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November 9, 2020

Mr. Michael Morris
South Coast Air Quality Management District
21865 East Copley Drive
Diamond Bar, CA 91765

Dear Mr. Morris:

Subject: Proposed Amendments to New Source Review Applicability Test

The Los Angeles Department of Water and Power (LADWP) appreciates the efforts of the South Coast Air Quality Management District (SCAQMD) to develop a workable and effective New Source Review (NSR) applicability test for determining whether modifications undertaken at existing sources trigger the NSR permitting requirements. As a general matter, LADWP is supportive of SCAQMD's two-tier approach in which the current potential-to-emit (PTE) test in Regulation XIII is combined with the federal NSR applicability test. Under this approach, physical or operational changes at existing sources trigger onerous NSR permitting only if those changes result in the following:

1. Potential emission increase under the PTE-to-PTE now set forth in Regulation XIII, and
2. A projected future actual emission increase as established under the federal NSR applicability test.

SCAQMD's two-tier applicability test makes a lot of sense. It ensures no backsliding under SB 288 because the current PTE-to-PTE applicability test is retained and layered with the federal NSR applicability test that compares historical baseline actual emissions to projected future actual emissions. It also allows SCAQMD to avoid adopting an actual-to-PTE test that would result in the triggering of NSR for many existing source projects that would in fact result in no or very insignificant increases in emissions.

While generally supportive of this approach, LADWP has questions on the methodology that SCAQMD is proposing to use for projecting a source's future actual emissions under the federal NSR applicability test. In particular, slide 40 of SCAQMD's PowerPoint presentation for its August 13, 2020 NSR Working Group meeting identifies "initial concepts for bounding projected actual emissions" under the federal NSR applicability

Mr. Michael Morris
Page 2
November 9, 2020

test. One such concept identified in the presentation is to “make the projected actual emissions a permit limit so that it is **enforceable**”. Although this language is somewhat ambiguous, LADWP is concerned that sources may be required to meet an imposed federally enforceable emission limit that would have the effect of reducing the source’s potential emissions down to its projected future actual emissions levels as described below in the following example:

Example:

An existing stationary source has a potential to emit 100 tons per year of an air pollutant. In determining NSR applicability under the emission increase test (Step 2), the source’s projected future actual emissions for this air pollutant are calculated to be 60 tons per year. In order to use this lower future actual emission levels in making its NSR applicability determination under Step 2, the source would be required to meet the imposed enforceable permit limit that would reduce the source’s potential emissions levels for that air pollutant down from 100 tons per year to 60 tons per year. Imposing such a requirement would have the effect of reducing the source’s production capacity and thereby removing the advantage of layering the federal emission increase test (based on a comparison of historic actual emissions to projected future actual emissions) on top of the current PTE-to-PTE emission increase test.

LADWP is requesting that SCAQMD provide clarification on its proposed methodology for calculating a source’s projected future actual emissions under the Step 2 emission increase test. In particular, we would appreciate your clarification on whether a source would be required to meet an imposed enforceable permit limit that would reduce the source’s potential emissions down to the projected future actual emissions levels under Step 2 of the test. Your response to this question is greatly appreciated.

If you would like additional information, please feel free to contact me at Katherine.Rubin@ladwp.com or (213) 367-0436 or Andrea Villarin at Andrea.Villarin@ladwp.com or (213) 367-0409.

Sincerely,



Katherine Rubin
Manager of Air and Water Compliance and Regulatory Development

AV:lr

c: Ms. Barbara Baird, SCAQMD
Mr. Stephen Fotis, Van Ness Feldman
Ms. Andrea Villarin