

New Source Review Rules

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New Source Review

- New Source Review (NSR) is an important tool to help the District attain and maintain all State and Federal ambient air quality standards
- New Source Review – Criteria Pollutants
 - Nonattainment Review (NAR)
 - Prevention of Significant Deterioration (PSD)
- Pre-construction permitting program for *stationary sources* — both new and modified
- Does not apply to: motor vehicles, trains, planes, consumer products, pesticides and most agricultural operations. Includes some marine vessels.
- 2-step process:
 - 1) Authority to Construct (ATC) permit
 - 2) Permit to Operate (PTO) permit

NSR Rule History

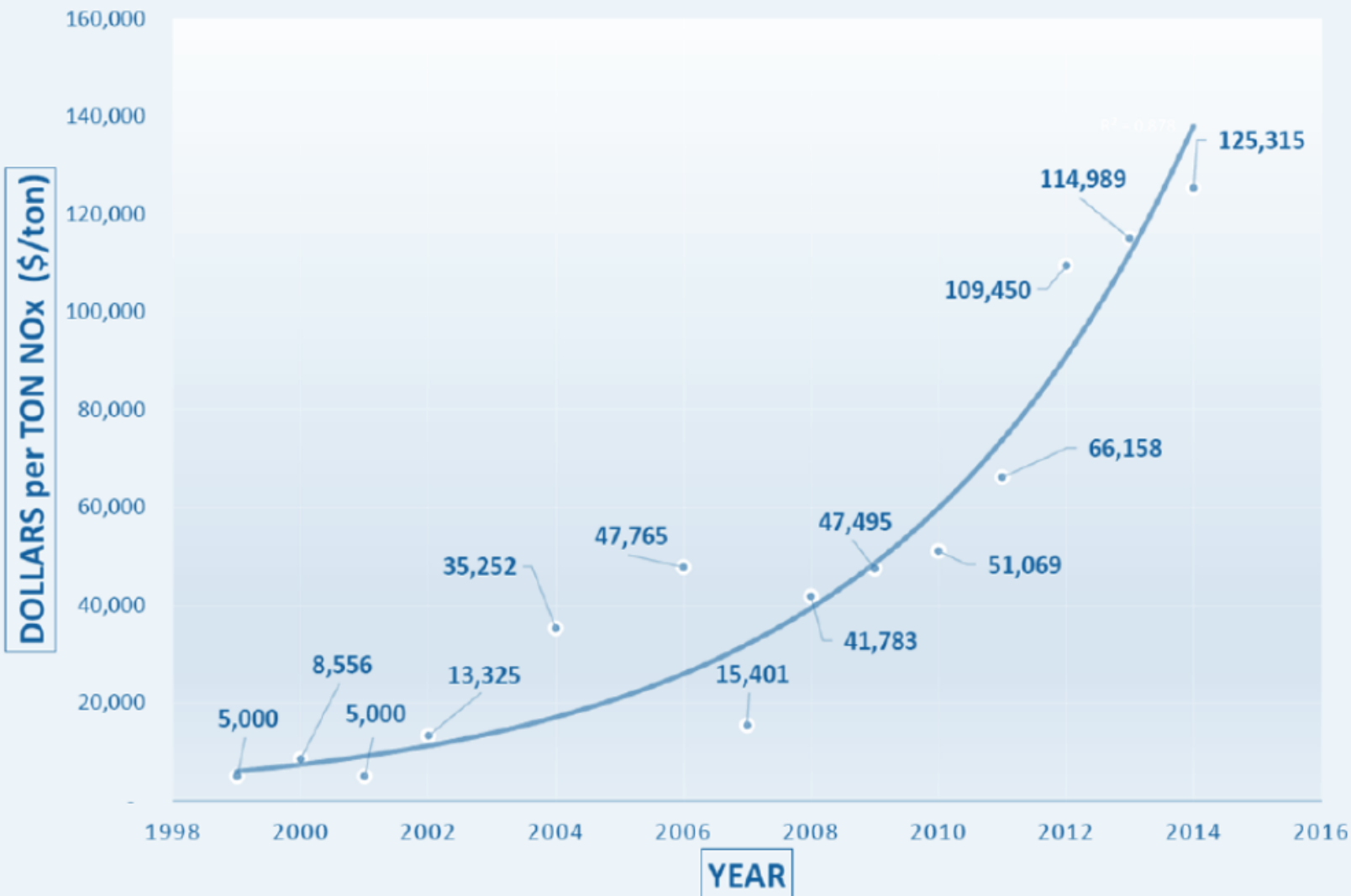
- 1976 - District adopts first NSR regulation
- 1984 - District modifies NSR regulation - adds PSD requirements
- 1988 - District modifies NSR regulation - adds PM₁₀ as a pollutant
- 1997 - District enacts significant revisions to NSR, creating Regulation VIII
- 2016 - District proposes first revisions in nearly 20 years

Basic Components of NSR

- There are State and Federal NSR program requirements, which the District implements in a unified permitting program
- Best Available Control Technology (BACT) — State mandate
- Air Quality Impact Analysis (AQIA) — Local and Federal mandate
- Offsets — State mandate
 - Offsets are mitigation provided in the form of Emission Reduction Credits (ERCs)
- Public Noticing and Hearings — Federal, State and Local mandate

Increasing Costs for ERCs

FIGURE 1 - NO_x 1999 - 2014: AVG \$/TON



Proposed Rule Changes

Objectives:

- Safeguard the region's air quality
- Provide more flexibility and simplicity in the permitting process without compromising our air quality

Proposed Changes:

- 1) Revise and clarify text
- 2) Simplify calculation methodologies
- 3) Revise offset threshold, trading ratios and calculation basis
- 4) Offsets exemption for functionally equivalent equipment replacements
- 5) Offsets exemption for emergency standby engines
- 6) Merge Rule 803 requirements (Local PSD)
- 7) Add PM_{2.5} to permit system
- 8) Update Ambient Air Quality Standards (AAQS)/Increment Table
- 9) Add new Federal Minor Source NSR rule

Current Ratios

New Ratios

Three Offset Zones

One Offset Zone

NEI
Calculation

Current Offset Threshold:
10 tons/yr

PTE
Calculation

New Offset Threshold:
25 tons/yr

401
tons/yr

NOx/
ROC

495
tons/yr

Emission Reduction Scale

Rulemaking Process

- March 2014: Board direction
- Next 16 Months: Worked extensively with California Air Resources Board (ARB) and United States Environmental Protection Agency (EPA) to ensure that the proposed changes met oversight agency requirements.
- September 2015: Public Workshops
- December 2015: District Community Advisory Council (CAC) meeting
- April 2016: Draft Environmental Impact Report released
- June/July 2016: ARB/EPA pre-adoption review period
- August 2016: Board of Directors Hearing

Key Issues and Findings

- Essential Public Services and Electrical Peaking Plant concepts dropped
- No significant comments from the public or the regulated community
- Questions about changing offset zones, ratios and thresholds
- ARB comment period: No objections to the proposed rules
- EPA comment period: No objections to the proposed rules. Minor requested changes to definitions.
- EIR Findings: Impacts are Class III, Not Significant
 - Aspects of the project have clear, beneficial impacts

Staff Recommendations

- Hold a Public Hearing and Receive Testimony on the proposed Rules/EIR
- Adopt a Board Resolution approving the proposed Rules/EIR - Attachment 1
 - Certify the Final EIR - Attachment 2
 - Adopt the CEQA Findings - Attachment 3
 - Adopt the H&SC Rule Findings - Attachment 4
 - Adopt the Proposed Rules - Attachment 6

Questions?

