

Meeting Date: 10/25/2018
Report Type: CONSENT CALENDAR
Report ID: 2018-1025-1.



1.

Title: Assembly Bill 617 Expedited Schedule for the Implementation of Best Available Retrofit Control Technology

Recommendation:

1) Determine that the adoption of the AB 617 Expedited Best Available Retrofit Control Technology Implementation (BARCT) Schedule is not subject to the California Environmental Quality Act (CEQA) and 2) adopt a resolution approving the AB 617 Expedited BARCT Implementation Schedule.

Rationale for Recommendation:

California Assembly Bill (AB) 617 was signed into law on July 26, 2017. Among its provisions, each air district that is a nonattainment area for one or more air pollutants must adopt an expedited schedule for implementation of Best Available Retrofit Control Technology (BARCT). This requirement applies to each industrial source subject to the California Greenhouse Gas Cap-and-Trade regulation. A district's BARCT schedule must be adopted by January 1, 2019, and provide for the implementation of BARCT by the earliest feasible date, but no later than December 31, 2023. Staff identified three industrial sources to which the AB 617 BARCT requirements apply, and has developed a schedule to implement BARCT at those sources. Board adoption of the schedule will satisfy the AB 617 requirement.

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Presentation: No

ATTACHMENTS:

AB 617 Expedited BARCT Implementation Schedule Resolution
Exhibit A - AB 617 Expedited BARCT Implementation Schedule

Approvals/Acknowledgements

Executive Director or Designee: Alberto Ayala, Report Approved 10/16/2018

District Counsel or Designee: Kathrine Pittard, Approved as to Form 10/15/2018

Discussion / Justification:

The District is designated nonattainment for the federal and state ozone standards, the federal standard for particulate matter less than 2.5 microns in diameter (PM_{2.5}), and the state standard for particulate matter less than 10 microns in diameter (PM₁₀). Because nitrogen oxides (NO_x) and volatile organic compounds (VOC) are precursors to ozone and particulate matter formation, they are also subject to the BARCT requirements.

There are three industrial Cap-and-Trade facilities in Sacramento County: a hydrogen plant owned by Air Products Manufacturing Corporation and two natural gas compressor stations owned by California Resources Production Corporation. Under the Cap-and-Trade regulation, all of a company's oil and gas production operations in the same geological basin are treated as a single "facility." In addition to the compressor stations, all of California Resources' natural gas operations, from the point where the gas is extracted to where it is transferred to a distribution utility, are subject to AB 617 BARCT requirements.

BARCT is defined as “an emission limitation that is based on the maximum degree of reduction achievable, taking into account environmental, energy, and economic impacts by each class or category of source.” Under AB 617, the schedule for implementing BARCT must give highest priority to those permitted units that have not modified emissions-related permit conditions for the greatest period of time, but the requirements do not apply to an emissions unit that has implemented BARCT due to a permit revision or a new permit issuance since 2007. In adopting the schedule, a district must also consider:

- The local public health and clean air benefits to the surrounding community;
- The cost-effectiveness of each control option; and
- The air quality and attainment benefits of each control option.

Summary of Plan / Rule / Amendment:

Three categories of pollutant-emitting equipment are present at the subject facilities:

- Process heaters (Air Products);
- Internal combustion engines (California Resources); and
- Natural gas production equipment, such as wellheads, pneumatic devices, liquid storage tanks, compressor seals, glycol dehydrator vents, and component leaks (California Resources).

Not all of the emission categories subject to AB 617 BARCT are covered by District rules, as discussed below:

- There are no District rules that apply to the natural gas production equipment operated by California Resources, and BARCT for this category has not been evaluated previously.
- Rule 412 – Stationary IC Engines Located at Major Stationary Sources of NOx – does not apply to the compressor engines at California Resources facilities because they are not major stationary sources of NOx; therefore, those engines are not subject to any District rules.
- District Rule 411 – NOx from Boilers, Process Heaters and Steam Generators – applies to the hydrogen reforming furnaces at Air Products; however, BARCT technology for this category has not been evaluated since 2005.

For each of the AB 617 BARCT sources, Staff reviewed current emission levels, to the extent data were available, existing permit limits, and relevant control technologies. In developing a schedule for BARCT implementation, Staff considered, for each emission category, the potential for BARCT to achieve cost-effective emission reductions and benefits to public health, air quality, and attainment.

Staff is proposing a two-stage process to implement BARCT. First, a BARCT determination will be performed after a detailed analysis of emission standards, control technologies, and cost-effectiveness. If the BARCT determination results in a level of emissions control more stringent than what is currently required for the AB 617 BARCT sources, Staff will begin rulemaking to implement the more stringent standards. Staff’s proposed BARCT implementation schedule, shown in the table below, is consistent with the priorities for the BARCT emission categories.

AB 617 Expedited BARCT Implementation Schedule

Emission Category	Implementation Schedule		
	Determination of BARCT Standards	Rulemaking (If Necessary)	
	Timeframe	Timeframe	Affected Rule
Natural Gas Production	2019	2020	New Rule
Process Heaters	2020	2021	Rule 411
IC Engines	2021	2022	Rule 412

Financial Considerations: The AB 617 BARCT schedule establishes a timeline to determine BARCT for each emission category and, if necessary, develop rules. Adoption of the schedule does not establish any new requirements for sources. Future rule development may lead to costs to industry or the District, which will be

assessed as each rule is proposed for adoption.

Emissions Impact: The AB 617 BARCT implementation schedule does not establish any new requirements for sources. The adoption of the schedule has no impact on emissions. Future rule development may lead to emissions reductions, which will be assessed as each rule is proposed for adoption.

Economic Impact: Adoption of the AB 617 implementation schedule does not establish any new requirements for sources. Any economic impact that may result from new rules will be assessed as each rule is proposed for adoption.

Environmental Review: The proposed action for the Board of Directors is to approve a schedule for the expedited implementation of BARCT in accordance with AB 617. The schedule shows the timeframes during which BARCT determinations for applicable emission categories will be performed and, if necessary, when rulemaking will take place. The schedule is not a commitment to implement any specific control measure. The environmental impacts of any rules that may be proposed will be evaluated during the rulemaking process. Staff has determined that adoption of the BARCT implementation schedule is not a project subject to the CEQA because it will not cause either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment (Public Resources Code section 21065 and State CEQA Guidelines section 15378).