

## **DRAFT BOARD LETTER**

BOARD LETTER RELEASE DATE: January 5, 2016 (Feb. 5, 2016 Hearing)

**PROPOSAL:** Affirm Amendment to Regulation XX to Allow Use of Certified Emission Levels for Certain Rule 219 Exempt Equipment and Amend Definition of "Standard Conditions" to Conform to Existing Practice

**SYNOPSIS:** SCAQMD staff is proposing the affirmation of the December 4, 2015 adoption of a specific amendment to the Proposed Amended Regulation XX - Regional Clean Air Incentives Market (RECLAIM). Rule 2012 provisions allowing the use of certified emissions values for Rule 219 equipment emission reporting were presented and adopted as part of the December 4, 2015 Board package, even though the staff report had stated in error that this amendment would not be included. While this amendment was legally adopted, staff believes the public should be given a clear opportunity to comment on this amendment. Therefore, staff proposes that the Board affirm this amendment. (If not affirmed, the Board may choose to repeal this amendment.) In addition, SCAQMD staff is proposing to amend Rules 2011 and 2012 only to clarify a definition for "Standard Gas Conditions." This amended definition was inadvertently not included in the December 4, 2015 Board package although it was included in the October, 2015 Set Hearing package.

**COMMITTEE:** Stationary Source, January 22, 2016, Review

### **RECOMMENDED ACTION:**

Adopt the attached resolution:

1. Affirming amendments to Regulation XX, Rule 2012, to allow use of certified emission levels for certain Rule 219 – exempt equipment, and
2. Amending Definition of "Standard Conditions" in Rule 2011, Attachment E, and Rule 2012, Attachment F, to conform to existing practice, and
3. Determining that the above two proposals are exempt from the California Environmental Quality Act.

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Executive Officer

## **Introduction**

The SCAQMD Board adopted the Regional Clean Air Incentives Market (RECLAIM) program in October 1993. The purpose of the RECLAIM program is to reduce NO<sub>x</sub> and SO<sub>x</sub> emissions through a market-based program.

At the December 4, 2015 public hearing, the SCAQMD Board adopted amendments to Regulation XX – RECLAIM to achieve additional NO<sub>x</sub> reductions. Staff has discovered that although the December 4, 2015 Board package included an amendment allowing use of certified levels of emissions for certain Rule 219 exempt equipment, the Staff Report erroneously stated that this amendment was not being proposed. Therefore, staff proposes that the Board affirm these amendments after the public has an opportunity to comment.

Staff is also proposing amendments of a definition listed in both Rules 2011 and 2012 of “standard conditions” to make it consistent with existing practice. These amendments were inadvertently omitted from the December 4, 2015 Board package although they were included in the October Set Hearing package.

This board letter serves as the Staff Report.

## **Public Process**

These proposals will be discussed at the Stationary Source Committee on January 22, 2016.

## **Proposal**

### **1. Affirmation of the December 4, 2015 adoption of the Rule 2012 provisions pertaining to Rule 219 equipment emission reporting**

Amendments to Rules 2011 (Appendix A, Ch. 3) and 2012 (Appendix A, Ch. 4) to allow an alternative method of emissions reporting for certain equipment exempt from permit under Rule 219 were included in the December 4, 2015 public hearing package for RECLAIM. However, the staff report in response to comments erroneously states that these amendments were not being proposed. Emissions from this equipment are currently estimated using default emission factors. The provisions would allow certain Rule 219 equipment to use certified emissions levels.

### **2. Proposed Amendments to Rules 2011 – Attachment E – Definitions; and 2012 – Attachment F – Definitions**

Rules 2011 and 2012 contain requirements for monitoring, recordkeeping, and reporting of emissions of SO<sub>x</sub> and NO<sub>x</sub> for RECLAIM sources. The proposed amendment is a clarification of the definition of “Standard Gas Conditions,” which was inadvertently omitted from the Board package. Standard Gas Conditions is

defined in Rule 2011, Appendix A, Attachment E and Rule 2012, Appendix A, Attachment F as “a temperature of 68 °F and one atmosphere of pressure.” Rule 102 – Definition of Terms, on the other hand, defines standard conditions as “a gas temperature of 60 °F and a gas pressure of [one atmosphere].” The proposed amendments would resolve this situation by giving each facility operator the option to either apply the 60 °F standard or the 68 °F standard. This proposed rule change would not significantly alter the current practice of applying standard conditions.

### **Emission Reductions and Cost Effectiveness**

The proposed changes to Regulation XX – RECLAIM will not affect emissions and will not require the modification or addition of control equipment. Using the alternative certified emissions value for Rule 219 equipment would involve costs, but a facility would only use that alternative method if it was to its advantage.

### **California Environmental Quality Act (CEQA) Analysis**

SCAQMD staff has reviewed the procedures for Rule 219 equipment emission reporting that were included in the December 4, 2015 Board package as well as the currently proposed revisions to the definition of “Standard Gas Conditions.”

Pursuant to CEQA Guidelines §15002 (k) – General Concepts, and CEQA Guidelines §15061 – Review for Exemption, the SCAQMD staff has determined that it can be seen with certainty that there is no possibility that the proposed project may have any significant effects on the environment, and is therefore exempt pursuant to CEQA Guidelines §15061 - paragraph (b)(3) – “general rule” exemption. This is because allowing the use of certified levels of emissions for reporting on Rule 219 exempt equipment would not change actual emissions, and the clarification of the definition of standard conditions represents existing practice. A Notice of Exemption has been prepared and, if the project is approved, will be filed with the county clerks of Los Angeles, Orange, Riverside and San Bernardino counties.

### **Attachments**

- A. Proposed Amended Rule 2011 Protocol – Attachment E
- B. Proposed Amended Rule 2012 Protocol – Attachment F
- C. Amended Rule 2011, Appendix A, Chapter 3 [Note: The *italicized print* on page 9 of this Attachment is the previously amended provisions recommended to be affirmed]
- D. Amended Rule 2012, Appendix A, Chapter 4 [Note: The *italicized print* on pages 14 to 16 of this Attachment is the previously amended provisions recommended to be affirmed]
- E. Notice of Exemption