXISTING RULE 219 PROVISIONS



- Rule 219 currently provides exemptions for UV/EB/LED operations
 - Subdivision (h) – Printing and Reproduction Equipment
 - Subdivision (l) – Coating and Adhesive Process/Equipment
- Provisions include throughput or VOC emission thresholds to limit potential VOC emissions
- Recordkeeping required to demonstrate equipment is operated below thresholds
- Equipment is not exempt if health risk from toxics is greater than allowed under Rule 1401

7

STAFF INITIAL RECOMMENDATIONS FOR UV/EB/LED OPERATIONS

Amend Rule 219 to exempt permit modification requirement if a facility adds a UV/EB/LED or other component to an existing printing or coating processes provided:

Emissions do not increase above permitted limits

Throughput does not increase above permitted limits

Materials do not contain toxic air contaminants

No modification to permitted equipment or air pollution control system **other than addition of UV/EB/LED curing equipment**

8

RULE DEVELOPMENT PROCESS

Staff initiated rule amendment first quarter of 2022

Held two Working Group Meetings

- Included rule concepts and language regarding additional UV/EB/LED provisions
- Stakeholders appreciated the proposed UV/EB/LED rule concepts but seeking clarification on the meaning of equipment modification
 - Permit equipment descriptions must accurately reflect the operation to ensure facility remains in compliance

9

NEXT STEPS

Continue to work with stakeholders on PAR 219

Continue to follow up with U.S. EPA on April 2022 letter

Public Hearing:
First Quarter 2023

10

AB 2588 Toxic Hot Spots 2021 Annual Report

Stationary Source Committee June 17, 2022



GOALS AND OBJECTIVES OF AB 2588 PROGRAM

Collect
emissions data
for air toxics

Identify facilities
with potential for
localized
impacts

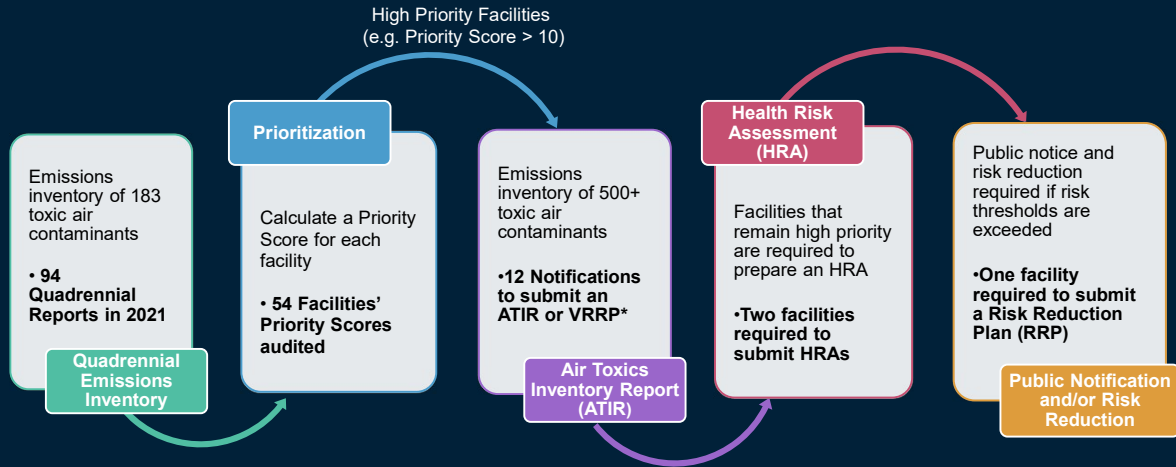
Determine
potential health
risks

Provide public
notification

Reduce
significant risks

AB 2588, the Air Toxics Hot Spots Act (1987), is one piece of South Coast AQMD's overall approach to reduce air toxics

AB 2588 TRADITIONAL PROCESS FOR 'CORE' FACILITIES



*VRRP = Voluntary Risk Reduction Plan

3

PATHWAYS FOR FACILITIES IN RULE 1402



All Report Types Reviewed:

94

6

2

4

OTHER KEY TOXICS-RELATED ACTIVITIES IN 2021

Rulemaking



- Adopted **Rule 1407.1** - hexavalent chromium from chromium alloy melting operations
- Amended **Rule 1426** and **Rule 1469** - hexavalent chromium, nickel, cadmium, and lead from metal finishing facilities

Rulemaking (cont.)



- Amended **Rule 1469.1** - hexavalent chromium emissions from chromate spray coating operations
- Amended **Rule 1466** - soils containing toxic air contaminants
- Amended **Rule 1470** - emergency diesel ICEs used by essential public services in high fire hazard zones

Special Monitoring



- Paramount
- Mobile monitoring in the Greater Los Angeles Area
- West Rancho Dominguez Area
- Various areas in Environmental Justice communities as part of AB 617*

5

**Details on additional AB 617 activities are reported in Community Emission Reduction Plan annual progress reports*

KEY ONGOING 2022 TOXICS-RELATED ACTIVITIES

- Continue traditional process for 'core' facilities
- Coordinate with other agencies:
 - Potential updates to pollutant toxicity values by OEHHA
 - Work with CARB and CAPCOA on updates to CARB's guidelines for AB 2588 and for their Criteria and Toxics Reporting regulation
 - Work with CARB on industry-wide assessments (i.e., gas stations, autobody shops)
 - Coordinate with U.S. EPA on their AirToxScreen tool
 - Work with U.S. EPA on their proposed rulemaking for Ethylene Oxide
- Key facilities: Sterigenics, All American Asphalt, Coastline High Performance Coatings, Bowman Plating, Pac Rancho

6

NEXT STEPS

- Present the report at the August 5, 2022 Public Hearing*
(receive and file)

7

**H&S Code §44363 requires a public hearing*

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

Settlement Penalty Report (05/01/2022 - 05/31/2022)

Total Penalties

Civil Settlement: \$66,200.00
Criminal Referral Settlement: \$10,698.56
MSPAP Settlement: \$4,060.00

Total Cash Settlements: \$80,958.56

Fiscal Year through 05/31/2022 Cash Total: \$4,634,309.01

Fac ID	Company Name	Rule Number	Settled Date	Init	Notice Nbrs	Total Settlement
Civil						
117290	B BRAUN MEDICAL, INC	2004, 2012, 3002(c)(1)	05/04/2022	DH	P68314, P68327	\$17,000.00
165786	CHASE AUTO BODY, INC.	203(b)	05/26/2022	RL	P65589	\$200.00
550	LA CO., INTERNAL SERVICE DEPT	2004, 2012, 2012 Appendix A, 3002(C)(1)	05/26/2022	DH	P57896, P70004, P70007, P70011, P70015	\$49,000.00
Total Civil Settlements: \$66,200.00						
Criminal						
190083	QUAKER 5, LP	1403, 40 CFR 61.145	05/18/2022	GV	P67474, P67475	\$10,698.56
Total Criminal Referral Settlements: \$10,698.56						
MSPAP						
169625	BROSKI'S BODY & PAINT	203(b), 1151	05/10/2022	GC	P65898	\$800.00
136077	CLEAN AIR TESTING, INC	461	05/18/2022	GC	P70359	\$600.00
176674	DEEP KB ENTERPRISE, INC.	461, H&S 41960.2	05/18/2022	GC	P69016	\$300.00
161334	GASCO	461	05/10/2022	GC	P68136	\$500.00
189670	KIDDY TYME	1403, 40 CFR 61,145	05/10/2022	GC	P67440	\$960.00
188795	RAY'S PAVING SOLUTIONS	403(d)(2)	05/10/2022	TCF	P68603, P68604	\$900.00
Total MSPAP Settlements: \$4,060.00						

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

REGULATION II - PERMITS

Rule 203 Permit to Operate

REGULATION IV - PROHIBITIONS

Rule 403 Fugitive Dust

Rule 461 Gasoline Transfer and Dispensing

REGULATION XI - SOURCE SPECIFIC STANDARDS

Rule 1151 Motor Vehicle and Mobile Equipment Non-Assembly Line Coating Operations

REGULATION XIV - TOXICS

Rule 1403 Asbestos Emissions from Demolition/Renovation Activities

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

Rule 2012

REGULATION XXX - TITLE V PERMITS

Rule 3002 Requirements

CALIFORNIA HEALTH AND SAFETY CODE

41960.2 Gasoline Vapor Recovery

CODE OF FEDERAL REGULATIONS

40 CFR 61.145 Standard for Demolition and Renovation



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 2021 and 2022 NOx and SOx RTCs (April – May 2022)

June 2022 Report to Stationary Source Committee

Table I

Twelve-Month Rolling Average Price Data for Compliance Year 2021 NOx RTCs
(Report to Governing Board if rolling average price greater than \$22,500/ton)

Twelve-Month Rolling Average Price Data for Compliance Year 2021 NOx RTC					
Reporting Month	12-Month Period	Total Volume Traded with Price During Past 12-month (tons)	Total Price of Volume Traded During Past 12-month (\$)	Number of Trades with Price	Rolling Average Price ¹ (\$/ton)
Jan-21	Jan-20 to Dec-20	76.2	\$717,162	15	\$9,418
Feb-21	Feb-20 to Jan-21	77.6	\$736,204	16	\$9,488
Mar-21	Mar-20 to Feb-21	71.7	\$667,889	15	\$9,321
Apr-21	Apr-20 to Mar-21	69.6	\$656,731	13	\$9,439
May-21	May-20 to Apr-21	73.6	\$917,864	12	\$12,470
Jun-21	Jun-20 to May-21	43.3	\$630,190	10	\$14,545
Jul-21	Jul-20 to Jun-21	134.1	\$2,265,703	20	\$16,898
Aug-21	Aug-20 to Jul-21	131.1	\$2,238,560	23	\$17,072
Sep-21	Sep-20 to Aug-21	204.7	\$3,499,147	31	\$17,091
Oct-21	Oct-20 to Sep-21	210.0	\$3,664,844	33	\$17,455
Nov-21	Nov-20 to Oct-21	309.8	\$5,429,848	55	\$17,529
Dec-21	Dec-20 to Nov-21	310.0	\$5,432,348	54	\$17,523
Jan-22	Jan-21 to Dec-21	368.1	\$6,937,025	64	\$18,846
Feb-22	Feb-21 to Jan-22	548.8	\$8,783,951	91	\$16,007
Mar-22	Mar-21 to Feb-22	601.1	\$9,116,953	103	\$15,166
Apr-22	Apr-21 to Mar-22	680.8	\$12,274,023	107	\$18,028
May-22	May-21 to Apr-22	704.4	\$13,127,083	123	\$18,635
Jun-22	Jun-21 to May-22	705.6	\$13,157,558	124	\$18,647

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

Table II

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

Twelve-Month Rolling Average Price Data for Compliance Year 2022 NOx RTC					
Reporting Month	12-Month Period	Total Volume Traded with Price During Past 12-month (tons)	Total Price of Volume Traded During Past 12-month (\$)	Number of Trades with Price	Rolling Average Price ¹ (\$/ton)
Jan-22	Jan-21 to Dec-21	165.4	\$5,473,709	18	\$33,085
Feb-22	Feb-21 to Jan-22	165.4	\$5,473,709	18	\$33,085
Mar-22	Mar-21 to Feb-22	165.4	\$5,473,709	18	\$33,085
Apr-22	Apr-21 to Mar-22	193.6	\$6,611,522	22	\$34,146
May-22	May-21 to Apr-22	194.6	\$6,656,124	24	\$34,198
Jun-22	Jun-21 to May-22	176.4	\$6,227,716	22	\$35,311

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

Table III

Three-Month Rolling Average Price Data for Compliance Year 2021 NOx RTCs
(Report to Governing Board if rolling average price greater than \$35,000/ton)

Three-Month Rolling Average Price Data for Compliance Year 2021 NOx RTC					
Reporting Month	3-Month Period	Total Volume Traded with Price During Past 3-month (tons)	Total Price of Volume Traded During Past 3-month (\$)	Number of Trades with Price	Rolling Average Price (\$/ton)
Jan-21	Oct-20 to Dec-20	1.3	\$16,750	3	\$13,400
Feb-21	Nov-20 to Jan-21	2.9	\$38,049	5	\$13,218
Mar-21	Dec-20 to Feb-21	2.1	\$26,049	3	\$12,238
Apr-21	Jan-21 to Mar-21	1.6	\$21,299	2	\$13,079
May-21	Feb-21 to Apr-21	32.4	\$482,253	3	\$14,900
Jun-21	Mar-21 to May-21	32.4	\$482,253	3	\$14,900
Jul-21	Apr-21 to Jun-21	123.1	\$2,117,767	13	\$17,201
Aug-21	May-21 to Jul-21	95.9	\$1,718,259	15	\$17,921
Sep-21	Jun-21 to Aug-21	169.5	\$2,978,846	23	\$17,575
Oct-21	Jul-21 to Sep-21	84.0	\$1,509,029	15	\$17,974
Nov-21	Aug-21 to Oct-21	178.6	\$3,191,288	32	\$17,865
Dec-21	Sep-21 to Nov-21	106.0	\$1,945,201	25	\$18,346
Jan-22	Oct-21 to Dec-21	159.4	\$3,288,931	34	\$20,636
Feb-22	Nov-21 to Jan-22	241.9	\$3,392,151	41	\$14,024
Mar-22	Dec-21 to Feb-22	293.3	\$3,710,654	52	\$12,653

Three-Month Rolling Average Price Data for Compliance Year 2021 NOx RTC					
Reporting Month	3-Month Period	Total Volume Traded with Price During Past 3-month (tons)	Total Price of Volume Traded During Past 3-month (\$)	Number of Trades with Price	Rolling Average Price (\$/ton)
Apr-22	Jan-22 to Mar-22	314.4	\$5,358,297	45	\$17,045
May-22	Feb-22 to Apr-22	188.1	\$4,825,385	35	\$25,659
Jun-22	Mar-22 to May-22	136.8	\$4,522,857	24	\$33,056

Table IV

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

Three-Month Rolling Average Price Data for Compliance Year 2022 NOx RTC					
Reporting Month	3-Month Period	Total Volume Traded with Price During Past 3-month (tons)	Total Price of Volume Traded During Past 3-month (\$)	Number of Trades with Price	Rolling Average Price (\$/ton)
Jan-22	Oct-21 to Dec-21	97.4	\$3,780,324	10	\$38,803
Feb-22	Nov-21 to Jan-22	79.5	\$3,110,524	7	\$39,114
Mar-22	Dec-21 to Feb-22	29.5	\$1,110,524	5	\$37,614
Apr-22	Jan-22 to Mar-22	28.2	\$1,137,813	4	\$40,372
May-22	Feb-22 to Apr-22	29.2	\$1,182,415	6	\$40,506
Jun-22	Mar-22 to May-22	29.2	\$1,182,415	6	\$40,506

Table V

Twelve-Month Rolling Average Price Data for Compliance Year 2021 SOx RTCs
(Report to Governing Board if rolling average price greater than \$50,000/ton)

Twelve-Month Rolling Average Price Data for Compliance Year 2021 SOx RTC ¹					
Reporting Month	12-Month Period	Total Volume Traded with Price During Past 12-month (tons)	Total Price of Volume Traded During Past 12-month (\$)	Number of Trades with Price	Rolling Average Price ² (\$/ton)
Jan-21	Jan-20 to Dec-20	None	-	-	-
Feb-21	Feb-20 to Jan-21	None	-	-	-
Mar-21	Mar-20 to Feb-21	None	-	-	-
Apr-21	Apr-20 to Mar-21	None	-	-	-
May-21	May-20 to Apr-21	None	-	-	-
Jun-21	Jun-20 to May-21	None	-	-	-
Jul-21	Jul-20 to Jun-21	None	-	-	-
Aug-21	Aug-20 to Jul-21	None	-	-	-
Sep-21	Sep-20 to Aug-21	None	-	-	-

Twelve-Month Rolling Average Price Data for Compliance Year 2021 SOx RTC¹					
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 Price² (\$/ton)
Oct-21	Oct-20 to Sep-21	None	-	-	-
Nov-21	Nov-20 to Oct-21	None	-	-	-
Dec-21	Dec-20 to Nov-21	None	-	-	-
Jan-22	Jan-21 to Dec-21	37.5	\$112,500	1	\$3,000
Feb-22	Feb-21 to Jan-22	37.5	\$112,500	1	\$3,000
Mar-22	Mar-21 to Feb-22	53.9	\$209,201	2	\$3,882
Apr-22	Apr-21 to Mar-22	53.9	\$209,201	2	\$3,882
May-22	May-21 to Apr-22	53.9	\$209,201	2	\$3,882
Jun-22	Jun-21 to May-22	53.9	\$209,201	2	\$3,882

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

Table VI

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

Twelve-Month Rolling Average Price Data for Compliance Year 2022 SOx RTC¹					
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 Price² (\$/ton)
Jan-22	Jan-21 to Dec-21	None	-	-	-
Feb-22	Feb-21 to Jan-22	None	-	-	-
Mar-22	Mar-21 to Feb-22	None	-	-	-
Apr-22	Apr-21 to Mar-22	None	-	-	-
May-22	May-21 to Apr-22	None	-	-	-
Jun-22	Jun-21 to May-22	None	-	-	-

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

June 2022 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. No new activities since the last report.