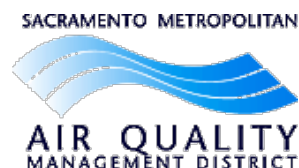


Meeting Date: 7/26/2018
Report Type: PUBLIC HEARINGS
Report ID: 2018-0726-6.



6.

Title: Adopt Rule 419 - NOx from Miscellaneous Combustion Units

Recommendation: Conduct a public hearing and: 1) determine that the adoption of Rule 419 - NOx from Miscellaneous Combustion Units is exempt from the California Environmental Quality Act (CEQA), 2) adopt a resolution approving Rule 419, and 3) direct Staff to forward Rule 419 and all necessary supporting documents to the California Air Resources Board for submittal to the U.S. Environmental Protection Agency (EPA).

Rationale for Recommendation:

The District is designated as a “severe” nonattainment area for the 2008 federal 8-hour ozone standard. The federal Clean Air Act (CAA) requires areas classified as moderate nonattainment or worse to adopt “reasonably available control technology” (RACT) for major stationary sources of oxides of nitrogen (NOx).

In February of 2017, EPA found that the District was deficient in implementing RACT for major stationary sources of NOx. The deficiency is a lack of District rules limiting NOx from natural gas-fired ovens at one of the District's major stationary sources. To correct the deficiency, the District is proposing the adoption of Rule 419.

Contact: Kevin J. Williams, Ph.D., Program Supervisor, 916-874-4851

Presentation: Yes

ATTACHMENTS:

- Attachment 1: Resolution
- Attachment 2: Exhibit A – Proposed Rule 419
- Attachment 3: Statement of Reasons
- Attachment 4: Written Comments
- Attachment 5: Evidence of Public Notice
- Attachment 6: Public Hearing Presentation

Approvals/Acknowledgements

Executive Director or Designee: Alberto Ayala, Report Approved 7/16/2018

District Counsel or Designee: Kathrine Pittard, Approved as to Form 7/13/2018

Discussion / Justification:

EPA defines reasonably available control technology, or RACT, as “the lowest emission limitation that a particular source is capable of meeting by the application of control technology that is reasonably available considering technological and economic feasibility” (Federal Register Notice 44 FR 53761, September 17, 1979). Because of the District's designation as a severe nonattainment area for the 2008 federal 8-hour ozone standard, the District is required by CAA Sections 182(b)(2) and 182(f) to implement RACT for major stationary sources of NOx. On March 23, 2017, the District's Board of Directors approved a plan document, known as the “RACT SIP,” to demonstrate that the District meets CAA RACT requirements. EPA determined the RACT SIP was deficient because it did not include a District rule implementing RACT standards for natural gas-fired ovens at major stationary sources of NOx.

To correct the RACT deficiency, Staff is proposing the adoption of Rule 419, which includes RACT

requirements for NOx emissions from natural gas-fired ovens at major stationary sources of NOx. If approved by the District's Board of Directors, staff will forward Rule 419 to the California Air Resources Board for submittal to EPA as a revision to the State Implementation Plan.

Summary of Plan / Rule / Amendment:

Rule 419 applies to miscellaneous combustion units with a total rated heat input capacity of 2 million Btu per hour or greater that are located at a major stationary source of NOx. The rule establishes NOx and carbon monoxide (CO) emission limits for dehydrators, dryers, heaters, and ovens. Exemptions are provided for air pollution control devices and units that are already subject to another District rule. Some specific types of miscellaneous combustion units are also exempt, such as dryers used in asphalt manufacturing operations, furnaces, and kilns, none of which are located at any major stationary source of NOx in the District.

The NOx and CO emission limits for miscellaneous combustion units are consistent with the limits in the South Coast AQMD, San Joaquin Valley Unified APCD, and Ventura County APCD. The rule also contains maintenance, source testing, and recordkeeping requirements to ensure that sources maintain compliance with the emission limits.

Financial Considerations: Rule 419 will apply to only one District source. The source already has District permits for the six miscellaneous combustion units that will become subject to the rule, and all of the permits contain NOx emission limits that comply with the rule. Two of the units have Permits to Operate, while the other four have Authorities to Construct. Staff will need to modify the two Permits to Operate to add source testing conditions. The source will need to conduct source testing to demonstrate compliance with the rule, which may require additional inspection time at the source. These impacts are expected to be less than 0.1 FTE of Staff time.

Emissions Impact: The one source that will become subject to Rule 419 already meets the proposed emission limits. Therefore, no additional emission reductions will result from the adoption of this rule.

Economic Impact: The one source affected by the proposed rule must conduct source testing to comply with the requirements. The calculated source testing compliance costs include the District source test observation fee (\$1,864) and the costs for the owner or operator to hire a third party to conduct source testing (approximately \$2,500 per unit). The total source testing cost for the two units with Permits to Operate is \$6,864 once every two years, or an average of \$3,432 per year.

Public Outreach/Comments:

Staff held a public workshop on June 5, 2018. A public notice was published in the Sacramento Bee, emailed to interested parties (including the affected sources) and posted on the District website. Staff also called each affected source that would become subject to proposed Rule 419. The draft rules and Statement of Reasons was made available for public review at that time.

At the workshop, staff presented a proposal for Rule 419 that applied to miscellaneous combustion units at all sources, not just those at major stationary sources of NOx, and to a greater number of equipment types. A proposal to amend Rule 414 – Water Heaters, Boilers and Process Heaters Rated Less Than 1,000,000 BTU Per Hour, was also included in the workshop. Staff received comments on the Rule 419 proposal that raised technical issues with some of the equipment located at smaller sources, and additional time will be needed to address these comments. Because it is imperative that the District adopt a rule that meets RACT, thereby preventing EPA sanctions, staff is now proposing a new Rule 419 that applies only to major stationary sources of NOx. Staff will continue to address the comments received on the workshop proposal, and will work toward amendment of both Rules 414 and 419 later this year to adopt requirements similar to those proposed at the workshop. The additional time will allow staff to consider the technical comments on the workshop proposal. All comments and responses are included in Appendix C of the Statement of Reasons.

The noticing for today's hearing included:

- A public notice in the Sacramento Bee on June 25, 2018.
- A notice posted on the District website with links to the proposed rule and Statement of Reasons.
- Email notices to:

- The California Air Resources Board and U.S. Environmental Protection Agency;
- Interested and affected parties, including the affected source; and
- All persons who have requested rulemaking notices.

As of July 6, 2018, no public comments had been received. Staff will notify the Board if comments are received between July 6 and the public hearing.

Environmental Review:

California Public Resources Code Section 21159 requires an environmental analysis of the reasonably foreseeable methods of compliance. Proposed Rule 419 establishes the requirements, including NO_x and CO emission limits, for miscellaneous combustion units located at major stationary sources of NO_x.

Staff identified one major stationary source of NO_x with six miscellaneous combustion units that will be subject to the proposed rule. These units already comply with the proposed NO_x and CO limits. Compliance with the proposed rule will be demonstrated through periodic source testing of the units. Staff has concluded that there will be no environmental impacts from compliance with the proposed rule.

Staff finds that the adoption of proposed Rule 419 is exempt from the California Environmental Quality Act (CEQA) as an action by a regulatory agency for the maintenance or protection of the environment (Class 8 Categorical Exemption, §15308 State CEQA Guidelines) and because it can be seen with certainty that there is no possibility that the activity in question may have a significant adverse effect on the environment (§15061(b)(3), State CEQA Guidelines).