

Public Hearing: Proposed Amendments to Rule 307 Clean Air Act Penalty Fees

Board of Directors

March 23, 2023

Presenter: Marc Cooley, Associate Air Quality Engineer
Program Coordination Division

SACRAMENTO METROPOLITAN



AIR QUALITY
MANAGEMENT DISTRICT

Background

- District does not meet ozone standards
 - District is in a “severe” nonattainment area for the 1997, 2008 and 2015 ozone standards
- The Clean Air Act requires the District to
 - Implement a penalty fee rule on major sources of NOx and VOC emissions
 - Assess fee only if EPA issues a finding of failure to attain an ozone standard
- Existing District Rule 307 does not meet federal requirements
 - Fee authority not applicable to 1997, 2008 and 2015 standards
 - Current rule is only for the revoked 1979 ozone standard

Why Does Rule 307 Need to be Amended

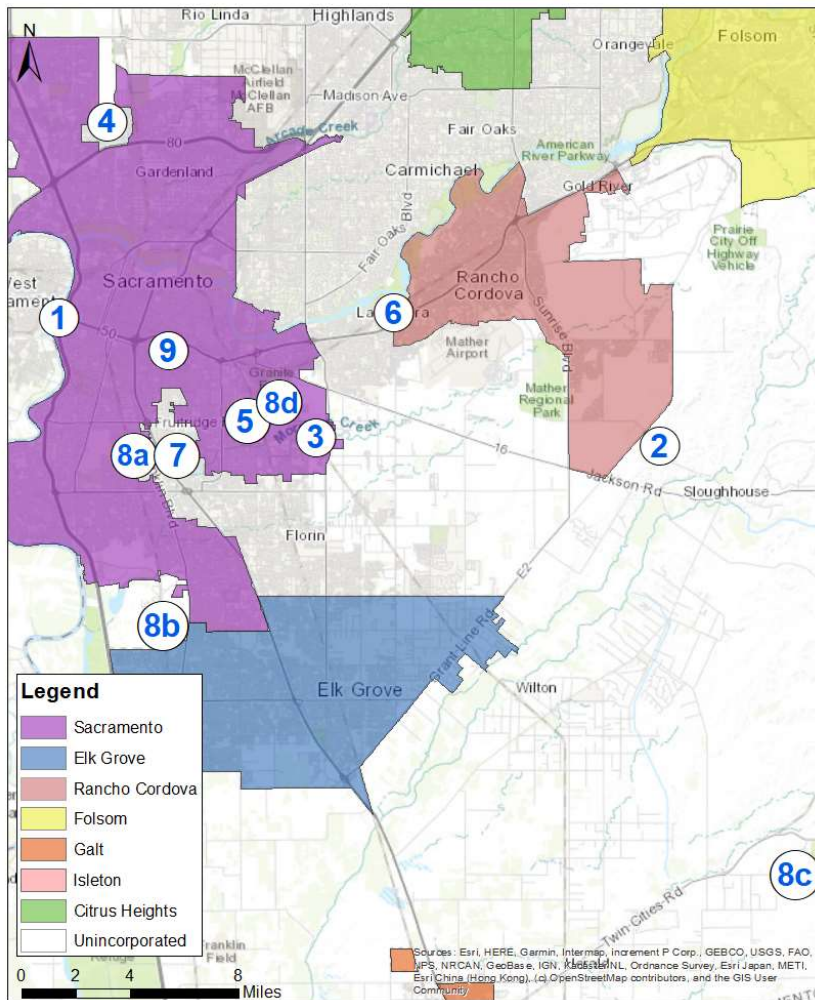
- EPA made a finding that we have failed to submit a penalty fee rule for the 2008 ozone standard
- Finding started sanction clocks that would
 - Increase emission offset requirements for sources
 - Withhold federal highway funds from the region

Proposed Amendments

- Expand applicability to the 1997, 2008 and 2015 ozone standards
- Other minor changes for clarity
- Upon approval, submit amended Rule 307 to ARB and EPA to stop the sanctions clock

Sources Subject to Rule 307

1. Chevron USA, Sacramento Terminal
2. County of Sacramento PW (Kiefer Landfill)
3. Mitsubishi Rayon Carbon Fiber & Composites
4. NTT Global Data Centers Americas, Inc.
5. Procter and Gamble Company
6. Santa Fe Pacific Pipelines, L.P. Bradshaw Terminal
7. Silgan Can Company
8. SMUD Financing Authority
 - a) Campbell Power Plant
 - b) Carson Power Plant
 - c) Cosumnes Power Plant
 - d) Procter & Gamble Power Plant
9. UC Davis Medical Center



Outreach

- February 9, 2023 – Public Workshop
 - Public notice on District website
 - Emails to all affected sources and all interested parties
 - Contacted all affected major stationary sources on proposed changes
- Written Comments
 - EPA submitted formal comment letter after the workshop
 - Changes made in response to EPA comments to address rule approvability
- Today's Hearing
 - Same notification as workshop, plus:
 - Notice in Sacramento Bee

Changes Made After Public Notice

- After discussion with EPA on March 6, Staff made two additional changes
 - From “Extension Year” definition, deleted description of EPA’s process for granting an extension year
 - Clarified that the SFNA may be redesignated to attainment, not the District
- Changes have no effect on rule implementation

Recommendations

- Conduct a public hearing
- Determine the amendments to Rule 307 are exempt from the California Environmental Quality Act (CEQA)
- Approve the resolution adopting amended Rule 307
- Direct Staff to forward documents to ARB for submittal to U.S. EPA to stop the sanctions clocks