

**SACRAMENTO METROPOLITAN
AIR QUALITY MANAGEMENT DISTRICT**

For Agenda of **August 23, 2007**

To: Board of Directors
Sacramento Metropolitan Air Quality Management District

From: Larry Greene, Air Pollution Control Officer
Sacramento Metropolitan Air Quality Management District

Subject: Amendments to Rule 411, NOx from Boilers, Process Heaters and Steam Generators

Recommendations

1. Determine that the amendments to Rule 411 are exempt from the California Environmental Quality Act (CEQA); and
 2. Approve the attached resolution adopting the amendments to Rule 411.
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Executive Summary

Staff is proposing to amend Rule 411, NOx from Boilers, Process Heaters and Steam Generators. The proposed amendments to Rule 411 will allow owner/operators who missed the original October 2006 deadline to still apply for a low fuel usage exemption, provided that the application includes records that clearly demonstrate that the unit has operated below the applicable fuel usage threshold at all times since October 27, 2006. The amendments will also change the definition of "High Heating Value" to allow reporting on a volumetric basis.

Attachments

The table below identifies the attachments to this memo.

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| Draft Rule 411 | B | 8 |
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Background

Rule 411 limits NOx emissions from boilers, process heaters, and steam generators with rated heat input capacities of 1 million Btu per hour (mmBtu/hr) or greater. The rule was first adopted on February 2, 1995 and was last amended on October 27, 2005.

The October 27, 2005 amendments to Rule 411 expanded the applicability of the rule to include units with ratings between 1 and 5 mmBtu/hr and established NOx emission standards for these units. In addition, more stringent NOx emission standards were set for units rated at or above 5 mmBtu/hr. At the same time, existing units with low annual fuel usage (below thresholds established in the rule) were exempted from the new NOx standards. The purpose of the exemption was to not require retrofits of existing low usage units for which the emission reductions would not be cost effective. Owners/operators were given a one-year period (until October 27, 2006) to submit an application for a low usage exemption.

Despite extensive outreach by Staff during and after the rule development process, some owners/operators of low usage units missed the deadline to apply for the exemption. Without any change to the current rule, these units will need to be in compliance with the new NOx standards by deadlines that range from October 27, 2007 to October 27, 2009, depending on the number of units located at a particular facility. The District has received approximately 5 to 10 permit applications for units that meet the low fuel usage exemption requirements but were submitted after October 27, 2006.

Summary of Proposed Changes

In the current version of the rule, an owner/operator utilizing the exemption for low fuel usage had until October 27, 2006 to submit a complete application for an Authority to Construct to establish fuel usage limitations. The proposed change will allow an owner/operator to apply for the exemption after October 27, 2006, provided that the application includes records that clearly demonstrate that the unit has operated below the applicable fuel usage threshold at all times since October 27, 2006.

Also, in the current version of the rule High Heating Value (HHV) is defined on the basis of heat liberated per mass of fuel burned. However, HHV for gaseous and liquid fuels are typically reported on the basis of heat liberated per volume of fuel burned. The proposed change will define HHV on the basis of heat liberated per mass or volume of fuel burned. This will give owners/operators the flexibility to report HHV in units of Btu per pound, Btu per cubic foot, or Btu per gallon, as appropriate.

Impact on Businesses and Public

The proposed amendments do not impose any added cost to businesses and will give owner/operators of applicable units another option for compliance.

District Impacts

The proposed amendments will not require any additional need for staff resources.

Emission Impacts

By extending the application schedule, the District will allow these low usage units to obtain an exemption, as originally intended. Therefore, the changes proposed are administrative and there will be no creditable emissions impact.

Environmental Review and Compliance

Staff finds that the approval of the proposed action is exempt from CEQA under Section 15061(b)(3) of the State CEQA Guidelines 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. All emissions arising from the exemption were previously considered during the 2005 rulemaking. Furthermore, the exemption extension, as of now, will only affect seven units with a total of 25.6 lb/day of NO_x emissions.

Public Outreach and Comments

Below is a summary of the public outreach undertaken by Staff to ensure that affected businesses and sources are aware of the proposed amendments to Rule 411.

- Staff conducted a public workshop on July 9, 2007. Staff published the notice of public workshop in the Sacramento Bee, and sent the notice to all permitted sources and persons who have requested rulemaking notices.
- A notice for the public hearing was published in the Sacramento Bee on July 23, 2007. The notice was also mailed to attendees of the public workshop, all permitted sources, and persons who have requested rulemaking notices.

Staff received several questions regarding application requirements at the workshop as well as written comments from affected businesses and the U.S. Environmental Protection Agency. The comments requested Staff address specific circumstances and advise how the rule will be implemented in practice. These comments, together with the Staff responses, are presented in Appendix B of the Staff Report (page 37 of this Board Package).

Conclusion

The proposed amendments to Rule 411 will preserve the original intent of the previous amendments by allowing owner/operators of units that maintained low fuel levels since the previous deadline of October 27, 2006 to gain exemption from the upcoming NO_x standards. The amendments will not increase emission or the costs to affected businesses or the District. Staff recommends that the Board determine that Rule 411 is exempt from CEQA and approve the attached resolution adopting Rule 411 as proposed.

Respectfully Submitted

Larry Greene; Air Pollution Control Officer
Sacramento Metropolitan
Air Quality Management District

Approved as to form:

Kathrine Pittard, District Counsel
Sacramento Metropolitan
Air Quality Management District

Attachments

Attachment A

Board Resolution

Attachment B

Draft Rule 411

Attachment C

Staff Report

Attachment D
Written Comments

Attachment E

Evidence of Public Notice