

Proposed Amendments to Regulation XX –
NO_x RECLAIM
PUBLIC WORKSHOP

July 22, 2015
SCAQMD
Diamond Bar, CA

Purpose of the Workshop

**Provide information and seek public input on
the proposed amendments**

- Presentation Outline
 - Background
 - Summarize the proposed amendments
 - Summarize key comments received thus far
 - Schedule

Background – RECLAIM

- RECLAIM originally adopted in 1993
- Establishes annual facility-wide emission limits for NO_x and SO_x
- Allows emission trading amongst facilities
- Subject to a yearly reduction of limits
 - Air pollution Controls
 - Process Changes
 - Purchasing of RECLAIM Trading Credits (RTCs)
- Significant NO_x reductions needed for ozone and PM_{2.5} attainment

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Best Available Retrofit Control Technology (BARCT)

- Requirement of state law (H&SC § 40440)
 - SCAQMD shall require BARCT for existing sources
 - Consideration of air quality goals and cost effectiveness
- Equivalency to command-and-control required pursuant to (H&SC 39616)
- 2012 AQMP control measure CMB-01
- Work began on BARCT analysis 3 years ago

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BARCT Methodology

- All feasible measures (H&SC § 40914)
- Review of several information sources
 - EPA
 - SCAQMD and other District Rules
 - Control equipment manufacturers
 - Achieved in practice installations
 - Permitting data

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Equipment Categories Identified with Potential Further NO_x Reductions

- Refinery Gas Turbines
- Metal Heat Treating Furnaces >150 MMBTU/hr
- Sodium Silicate Furnace
- Glass Melting Furnaces
- Non-Refinery Internal Combustion Engines (Non-Power Plant)
- Cement Kilns
- Refinery Fluid Catalytic Cracking Units
- Non-Refinery Gas Turbines (Non-Power Plant)
- Coke Calciner
- Refinery Boilers/Heaters
- Refinery Sulfur Recovery Units/Tail Gas Units

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Proposed Amended Rules

PAR 2002 – Allocations for Oxides of Nitrogen (NO_x) and Oxides of Sulfur (SO_x)

PAR 2002

- RTC reductions after BARCT = 14.85 tons per day
- Includes 10% compliance margin and projected emissions based on economic growth
- 0.85 tons per day added back due to BARCT analysis uncertainties raised by stakeholders
- Total proposed RTC reductions due to BARCT = 14 tons per day

PAR 2002

- 14 ton per day RTC reduction [(f)(1)(B) and (f)(1)(C)]
 - 4 tons per day reduced in 2016
 - Remainder to be reduced equally from 2018 to 2022
 - Not proposing across the board reductions
 - Refineries and Investors would be shaved 67% (Rule 2002 Table 7)
 - Non-Refinery facilities and power plants among the top 90% of RTC holders to be shaved 47% (Rule 2002 Table 8)
 - Facilities not among the top 90% of RTC holders would not be shaved (210 Facilities)

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PAR 2002

- Newer power producing facilities are required to hold RTCs to offset their potential to emit (PTE) even if their actual emissions are well below this level
- Adjustment Account for newer power producing facilities (all required to be at BACT or BARCT)
 - To be used for regional compliance with U.S. EPA New Source Review (NSR) holding requirements
 - To be held by SCAQMD: difference between March 20, 2015 and post-shave holdings
 - Not to be used to offset actual emissions unless state of emergency regarding power supply is declared by the Governor

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PAR 2002

- RTC Reduction Exemption (i) updated to reference (f)(1)(B) and (f)(1)(C), and Table 6 proposed BARCT emission factors
- Provision to prohibit the SCAQMD from considering annual emission report data more than 5 years after the original reporting deadline to determine a facility's allocation

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Proposed Amended Rules

PAR 2005 – New Source Review for
RECLAIM

PAR 2005

- Rule 2005 requires new RECLAIM facilities to hold RTCs at the PTE level for each year of operation
- Actual emission offset requirements for new RECLAIM facilities remain unchanged
- The Adjustment Account for power producing facilities specified in PAR 2002(f)(4) would be used to meet the holding requirements of this rule

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Proposed Amended Rules

PAR 2011 and 2012 – Requirements for
Monitoring, Reporting, and
Recordkeeping for Oxides of Sulfur and
Nitrogen

PAR 2011 and 2012

- Relative Accuracy Testing Audits (RATAs) ensure proper operation of continuous emission monitoring systems (CEMS) and are performed either annually or semi-annually
- Delay of RATA testing requested due to extenuating circumstances, such as unforeseen equipment failure
- Electrical generating facilities have difficulty meeting RATA deadlines due to intermittent operation based on energy demand

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PAR 2011 and 2012

- Under certain specific conditions, allow facilities to postpone RATA testing
- Electrical generating facilities under Cal ISO contracts or municipalities that did not operate long enough to conduct RATA testing could postpone testing under certain specific conditions

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Key Issues – Soliciting Comments

- Industry's RTC reduction proposal
 - BARCT reductions subtracted from total holdings rather than actual emissions
- Adjustment Account
 - Regional account or held by individual facilities
 - Access criteria
- Implementation Schedule for reductions
 - Addressing refinery turnaround schedules
 - Accounting for time for engineering, permitting, procurement, and construction

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Opportunities for Comment

- Workshop today
- Public Consultation Meeting towards end of commenting period
- Contact SCAQMD staff if you have questions

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Schedule

- Stationary Source Committee Meeting
 - July 24, 2015 (request submitted by stakeholders for Special Session)
- Close of comments on draft rule proposal
 - August 21, 2015
- CEQA Draft Environmental Assessment
 - August 2015
- Socioeconomic Report
 - August/September 2015
- Subsequent Working Group/Public Consultation Meetings
 - August/September
- Public Hearing
 - October 2, 2015