

Title: Amendments to Rule 101 - General Provisions and Definitions

Recommendation: Conduct a public hearing for the adoption of amendments to Rule 101 – General Provisions and Definitions, and: 1) determine that the adoption of amendments to Rule 101 is exempt from the California Environmental Quality Act (CEQA); 2) adopt a resolution approving amendments to Rule 101; and 3) direct Staff to forward Rule 101 and all necessary supporting documents to the California Air Resources Board (CARB) for submittal to the U.S. Environmental Protection Agency (EPA) as a revision to the State Implementation Plan (SIP).

Rationale for Recommendation: The Sacramento Metropolitan Air Quality Management District (District) is the agency with primary responsibility for achieving and maintaining clean air standards in Sacramento County. The District is within the Sacramento Federal Ozone Nonattainment Area (SFNA), which is currently designated as nonattainment for the 1979 1-hour and 1997, 2008, and 2015 8-hour ozone National Ambient Air Quality Standards (NAAQS). In addition, the District is designated as nonattainment for the California ozone standard. The Clean Air Act requires all ozone nonattainment areas to have a program that implements nonattainment new source review (NNSR).

Rule 101, General Provisions and Definitions, establishes general requirements and definitions that are applicable to all District rules and regulations. Ground level ozone is a secondary pollutant formed from photochemical reactions of nitrogen oxides (NO_x) and volatile organic compounds (VOCs) in the presence of sunlight. Since VOCs are a precursor to ozone, one of the strategies to control ozone pollution is to reduce VOC emissions from existing stationary sources by establishing more stringent VOC emission limits. One method for complying with low VOC emission limits is to use organic compounds with negligible reactivity for ozone formation, also known as exempt compounds.

Staff is proposing to: 1) split the definition of Exempt Compound in Section 204 of Rule 101 so that the excluded compounds listed in 40 CFR 50.100(s) cannot be banked as Emission Reduction Credits (ERCs) or otherwise used as offsets for VOCs; 2) add eleven exempt compounds that have been added to the federal list since Rule 101 was last amended; and 3) amend the provision of “Disclosure of Data” to eliminate the notice requirement when the source is required by laws or regulations to submit air pollution data to the District.

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Presentation: Yes

ATTACHMENTS:

[Resolution - Rule 101 General Provisions and Definitions](#)
[Exhibit A - Proposed Rule 101](#)
[Attachment 1 - Proposed Rule 101, Underline/Strikeout Version](#)
[Attachment 2 - Statement of Reasons](#)
[Attachment 3 - Evidence of Public Notice](#)
[Presentation - Amendments to Rule 101 - General Revisions and Definitions](#)

Approvals/Acknowledgements

Executive Director or Designee: Alberto Ayala, Report Approved 8/15/2024

District Counsel or Designee: Kathrine Pittard, Approved as to Form 8/9/2024

Discussion / Justification: The District is part of the SFNA, which is classified as a “severe” nonattainment area for the 2008 ozone NAAQS and as a “serious” nonattainment area for the 2015 ozone NAAQS. On August 26, 2021, the District’s Board of Director’s adopted a certification stating the District’s existing NNSR plan, consisting of EPA-approved Rule 214 – Federal New Source Review and Rule 217 – Public Notice Requirements for Permits, meet the NNSR requirements of the 2015 ozone NAAQS.

EPA has indicated that the District’s certification isn’t approvable because the Districts’ exempt compound list for VOCs does not include all compounds on the federal list. Their concern is that the District could grant emission reduction credits (ERCs) for compounds that would not satisfy federal ERC requirements. In other words, reductions in the use of compounds that are exempt from regulation and can be emitted could erroneously be granted ERCs and used to offset the emission of compounds whose emission is legally restricted. Consequently, EPA has determined that the emissions offset requirements of Rule 214 do not fully satisfy the federal emissions offset requirements for VOCs.

Since Rule 101 was last amended on October 27, 2011, EPA has revised the federal definition of volatile organic compound (VOC) in

40 CFR 51.100(s) to include an additional eleven exempt compounds that negligibly contribute to the formation of ozone. When EPA adds exempt compounds to the federal list, staff reviews the compounds and considers potential uses, impacts on human health, and environmental concerns and, if appropriate, adds them to the list of exempt compounds in Rule 101.

The proposed amendments to Rule 101 will bifurcate the definition of Exempt Compound such that the federal list applies for emission reduction credit purposes and the District-specific list applies for all other purposes. This will allow EPA to approve the District's NNSR certification as well as allow manufacturers and other sources more exempt compounds to use in meeting VOC limits. The proposed amendments will also provide clarification of the notice requirement for Disclosure of Data.

In addition, the current provision for disclosure of data requires that the District give "due notice" to the source before making information available to the public and other government agencies. Requiring notice to the source unnecessarily complicates the process when state regulations require the District to report annual emissions data from sources. The District intends to make this information promptly and fully accessible on the District and other websites.

Summary of Plan / Rule / Amendment: Amendments to Rule 101 are being proposed to: 1) split the definition of exempt compound such that the federal exempt compound list be referenced for purposes of granting emission reduction credits and for all other purposes the District-specific list should be referenced; 2) add compounds to the District-specific exempt compound list; and 3) expand the provision for disclosure of data to allow certain information to be made more readily available to the public.

Financial Considerations: The proposed amendments to the rule are not expected to result in additional costs to the District.

Emissions Impact: The proposed amendments are not expected to result in any emissions impact and will not interfere with the District's adopted plan to attain the ambient air quality standards.

Economic Impact: The proposed amendments to the rule do not establish new emission standards. The exemption for the eleven compounds will provide greater flexibility for product manufacturers and other businesses in meeting VOC emission limits. The amendments will have no economic impacts.

Public Outreach/Comments:

Staff held a public workshop to discuss the proposed amendments to Rule 101 on July 18, 2024. A public notice for the workshop was published on the District's website and was also sent by e-mail to interested parties, including all those who have requested to receive rulemaking notices, on July 5, 2024. The draft rule and Statement of Reasons were made available for public review at that time. The workshop was held at the District office and participants were given the option to attend in person or via Zoom. Staff did not receive any comments during the notice period or during the workshop.

The noticing for today's hearing included:

- A public notice in the Sacramento Bee
- A notice posted on the District website with links to the proposed rule and Statement of Reasons.
- Email notices to:
 - CARB and EPA; and
 - All persons who have requested rulemaking notices.

As of August 9, 2024, no comments been received in response to the notice for today's hearing. Any comments received prior to the public hearing will be distributed to Board members at the meeting.

Environmental Review: California Public Resources Code Section 21159 requires an environmental analysis of the reasonably foreseeable methods of compliance. The proposed amendments to Rule 101 will ensure the District does not issue ERCs for federally exempt organic compounds and will update the District's list of exempt compounds to include eleven compounds that were exempted by EPA. These amendments will not establish emission limitations, and because these compounds have negligible reactivity, their exemption will not significantly affect air quality or emissions limitations. Staff reviewed the eleven compounds and determined that the compounds have negligible or zero ozone depletion potentials. Also, each compound either has a low Global Warming Potential (GWP) or would be used to replace other organic compounds with higher GWPs. The proposed amendments will not cause any other significant adverse effects on the environment and will not increase emissions; therefore, Staff has concluded that no environmental impacts will be caused by the proposed amendments.

Staff finds that the proposed rule amendments are exempt from CEQA 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).