

**SACRAMENTO METROPOLITAN
AIR QUALITY MANAGEMENT DISTRICT**

For Agenda of May 26, 2011

To: Board of Directors
Sacramento Metropolitan Air Quality Management District

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

Subject: Approve Resolutions Adopting Amendments to:
1. Rule 801 – NEW SOURCE PERFORMANCE STANDARDS
2. Rule 904 – AIR TOXICS CONTROL MEASURES

Recommendations

1. Conduct a public hearing;
 2. Determine that the amendments to Rules 801 and 904 are exempt from the California Environmental Quality Act (CEQA); and
 3. Adopt the attached resolutions approving the amendments to Rules 801 and 904.
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Executive Summary

Rule 801 adopts by reference the federal regulations contained in Title 40 of the Code of Federal Regulations (CFR), Part 60, Standards of Performance for New Stationary Sources. The United States Environmental Protection Agency (EPA) adopts New Source Performance Standards (NSPS) to require the use of the best emission reduction technology when sources install new, modify, or reconstruct equipment. In 1978, EPA delegated to the District the authority to implement and enforce the NSPS. The proposed amendments to Rule 801 incorporate two new NSPS subparts and amendments to existing subparts.

Rule 904 adopts by reference the state Airborne Toxic Control Measures (ATCMs) for non-vehicular sources contained in Title 17 of the California Code of Regulations (CCR). These limit the emissions of toxic air contaminants from certain source categories. State law¹ requires the District to implement and enforce the ATCMs. The proposed amendments to Rule 904 incorporate three new ATCMs that have been adopted by the California Air Resources Board (CARB) since Rule 904 was last amended.

The proposed amendments to Rules 801 and 904 impose no new requirements on sources within the District. Affected sources are already required to comply with these state and federal regulations. The regulations are proposed to facilitate their implementation and enforcement by District Staff.

¹ California Health and Safety Code (HSC) §39666(d)

Attachments

The table below identifies the attachments to this memo:

Item	Attachment	Page #
Board Resolution for Rule 801	A	7
Board Resolution for Rule 904	B	11
Draft Rule 801	C	15
Draft Rule 904	D	17
Staff Report	E	19
Evidence of Public Notice	F	21

Background

RULE 801

EPA adopts NSPS to require the use of the best emission reduction technology when sources install new, modify, or reconstruct equipment. EPA delegated authority to implement and enforce the NSPS program to the District on December 8, 1978 as authorized by the federal Clean Air Act Section 111(c). Rule 801 incorporates the NSPS by reference. Sources are required to comply with all applicable NSPS subparts regardless of whether or not they are adopted by the District; however, adoption by the District facilitates implementation and enforcement, and makes it easier for sources to identify applicable requirements. The proposed revisions adopt by reference EPA's new and amended NSPS regulations promulgated since the District last amended Rule 801 on March 27, 2008.

RULE 904

California Health and Safety Code (HSC) Section 39666(d) requires districts to implement and enforce ATCMs for non-vehicular sources. District Rule 904 incorporates by reference the ATCMs contained in Title 17 of the CCR. Adopting by reference facilitates implementation and enforcement and makes it easier for sources to identify applicable requirements. Proposed rule changes adopt by reference new and amended ATCM regulations since Rule 904 was last amended on March 27, 2008.

Summary of Changes

RULE 801

New Subparts

Since Rule 801 was last amended, two new NSPS – subparts Ja (Petroleum Refineries) and JJJJ (Stationary Spark Ignition Internal Combustion Engines) – were promulgated by EPA. The following is a list and brief summary of the new and revised regulations that apply to sources in Sacramento County. District sources that are required to comply are identified.

Subpart Ja applies to petroleum refineries which commence construction, reconstruction, or modification after May 14, 2007. Currently, there are no refineries in Sacramento County.

Subpart JJJJ applies to all new stationary spark ignition internal combustion engines manufactured, installed, modified, or reconstructed after effective dates that vary, based on maximum engine horsepower, from July 1, 2007 to January 1, 2011. A wide range of industries and businesses within the District use spark ignition engines, including: natural gas production operations, utility companies, distributed electrical generation systems, manufacturing operations, grocery stores and other retail businesses, and government agencies. Owners/operators of manufacturer-certified engines are not required to conduct performance tests. However, for uncertified engines, initial and subsequent periodic testing is required. Engine owners/operators are required to keep maintenance records. Subpart JJJJ also contains engine certification requirements for manufacturers; however, currently no engine manufacturers are located in Sacramento County.

Amended subparts

The EPA has amended several of the NSPS subparts to update emission standards, provide alternative compliance methods, or provide alternative testing and monitoring procedures. The following is a brief discussion of the changes and who is required to comply.

Subpart A (General Provisions) amendments include test method updates, "Incorporations by References" updates, delegations of authority changes, and addresses updates for states and local agencies. These changes affect all the NSPS sources in Sacramento County.

The Subparts D, Da, Db, and Dc were amended to add compliance alternatives and eliminate the opacity standard for facilities that use continuous particular matter emission monitors.

- Subparts D (Fossil-Fuel Fired Steam Generators) and Da (Electric Utility Steam Generating Units) do not apply to any facilities in Sacramento County.
- Subpart Db (Industrial-Commercial-Institutional Steam Generating Units) currently applies to Sacramento Power Authority and Sacramento Cogeneration Authority. Potentially, Campbell Soup Supply may be governed by this subpart if their steam generating units are modified or reconstructed.
- Subpart Dc (Small Industrial Commercial Institutional Steam Generating Units) applies to steam generating units with heat input capacities between 10 and 100 mmBtu/hr for which construction, modification, or reconstruction is commenced after June 9, 1989. Businesses in the District that may be affected by this subpart include: hospitals, food processing companies, chemical plants, defenses contractors, and government agencies.

Subpart KKKK (Stationary Combustion Turbines) amendments removed the requirement to install pre-treatment or post-treatment combustion control for turbines which burn low-sulfur content biogas. Carson Energy has turbines that use biogas fuel and are subject to Subpart KKKK. Sacramento Municipal Utility District Cosummes Power Plant is modifying their combined cycle turbines to use biogas fuel and will also become subject to this subpart.

Subpart VV (Equipment Leaks of VOC in the Synthetic Organic Chemicals Manufacturing Industry) applies only to the Procter & Gamble chemical process units in Sacramento County. The NSPS requires a VOC leak detection and repair program for pumps, compressors, valves, pipe fittings and connectors. If new chemical process units are constructed or if the existing units undergo modification or reconstruction in the future, they could become subject to the more stringent requirements of Subpart VVa, which applies to the newer emission units. EPA stayed certain provisions of previous amendments in response to an industry petition for reconsideration.

Subpart 000 (Nonmetallic Mineral Processing Plants) applies to six rock crushing businesses in Sacramento County. These businesses included: A & A Concrete, A. Teichert and Son, Bell Marine, Granite Construction, Industrial Minerals, and Triangle Rock Products. The new amendments revised the emissions limits and added testing and monitoring requirements for NMPP facilities which commence construction, reconstruction, or modification on or after April 22, 2008.

RULE 904

Since Rule 904 was last amended on March 27, 2008, CARB has adopted new ATCM §93120, which is applicable to composite wood products and finished goods that contain composite wood products. Manufacturers, distributors, importers, and fabricators of hardwood plywood, particleboard, and medium density fiberboard products are required to provide documentation of complying products to their customers. There are no composite wood panel manufacturing facilities in Sacramento County. However, there are fabricators using composite wood products to produce goods such as cabinets and furniture, as well as distributors, to which this ATCM may apply.

ATCM §93118 was amended to add two subsections that affect diesel engines and boilers on ocean-going vessels and commercial harbor craft. The amendments establish engine emission standards and fuel requirements. The new subsections will apply to vessels operating in the Sacramento River.

Business Cost Impacts

Adopting these state and federal regulations by reference does not impose any additional requirements or costs because sources are already required to comply.

District Impacts

The proposed amendments are not expected to result in an additional need for Staff resources.

Emission Impacts

The proposed amendments to Rules 801 and 904 are not expected to produce additional emission reductions because sources are already required to comply with the federal NSPS and state ATCM requirements.

Environmental Review and Compliance

Staff finds that the proposed amendments to Rules 801 and 904 are exempt from the California Environmental Quality Act (CEQA) as ministerial actions under §15268 of the State CEQA Guidelines.

Public Comments

A notice for the public hearing to consider the amendments to Rules 801 and 904 was published in the Sacramento Bee on April 25, 2011, and the text of the proposed changes was made available on that day. The notice was e-mailed to all persons who have requested rulemaking notices, and the amended rules were submitted to EPA and CARB for review. Any comments that are received prior to the Board hearing on May 26, 2011 will be presented at the hearing.

Conclusion

The District is required to enforce federal New Source Performance Standard regulations by a long-standing delegation agreement with EPA and state Air Toxic Control measures by state law. Staff proposes to amend these Rules 801 and 904 to adopt by reference recent changes in state and federal regulations. These rules provide District Staff and affected businesses with one source to identify potential air quality regulations, facilitating their implementation. Therefore, Staff recommends that the Board approve these amendments to Rule 801 – NEW SOURCE PERFORMANCE STANDARDS and Rule 904 – AIR TOXICS CONTROL MEASURES.

Respectfully submitted,

Reviewed by,

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Attachments