Agenda Date: December 16, 2004
Agenda Placement: Regular
Estimated Time: 10 Minutes
Continued Item: No

Board Agenda Item

TO: Air Pollution Control District Board

FROM: Terry Dressler, Air Pollution Control Officer

CONTACT: Doug Grapple, 961-8883

SUBJECT: Proposed Amendments to Rule No. 202, Exemptions to Rule 201

RECOMMENDATION:

That the Board:

A. Hold a public hearing to receive testimony on the proposed revisions to Rule 202 (Exemptions to Rule 201).

B. Approve the Resolution which follows this board letter. Approving the resolution will result in the following actions:

1. CEQA Findings: Adopt the CEQA findings (Attachment 1) pursuant to the California Environmental Quality Act (CEQA) and the APCD CEQA guidelines.

2. Rule Findings: Adopt the associated findings (Attachment 2) in support of the proposed revised rules, including those pursuant to Health and Safety Code Section 40727 regarding authority, necessity, clarity, and consistency. The findings acknowledge public comments on the proposed revised rule (Attachment 3) and staff's responses to these comments (Attachment 4).

3. Rule Change: Adopt proposed rule amendments to Rule 202 given as Attachment 5.

Terence E. Dressler • Air Pollution Control Officer
260 North San Antonio Road, Suite A • Santa Barbara, CA • 93110 • www.sbcapcd.org • 805.961.8800 • 805.961.8801 (fax)

DISCUSSION:

The Santa Barbara County APCD rules apply to certain equipment that may cause the issuance of air contaminants. Rule 201, Permits Required, requires Permits to Operate for specific types of equipment. Rule 202, Exemptions to Rule 201, lists equipment items that are exempt from the requirement for an APCD permit.

The Air Pollution Control District proposes revisions to the permit exemptions found in Rule 202.F to require the permitting of additional engines. The reason for the rule revision is to implement and enforce a state law that protects the public from the toxic impacts of diesel particulate matter exhaust. California has adopted an Airborne Toxic Control Measure for Stationary Compression Ignition Engines (California Code of Regulations, title 17, section 93115). In order for the APCD to effectively implement and enforce this new statewide regulation, it is necessary that the engines to which the law applies be issued permits by the APCD.

Objectives:

The primary object is to require permits for the currently permit-exempt compression ignition engines (e.g., emergency and prime [non-emergency] engines) rated greater than 50 brake horsepower that are subject to the state Airborne Toxic Control Measure for Stationary Compression Ignition Engines. An additional objective of the amended rule is to improve clarity.

Implications to the Regulated Community due to the Rule 202 Revisions:

WHO IS AFFECTED?

On the 202.F.1 changes (including, but not limited to): companies, agencies, institutions, and persons that own or operate emergency engines or prime (non-emergency) engines rated greater than 50 brake horsepower and powered by diesel fuel will need to obtain an APCD Permit to Operate for such engines. Due to their current exempt status, the APCD does not know precisely the number of these engines. However, based on a survey and other records, we believe that there are about 300 engines that will become subject to permitting. With regard to the other clarification text changes, no currently exempt sources are expected to be affected.

The types of businesses and agencies owning or operating compression ignition engines include, but are not limited to, U.S. military installations, communication companies, city maintenance and operation divisions, oil and gas processing and production facilities (including platforms and pumping stations), mineral processing facilities, rental agencies, wastewater treatment facilities, airports, electronic device manufacturers, retailers, golf courses, hospitals, schools, retirement homes, and convalescent homes. Persons, including, but not limited to, individuals with large residential mansions and/or recreational equipment, may also own and operate compression ignition engines that will require permits due to this rulemaking action.

WHAT REQUIREMENTS ARE ASSOCIATED WITH MODIFIED 202.F.1 AND THE STATE ATCM?

Applications for an Authority to Construct and/or Permit to Operate

Rule 202.E requires owners and operators of previously permit-exempt compression ignition engines installed as of the date of the rule modification (projected to be December 16, 2004) to submit an application for Permit to Operate:

1. No later than 90 days after the rule modification (i.e., the application deadline is projected to be March 16, 2005); or

2. For sources on the Outer Continental Shelf, within 90 days after the date the revision to Rule 202 is added to the Outer Continental Shelf Regulations (40 CFR Part 55).

APCD staff has developed streamlined forms for existing emergency engines to help expedite the application and permitting processing.

Compression ignition engines that are installed on or after the rule revision (anticipated to be December 16, 2004), or for new OCS engines that are installed on or after the date this revision to Rule 202 is added to the OCS Regulations, will need APCD authorization in the form of an Authority to Construct and Permit to Operate prior to installation of the engine.

Compliance with the State ATCM (California Code of Regulations, Title 17, Section 93155)

Owners and operators of diesel powered stationary compression ignition engines rated greater than 50 brake horsepower must comply with the requirements of the state Airborne Toxic Control Measure (ATCM). As an informational item, the APCD distributed the state Stationary Compression Ignition Engine ATCM to rulebook holders. The California Air Resources Board has posted the Final Regulation Order (California Code of Regulations, Section 93115) for the Compression Ignition Engine Airborne Toxic Control Measure on its website at: http://www.arb.ca.gov/regact/statde/statde.htm. And the APCD has created a webpage specifically for this ATCM at: http://www.sbcapcd.org/eng/atcm/dice/dice_atcm.htm

The following ATCM subsections provide provisions for low-use engines that operate 20 hours per year or less:

- Subsection (c)(12) provides an exemption to the subsection (e)(2)(D)1 diesel PM standards for prime engines.
- Subsection (e)(2)(B)(3)a.I.i allows emergency engines to emit at a rate greater than 0.40 grams per brake horsepower – hour, provided that the operating time for the purposes of maintenance and testing does not exceed 20 hours per year.

Owners and operators of engines that utilize one of these 20 hours per year provisions shall receive a Permit to Operate with a *not to exceed 20 hours per year* permit condition. Later, if an owner or operator exceeds the limit, the APCD will not automatically require the owner or operator to meet the ATCM emission limits for an engine that operates more than 20 hours per

year. If a source anticipates exceeding the 20 hour per year limit, they can apply for a variance. In cases where an engine operating schedule routinely exceeds 20 hours per year, the source would need to seek other resolutions.

Compliance with Rule 333

Rule 333, Control of Emissions from Reciprocating Internal Combustion Engines, applies to permitted internal combustion engines (50 brake horsepower or greater). Therefore, in addition to the new requirements to have a permit and comply with the ATCM, the provisions of Rule 333 will apply.

Compression ignition engines that operate less than 200 hours per year are eligible for exemptions from the emission limits and source testing requirements of Rule 333. However, the owner or operator of a low operating capacity (< 200 hours per year) engine needs to comply with the recordkeeping requirements of the rule. Also, the engine needs to have a nonresettable hour meter.

Compression ignition engines subject to Rule 333 that operate 200 hours per year or more need to comply with the NOx limit of 797 parts per million at 15 percent oxygen.[1] The 797 parts per million NOx limit is the highest limit in the state of California. Staff expects all engines becoming subject to Rule 333 through this rulemaking action to comply with the rule limits without the addition of any control equipment.

In addition to meeting the NOx emission limit, engines that operate 200 hours per year or more will need to comply with other Rule 333 requirements, such as use of operating hour meters, periodic tests, recordkeeping, and routine inspections by the owner or operator.

HOW DOES COMPLIANCE WITH THE ATCM RELATE TO REQUIREMENTS OF ASSEMBLY BILL (AB) 2588, AIR TOXICS "HOT SPOTS" ACT?

ARB staff has told the APCD that meeting the ATCM does not automatically exempt that the engine from AB 2588 requirements. In a November 5, 2004 phone call, ARB staff stated that implementation of the ATCM (e.g., adding emissions controls, reducing hours) may result in being exempt from AB 2588 requirements if the health risk assessment shows the facility is a "low-level" facility. However, fulfillment of the ATCM requirements does not indicate that a facility is exempt from AB 2588 or has fulfilled the AB 2588 requirements.

WHAT ARE THE PROPOSED RULE CHANGES?

Page 202 – 1 (Attachment 5, page 1)

Administrative changes to the rule title adoption dates and the footer to show the date of most recent rule amendment. Note: The footer change will appear throughout the entire rule.

[1] For diesel engines, Rule 333 does not have any SOx, PM, CO, or ROC emission limits.

Page 202 – 2 (Attachment 5, page 2)

For text in 202.D.6.d, change "Air" to "Airborne." This is consistent with the contemporary term used by ARB.

Page 202 – 3 (Attachment 5, page 3)

For text in 202.D.7.b, change "Air" to "Airborne." This is consistent with the contemporary term used by ARB.

Page 202 – 3 (Attachment 5, page 3)

For text in 202.D.7, add a break after "*et seq.)*" in the 202.D.7.e subparagraph, before "Each owner . . ." This corrects a typographical error that originated in the 1997 rulemaking action.

Page 202 – 4 (Attachment 5, page 4)

A revision to 202.F.1.d removes the emergency compression ignition engine exemption.

Page 202 – 4 (Attachment 5, page 4)

A revision to 202.F.1.e removes the compression ignition engine exemption for engines greater than 50 brake horsepower (bhp).

Page 202 – 4 (Attachment 5, page 4)

The previous section 202.F.1.e provisions regarding spark ignition engines and gas turbine engines are moved to a new section (202.F.1.f). These provisions remain intact without any changes except for the addition of clarifying text.

Page 202 – 5 (Attachment 5, page 5)

The 202.F.2 provision concerning engines registered in the Statewide Registration Program has been revised to refer to contemporary terms and references. Also, text is added to clarify that the provision of 202.F.3 and the provisions of 202.F.6 relative to drilling equipment in the Outer Continental Shelf are not overridden by the 202.F.2 provision. That is, emissions from engines registered in the statewide registration program are included when determining the offset liability of 202.F.3. Additionally, the emissions from engines registered in the statewide registration program used in drilling equipment in the OCS are included when determining whether the 25 tons per stationary source permitting threshold of 202.F.6 is met or exceeded.

Engines registered in and displaying current statewide registration program stickers located on OCS platforms are exempt from the requirement for a Permit to Operate.

Comparisons to Adjacent Local Air Pollution Control Districts

The air pollution control districts adjacent to the Santa Barbara County APCD are the San Joaquin Valley Unified APCD, the San Luis Obispo County APCD, and the Ventura County APCD. All of the adjacent air pollution control districts have rules that require permits for emergency and prime (non-emergency) compression ignition engines and their engine permitting thresholds require permits for engines that are *greater than 50 brake horsepower*. The proposed revised Rule 202.F will make the SBCAPCD permitting requirements consistent with those in the neighboring Districts.

Table 1 shows a comparison of the adjacent Air Pollution Control Districts' general engine permitting exemptions and their emergency engine permit exemptions.

Table 1. COMPARISON OF THE ADJOINING AIR POLLUTION CONTROL DISTRICTS' ENGINE EXEMPTION RULES

	San Joaquin Valley	San Luis Obispo	Santa Barbara	Ventura
Permit Exemption Rule Number	**2020**	**201**	**Proposed Revised 202**	**23**
Brief Description of the General Engine Permit Exemption – (the next section has information on emergency engine exemptions)	Sections 4.3 and 4.4 exempts vehicles, locomotives, airplanes, and watercraft (but not pile drivers or dredging equipment). Section 6.1.2 exempts piston type ICEs that are 50 continuous bhp or less. Section 6.16 exempts portable emissions units that are registered per Rule 2280, the Statewide Portable Equipment Registration Program, or other program approved by the APCO.	Section B.1 exempts piston type ICEs that are 50 bhp or less. Sections C.1 and C.2 exempts vehicles, locomotives, airplanes, and watercraft (but not pile drivers or dredging equipment). Section O exempts portable emissions units that are registered per Rule 220, provided the equipment is not subject to a Part 70 Permit.	Section F exempts: 1) ICEs used in aircraft, locomotives, marine vessels (except marine vessels associated with a stationary source), and vehicles; 2) engines registered in the statewide registration program, construction engines (could require offsets though), and engines used in aircraft shows or to power amusement rides (not to exceed 18 days per year); 3) specialized engines rated less than 50 bhp that qualify (e.g., used for military tactical support or training for such, cargo trailer satellite and space launch equipment temperature/humidity controls etc.); and 4) drilling equipment used in state waters or the outer continental shelf (provided emissions are less than 25 TPY per stationary source per any 12 month period). Rule 202 also exempts 1) compression ignition engines rated 50 bhp or less and 2) spark ignition engines 100 bhp or less unless the aggregate bhp rating of all spark ignition engines at a stationary source in the 20 to 100 bhp range exceeds 500, in which case, permits are required.	Sections D.1, D.2, and D.4 exempts vehicles, locomotives, aircraft, marine vessels, and recreational watercraft; and ICEs used exclusively for frost protection. Section D.6 exempts ICEs that have a maximum continuous power rating of less than 50 bhp. Section D.9 provides an exemption for portable ICEs used pursuant to registration in the California Statewide Portable Engine Registration Program (PERP) under Health and Safety Code Section 41753.

Table 1. (cont.)

	San Joaquin Valley	San Luis Obispo	Santa Barbara	Ventura
Exemptions for Emergency Engines	There is no permit exemption for emergency engines.	Section B.3 provides an exemption for ICEs, except diesel fueled engines, used solely for standby power or the emergency pumping of water provided the engine is operated less than 100 hours per year for maintenance and testing purposes. The exemption does not apply to ICEs used as standby power due to a voluntary reduction in power by the power company.	Section F.1.d provides an exemption for emergency spark ignition engines, provided: 1) the emergency engines are used for emergency power generation or pumping of water for flood control or firefighting, 2) the engines operate no more than 200 hours per calendar year, and 3) records are maintained of engine operations and made available to the District upon request.	Section D.7.b exempts 1) spark-ignited ICEs used exclusively for the emergency pumping of water for either fire protection or flood relief. The engines may either drive pumps directly or generate electricity to drive pumps. Such engines may be operated for engine maintenance. 2) Spark-ignited emergency internal combustion engines used only when electrical power line or natural gas service fails. Such engines may be operated for engine maintenance. 3) Portable engines used for emergency purposes. Engine maintenance operation is limited to 50 hours per calendar year per engine. An emergency internal combustion engine may not be operated to replace an internal combustion engine or a turbine that has failed or requires maintenance; to supplement a primary power source when the load capacity or rating of the primary power source has been either reached or exceeded; nor to reduce the demand for electrical power when normal electrical power line service has not failed.

Background

Until the latter part of 1987, all piston type internal combustion engines in Santa Barbara County were exempt from permit requirements. In December 1987, engines became subject to permitting requirements or revised exemptions. For the revisions subject to this rulemaking, the 1987 requirements and exemptions are essentially the same as those that exist today:

1. An engine rated greater than 100 brake horsepower (bhp) requires a permit.

2. For stationary sources with several engines rated less than 100 bhp, these are exempt, provided the total rating of engines in the range of greater than 20 but less than 100 brake horsepower is 500 or less brake horsepower.

3. Emergency engines that operate less than 200 hours per year are exempt.

The state adopted an Airborne Toxic Control Measure for Stationary Compression Ignition Engines on November 8, 2004. In order to implement and enforce these new state requirements, the APCD intends to remove the compression ignition engine exemptions. Compression ignition engines 50 bhp or less will continue to be exempt from permit.

Cost-Effectiveness and Incremental Cost-Effectiveness:

The proposed revisions to Rule 202 involve revisions for rule clarity and the repeal of the permit exemptions for compression ignition emergency engines (greater than 50 bhp) and compression ignition prime (non-emergency) engines (greater than 50 but less than 100 bhp). As a secondary effect, the compression ignition engines becoming subject to permitting also become subject to the existing provisions of Rule 333. As previously mentioned, staff expect all compression ignition engines becoming subject to the Rule 333 NOx emission limit through this rulemaking action to comply with the limit without the addition of any control equipment. While the ATCM is expected to result in emission reductions, there are no emission reductions expected from existing engines that become subject to permitting or Rule 333.

Therefore, the proposed revisions are administrative in nature, but necessary for clarity and the identification and permitting of compression ignition engines to facilitate implementation of state ATCM requirements.

Health & Safety Code Section 40703 states that the district must consider, and make public, "the cost-effectiveness of a control measure." The proposed revisions to Rule 202 regarding improved clarity and the repeal of the compression ignition engine exemption are not included in a Clean Air Plan control measure. Therefore, it is not necessary to calculate the cost-effectiveness of the proposal.

Health & Safety Code § 40920.6(a) requires an analysis of the incremental cost-effectiveness of potential control options for measures imposing BACT or for feasible control measures. Since

Rule 202 does not establish a requirement for BACT and is not a control measure, no analysis of incremental cost-effectiveness is required.

Comparison to Existing Federal, State, and Local Requirements

Health and Safety Code Section 40727.2(a) requires the APCD to identify all existing federal, state, and local air pollution control requirements that apply to the same equipment or source category as the rule proposed for adoption or modification by the Air Pollution Control District.

Rule 202 does not include emission control standards; therefore, the requirements of Health and Safety Code 40727.2(a) are satisfied pursuant to Health and Safety Code Section 40727.2(g).

Implications to the APCD Work Load and Budget:

The permit applications will create a short term spike in workload that may displace other priorities. However, we will not be able to assess long term impacts on workload until we have all the applications actually submitted and have issued the permits. Based on a survey and other records, we believe the number of applications for the existing engines due to the rule revision to be about 75. In addition, APCD staff expects that the existing fee schedules will cover the permitting and enforcement activities associated with the proposed rule revisions and the implementation and enforcement of the state ATCM. The APCD will allow applicants for permits for existing diesel engines that are required to apply for permits due to this Rule 202 revision to choose either the fee schedule or cost reimbursement method of fee payment. This option will only be available for the initial processing of these Permits to Operate.

Public Review:[1]

THE NOVEMBER 10, 2004 COMMUNITY ADVISORY COUNCIL MEETING AND PUBLIC WORKSHOP

The Air Pollution Control District published a public notice of the proposed revisions to Rule 202 on October 24, 2004 that advised:

1. The Community Advisory Council would hear and consider the matter of revising Rule 202 at the November 10, 2004 Community Advisory Council meeting;

2. The November 10, 2004 Community Advisory Council meeting would also be a public workshop on the proposed amended Rule 202; and

[1] In addition to the November 10, 2004 Public Workshop on revisions to Rule 202, the Engineering & Compliance Division held a Public Workshop on November 4 on the implementation of the Stationary Compression Ignition Engine ATCM.

3. The draft Board Package, proposed revised Rule 202, the draft CEQA findings for the proposed revised rule, and the CEQA Notice of Exemption for Revisions to APCD Rule 202 (Exemptions to Rule 201), were available at various locations in Santa Barbara County and the APCD website.

During the November 10 meeting, the APCD received comments about the proposed revised Rule 202. We also received comments on the permitting process and the ATCM implementation. Attachment 3 includes written public comments that overlapped with some of the permitting and ATCM questions received verbally during the November 10 meeting. The Engineering & Compliance Division staff of the APCD has worked with sources to develop a list of *frequently asked questions* (FAQs) regarding the implementation of the ATCM and application/permitting process. Attachment 7 to this Board Letter provides FAQs (dated December 16, 2004) and the APCD responses. Over time, staff plans to add to the FAQs as they arise. The APCD has posted the FAQs on our website as part of our outreach program to inform and advise sources of the permitting and ATCM requirements.

Several commentors requested that the APCD delay the rule revision to allow for more workshops and discussions between industry and the APCD staff. We explained how the APCD had started similar rulemaking in 2001, but held up the rule revision based upon requests to wait until the Air Resources Board (ARB) approved the ATCM. The ARB approved the ATCM on November 8, 2004 after several years of negotiations with industry. Now that ARB has adopted the ATCM, we need to expedite the changes Rule 202 and have them adopted by January 1, 2005 for several reasons:

1. The ATCM has requirements that begin on this date.
2. The definitions of "in-use" and "new" engines are dependent on this date.
3. The implementation and enforcement of the ATCM needs to be accomplished through the permitting system.
4. Engines to be installed on and after the date of this rule revision will be subject to an Authority to Construct approval process to ensure that the ATCM provisions are met.

The APCD plans to conduct additional workshops on the implementation of the ATCM and the APCD application/permitting process to inform and provide assistance to affected sources.

Commentors raised concerns about the permitting of emergency diesel engines and how their new permitting status will relate to New Source Review requirements (e.g., BACT, offsets and modeling), Part 70 permits, and how the APCD will treat engine replacements.

Potential New Source Review Requirements

Emergency engines have minimum operating schedules. Consequently, these diesel engines have a long lifetime and it is seldom necessary to replace one. It is likely that most back-up generators outlive the facilities that the engines were installed to service. New back-up generators will have to meet very low emission standards. Therefore, the emissions associated with testing and maintenance (which would be the only emissions assessed for purposes of New Source Review) would be very low. By itself, such an engine would never trigger offsets or

modeling. If installed at a facility with net emission increase exceeding the offset threshold, the testing and maintenance use potential to emit might trigger offsets, but the liability from the engine would be very small. Furthermore, facilities would be able to create emission reduction credits from the engine that would be shut down.

Part 70 Permits and Engine Replacements

Consistent with both APCD policy regarding the definition of *equivalent routine replacement* and the ATCM, the APCD is implementing a temporary replacement permit condition. The ATCM subsection (d)(44)(A)(1) has provisions to allow a replacement engine to have "in-use" engine status. The APCD will incorporate these provisions into the temporary replacement permit condition. For the condition to provide an adequate, federally enforceable shield, this condition will be placed in Section C of Part 70 permits. If an engine needs repair, it could be temporarily replaced (for 180 days) with another engine while undergoing repairs. The replacement engine would not require a permit application or any permit action. This temporary replacement provision will apply to the period between malfunction and the subsequent return to service of the originally permitted engine.

Similarly, for emergency standby engines, firewater pumps, and engines required for essential public services (as determined by the APCD), another permit condition will allow for use of a temporary engine if the permitted engine breaks down and must be permanently replaced with a new engine while an Authority to Construct permit for the new engine is being processed.

Concerns about fees were also raised at the November 10, 2004 workshop. Staff has reviewed the potential fees and found that they are not exorbitant. The APCD will allow applicants for permits for existing diesel engines that are required to apply for permits due to this Rule 202 revision to choose either the fee schedule or cost reimbursement method of fee payment. This option will only be available for the initial processing of these Permits to Operate.

The APCD also received concerns about the proposed new Rule 202.D.15 language. This text indicated:

> For the purposes of the exemptions set forth in Sections F.1.e; F.1.f and G.1, the ratings of all engines or combustion equipment used in the same process will be accumulated to determine whether these exemptions apply.

Public comment on this provision concerned the ambiguity of certain terms and the CAC members felt that the provision should undergo further review and discussion. A member of the public suggested a compromise solution to the Community Advisory Council. Consistent with the suggestion, the CAC recommended that the new Rule 202.D.15 text be removed from this rulemaking action so that this issue can be discussed in further detail. As requested by the CAC, the currently proposed amended rule does not contain the earlier proposed Rule 202.D.15 text. The APCD noted that this text will be revisited during the upcoming Rule 333/Rule 202 revisions.

The CAC passed a motion (11 ayes, 4 nays) to recommend that the Board adopt the proposed revisions to Rule 202. The motion was:

- Recommend approval of the proposed revisions to Rule 202,
- Remove the proposed new 202.D.15 text,
- Correct and modify the new 202.F.1.f text to make it read (new text in underline format):

> f. Spark ignition piston-type internal combustion engines with a manufacturer's maximum rating of 100 brake horsepower (bhp) or less or gas turbine engines with a maximum heat input rate of 3 million British thermal units per hour or less at standard conditions, except if the total horsepower of individual spark ignition piston-type internal combustion engines less than 100 bhp but greater than 20 bhp at a stationary source, as defined in Rule 102, exceeds 500 bhp in which case the individual engines are not exempt. Internal combustion engines exempt under other provisions of Section F do not count toward the 500 bhp aggregate limit.

- Request APCD staff to conduct additional workshops on the implementation of the ATCM, and
- Prior to returning to CAC with proposal to include 202.D.15 language in Rule 202, APCD hold additional workshops on the language.

PUBLIC NOTICING INFORMATION ON THE DECEMBER 16, 2004 PUBLIC HEARING TO CONSIDER ADOPTION OF REVISED RULE 202

On November 12, 2004, the APCD posted information on its website indicating that revisions to the Rule 202 were underway and informing the public about the public notice on the revised Rule 202 Public Hearing and documents for the project that were also available on the Air Pollution Control District website.

On November 14, 2004, the APCD published a public notice of the Board Hearing on the adoption of revisions to Rule 202. This notice advised that:

1. The Santa Barbara County Air Pollution Control District Board would accept comments and consider adopting amendments to Rule 202 at the December 16, 2004 Board Hearing;

2. The draft Board Package, proposed revised Rule 202, the draft CEQA findings for the proposed revised rule, and the CEQA Notice of Exemption for Revisions to APCD Rule 202 (Exemptions to Rule 201), were available at various locations in Santa Barbara County and the APCD website; and

3. The APCD is accepting comments on the proposed amended rule, CEQA findings, and the CEQA Notice of Exemption to APCD Rule 202 (Exemptions to Rule 201), until December 14, 2004.

California Environmental Quality Act (CEQA):

The APCD prepared CEQA Findings (Attachment 1) and the Notice of Exemption for Revisions to APCD Rule 202 (Attachment 6). These documents indicate that the proposed revisions to Rule 202 do not have a potential for causing a significant effect on the environment. Therefore, the proposed amended Rule 202 is exempt from CEQA.

Concurrences:

County Counsel

SPECIAL INSTRUCTIONS:

After adoption by the Board, please have the Board Chair sign the attached resolution and return a copy along with a copy of the minute order to Doug Grapple of the Air Pollution Control District.

Attachments

Resolution
Attachment 1 - CEQA Findings
Attachment 2 - Rule Findings
Attachment 3 - Public Comments
Attachment 4 - Response to Comments
Attachment 5 - Rule 202 Amendments
Attachment 6 - Notice of Exemption
Attachment 7 - Frequently Asked Questions

BOARD RESOLUTION

PROPOSED REVISIONS TO RULE 202,

EXEMPTIONS TO RULE 201

December 16, 2004

Santa Barbara County Air Pollution Control District

260 San Antonio Road, Suite A
Santa Barbara, California 93110

(805) 961-8800

RESOLUTION OF THE AIR POLLUTION CONTROL DISTRICT BOARD OF THE COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA

In the Matter of	**)**	**APCD Resolution No.**
	)	
Revising Rule 202	**)**	
_____	**)**	

RECITALS

1. The Air Pollution Control District Board of the County of Santa Barbara ("Board") is authorized to adopt, amend, or repeal rules and regulations pursuant to Health and Safety Code Section 40725 *et seq*.

2. Pursuant to Health and Safety Code Section 39666(d), districts shall implement and enforce state Airborne Toxic Control Measures or Boards shall adopt rules and regulations to enact the implementation and enforcement of the Airborne Toxic Control Measures. The Board has elected to implement and enforce the state Airborne Toxic Control Measure for Stationary Compression Ignition Engines rather than adopting a rule for the Airborne Toxic Control Measure.

3. The Board has determined that a need exists to amend Rule 202 (Exemptions from Rule 201) to facilitate the implementation and enforcement of the aforementioned Airborne Toxic Control Measure. The Rule 202 revisions will repeal the permit exemptions for a) compression ignition emergency engines greater than 50 brake horsepower, and b) compression ignition primary (non-emergency) engines greater than 50 but less than 100 brake horsepower.

4. Pursuant to Health and Safety Code 40001, the Board is required to adopt and enforce rules and regulations to achieve and maintain the state and federal ambient air quality standards.

5. The Board has determined that a need exists to amend Rule 202 (Exemptions from Rule 201) to improve rule clarity.

NOW, THEREFORE, IT IS HEREBY RESOLVED THAT:

1) This Board has held a hearing and accepted public comments in accordance with the requirements of Health and Safety Code Section 40725 *et seq.*

2) The California Environmental Quality Act ("CEQA") findings set forth in Attachment 1 of the Board Package dated December 16, 2004 (herein after "Board Letter") are hereby adopted as findings of this Board pursuant to CEQA and the CEQA guidelines.

3) The general rule findings, as set forth in Attachment 2 of the Board Letter, are hereby adopted as findings of this Board pursuant to Health and Safety Code Section 40727.

4) The Responses to Public Comments, as set forth in Attachment 4 of the Board Letter, are hereby adopted as findings of this Board.

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5) Rule 202 as set forth in Attachment 5 is hereby amended as a rule of the Santa Barbara County Air Pollution Control District pursuant to Health and Safety Code section 40725 *et seq.*

PASSED AND ADOPTED by the Air Pollution Control District Board of the County of Santa Barbara, State of California, this ___ day of _____, 200_, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST:
TERENCE E. DRESSLER
CLERK OF THE BOARD,

By_____
Deputy

_____
Chair, Air Pollution Control
District Board of the County of
Santa Barbara

APPROVED AS TO FORM:

STEPHEN SHANE STARK
SANTA BARBARA COUNTY COUNSEL

By_____
Deputy

Attorneys for the Santa Barbara
Air Pollution Control District

ATTACHMENT 1

CEQA FINDINGS

PROPOSED REVISIONS TO RULE 202,

EXEMPTIONS TO RULE 201

December 16, 2004

Santa Barbara County Air Pollution Control District

260 San Antonio Road, Suite A
Santa Barbara, California 93110

(805) 961-8800

CEQA FINDINGS

The project consists of changes to Rule 202, Exemptions to Rule 201, that are in two basic categories: 1) minor changes to Rule 202 to improve clarity, and 2) revisions to Rule 202 to repeal the permit exemptions for compression ignition emergency engines (greater than 50 brake horsepower [bhp]) and compression ignition prime (non-emergency) engines (greater than 50 but less than 100 bhp).

On the first category of changes, no known sources will be impacted and there are no emission reductions anticipated from those revisions.

On the second category of changes, compression ignition engines becoming subject to permitting also become subject to the existing provisions of Rule 333. Staff expects all compression ignition engines becoming subject to the Rule 333 NOx emission limit through this rulemaking action to readily comply with the limit without the addition of control equipment. No emission reductions are expected from these changes.

The purpose of repealing the exemptions is to require compression ignition engines rated greater than 50 brake horsepower to be subject to permitting for the implementation and enforcement of the state Airborne Toxic Control Measure for Stationary Compression Ignition Engines (California Code of Regulations, title 17, section 93115).

The Santa Barbara County APCD prepared a Notice of Exemption (Attachment 6 of the Board Package dated December 16, 2004) for the project.

The Board finds that:

- Pursuant to § 15061(b)(3) of the State CEQA Guidelines, the project is exempt because it does not have the potential for causing a significant effect on the environment.

- Pursuant to Public Resources Code (PRC) § 21084, no environmental document is required because the project is exempt from CEQA.

The APCD will prepare and file a Notice of Exemption with the County Clerk of the Board in compliance with State CEQA Guidelines § 15062 (a).

ATTACHMENT 2

RULE FINDINGS

PROPOSED REVISIONS TO RULE 202,

EXEMPTIONS TO RULE 201

December 16, 2004

Santa Barbara County Air Pollution Control District

260 San Antonio Road, Suite A
Santa Barbara, California 93110

(805) 961-8800

ATTACHMENT 2

RULE FINDINGS FOR REVISING RULE 202

Pursuant to California Health and Safety Code Section 40727, the Board makes the following findings for revising Rule 202 (Exemptions to Rule 201).

Necessity

The Board determines that it is necessary to revise Rule 202 (Exemptions to Rule 201) for the purposes of improving rule clarity and implementing and enforcing the state Airborne Toxic Control Measure for Stationary Compression Ignition Engines.

Authority

The Board is authorized under state law to adopt, amend, or repeal rules and regulations pursuant to Health and Safety Code Section 40000, and 40725 through 40728 which assigns to local and regional authorities the primary responsibility for the control of air pollution from all sources other than exhaust emissions from motor vehicles. In addition, Health and Safety Code Section 40702 requires the District Board to adopt rules and regulations and to do such acts as necessary and proper to execute the powers and duties granted to it and imposed upon it by state law.

Clarity

The Board finds that the revised Rule 202 is sufficiently clear. The District publicly noticed the proposed revisions to Rule 202. The rule is written or displayed so that its meaning can be easily understood by persons directly affected by it.

Consistency

The Board determines that the revised Rule 202 is consistent with, and not in conflict with or contradictory to, existing federal or state statutes, court decisions, or regulations.

The neighboring air pollution control districts include the Ventura County Air Pollution Control District, San Luis Obispo County Air Pollution Control District, and the San Joaquin Valley Unified Air Pollution Control District. All of our neighboring air pollution control districts have adopted exemptions for compression ignition engines that are similar to those proposed in revised Rule 202.F. Based on this evidence, the Board finds that the rule is consistent with neighboring air pollution control districts.

Nonduplication

The Board finds that the revised Rule 202 does not impose the same restrictions as any existing state or federal regulation, and the proposed rule revision is necessary and proper to execute the powers and duties granted to, and imposed upon, the APCD.

Reference

The Board finds that we have authority under State law to amend Rule 202 pursuant to Health and Safety Code Section 39002, which assigns to local and regional authorities the primary responsibility for the control of air pollution from all sources other than exhaust emissions from motor vehicles. Additionally, pursuant to Health and Safety Code Section 40702, the Board is required to adopt rules and regulations and to do such acts as necessary and proper to execute the powers and duties granted to it and imposed upon it by state law.

Additional Findings; Public Comment

Response to Comments

The Board has reviewed the public comments included in Attachment 3 and hereby approves the responses to comments set forth as Attachment 4 as findings.

ATTACHMENT 3

PUBLIC COMMENTS

PROPOSED REVISIONS TO RULE 202,

EXEMPTIONS TO RULE 201

December 16, 2004

Santa Barbara County Air Pollution Control District

260 San Antonio Road, Suite A
Santa Barbara, California 93110

(805) 961-8800

ATTACHMENT 3

PUBLIC COMMENTS
ON PROPOSED REVISIONS TO RULE 202, EXEMPTIONS TO RULE 201

Goleta Valley Chamber of Commerce

November 9, 2004

Members of the Community Advisor Council
Santa Barbara County Air Pollution Control District
260 N. San Antonio Road, #A
Santa Barbara, Ca 93110

Re: Continue Agenda Item 3, Rule 202 – More Community Outreach Needed

Dear Community Advisory Council Members:

The Goleta Valley Chamber of Commerce Governmental Review Committee (GRC) urges the Community Advisory Council (CAC) to continue the proposed Rule 202 changes until more community outreach has been accomplished. 1 - 1

The Rule 202 complexities will have impacts on jobs, technologies and the economical viability of chamber members to provide employment. 1 - 2

There has not been adequate time or opportunity for the community to read the staff report, communicate concerns with the CAC, staff or APCD Board of Directors and interact with each other about the proposed changes. 1 - 3

There must be more community dialogue, stakeholder meetings and outreach to both the north and south areas of Santa Barbara County so people are informed. 1 - 4

We would like to invite CAC members and APCD staff to our GRC meetings to discuss the proposed changes, so our members can better understand the impacts. 1 - 5

This will enable job providers to work with the CAC and staff on the proposed changes. Please contact me to arrange a convenient date. 1 - 6

Sincerely,

GRC Co-chairman

Cc: APCD Board of Directors & Staff
Chambers of Commerce

5582 Calle Real, Suite A • P.O. Box 781 • Goleta, CA 93116 • P: 805-967-4618 • F: 805-967-4615

SANTA BARBARA INDUSTRIAL ASSOCIATION

promoting our quality of life through job prosperity

November 10, 2004

Mr. Terry Dressler
Santa Barbara County
Air Pollution Control District
260 N. San Antonio Road, #A
Santa Barbara, CA 93110

Re: Continue Proposed Amendments to Rule 202

Dear Mr. Dressler:

The Santa Barbara Industrial Association (SBIA) requests a continuance of the proposed amendments to Rule 202 so that additional community dialogue can occur. 2 - 1

Before the APCD's Community Advisory Council (CAC) forwards the proposed changes to Rule 202 we strongly suggest more outreach and communication to the SBIA, other job providers and community. 2 - 2

At this time, the job and economic impacts from the Rule 202 amendments are unknown, largely because employees and employers have not had enough interaction with staff or the CAC. 2 - 3

The SBIA can help facilitate the community outreach by partnering with the CAC and APCD to communicate the proposed amendments to our membership. 2 - 4

We recommend continuing the Rule 202 amendments in the "business friendly" spirit. 2 - 5

Sincerely,

Joe Armendariz
Executive Director

Cc: Board of Directors APCD
Community Advisor Council
Jim Claybaugh, Economic Development Director

POST OFFICE BOX 21621, SANTA BARBARA, CALIFORNIA 93121
TEL: 805.684.1068 • FAX: 684.4188 • E-MAIL: SBIA@COX.NET • WWW.SBIA.ORG

Southern California Gas Company®
A Sempra Energy® utility

Colby Morrow
Air Quality Manager
Regional Public Affairs

Tel: (559) 324-0109
Fax: (559) 324-0132
clmorrow@semprautilities.com

Comment Letter 3

November 10, 2004

Statement by Colby Morrow on behalf of the Southern California Gas Company to Members of the Citizens Advisory Council Regarding Proposed Amendments to Rule 202:

- Southern California Gas Company (SoCalGas) requests that you recommend District staff to switch to the regular (aka "long") rule development process rather than the current "short" process. This will allow a meaningful opportunity to review and comment on this rule amendment by members of the public and the regulated community.

- The "short" rule development process is utilized primarily when the proposed rule or rule change is clearly administrative in nature, minimally controversial, as well as for those rules or amendments whose timely adoption is mandated.

- The proposed Rule 202 amendments are not just administrative or minimally controversial. They are substantive changes to the rule, with noteworthy controversy.

- First, newly proposed section D.15 is not a clarification of existing text in the rule. It is new rule language being added to implement an unwritten policy to prevent "stacking." This policy has never been written down, reviewed, discussed or analyzed by the public and regulated community.

- Current Rule 202 language addresses the issue of cumulative emissions from several permit-exempt emission sources, by imposing aggregate emission or rating limits.
  - For example, the exemption under Rule 202 F.1 for piston-type internal combustion engines with a rating of 100 bhp or less is not available if the total horsepower of all of these otherwise-exempt engines at a stationary source exceeds 500 bhp.
  - In addition, the exemption under Rule 202 G.1 for other combustion equipment with maximum heat input of less than 5 million Btu per hour is not available if the total emissions from all otherwise-exempt equipment at a stationary source exceed 25 tons per calendar year.

- The draft staff report states that "no sources are expected to be affected" by the "clarifying" text in D.15, but then states that the new rule section is needed to prevent an

Comment Letter 3 (Cont.)

undue risk to public health. How can public health be protected when no sources are expected to be affected?

- In fact, SoCalGas's attorney has determined that such an unwritten policy against "stacking" is unenforceable as a matter of law, and informed the Air District of his finding in a September 23, 2004 letter to Peter Cantle of the SBCAPCD, from Vincent Gonzales, Esq. of Sempra, on behalf of SoCalGas: the "SCG Letter."

- The insertion of new provision D. 15 into Rule 202 represents a fundamental change that may affect many businesses, forcing them to apply for and obtain operating permits for existing equipment that are otherwise exempt. Permitting substantially increases operating costs as well as exposure to liability due to new, burdensome, detailed permit conditions.

- A real world example of this is SoCalGas' recent attempt to install new, state-of-the-art natural gas-fired micro-turbines at its storage facility in Goleta. These micro-turbines would be cleaner and more efficient than the facility's aging and higher-emitting natural gas-fired internal combustion engines that the micro-turbines were to replace.

- Initially, SoCalGas decided to follow the District's unwritten policy against "stacking" and proceeded to file permit applications before installing and operating the new micro-turbines.

- When SoCalGas received the authority to construct permits, however, it was shocked and dismayed to find numerous permit conditions on the new equipment, which were much more stringent and burdensome than the permit conditions presently imposed on the existing IC engines.
    - For example, the new permits required SoCalGas to do daily recordkeeping for the micro-turbines with respect to fuel flow and hours of operation, when the permits for the existing IC engines required only monthly recordkeeping.
    - The new permits also required the installation of individual fuel meters and hour meters, when the existing permits do not require such equipment.
    - All this when the proposed replacement equipment would have extremely low emission limits for NOx (9 ppm; 0.71 lbs/day) and CO (190 ppm; 207 lbs/day), compared to the existing permitted engines (50 ppm, 8.4 lbs/day for NOX; 4500 ppm, 451 lbs/day for CO).

- Consequently, SoCalGas withdrew its permit applications to install these micro-turbines, because of these overly burdensome and unreasonably stringent permit conditions.

- The bottom line of exempt versus permitted equipment is this: Significantly more stringent permit conditions, requirements and limits in new permits, make it much more expensive to operate equipment that were previously exempt from permitting, as well as substantially increase liability with the imposition of so many conditions and limits that can easily be violated.

- To address the mandate forcing the "short" rule adoption schedule, the diesel ATCM was approved by the California Office of Administrative Law on November 8 and becomes operative on December 8. The rule implementation language reads as follows:

  > No later than 120 days after the approval of this section by the Office of Administrative Law, each air pollution control and air quality management district (district) shall:
  > (A) Implement and enforce the requirements of this section; or
  > (B) Propose its own ATCM to reduce diesel PM from stationary diesel-fueled CI engines as provided in Health and Safety Code section 39666(d).

- This makes final implementation at the local level of the ATCM or its equivalent due on or about March 8, 2005.

- In summary, SoCalGas believes there is adequate time to continue this agenda item, thus affording an additional review and comment period for members of the public and the regulated community on these proposed rule amendments.

Colby Morrow, Air Quality Manager, Regional Public Affairs, Southern California Gas Company
November 10, 2004

DEPARTMENT OF THE AIR FORCE
30TH SPACE WING (AFSPC)

AIR FORCE Space & Missiles 1954 - 2004

16 November 2004

MEMORANDUM FOR SANTA BARBARA COUNTY
AIR POLLUTION CONTROL DISTRICT
ATTN: DOUG GRAPPLE

RECEIVED
NOV 17 2004
SBAPCD

FROM: 30 CES/CEV
806 13th Street, Suite 116
Vandenberg AFB, CA 93437

SUBJECT: Santa Barbara County Air Pollution Control District (APCD) Proposed Revisions to Rule 202 Exemptions to Rule 201

1. Vandenberg Air Force Base (VAFB) reviewed the 24 October 2004 APCD Board Agenda package proposing revisions to Rule 202, Exemptions to Rule 201. We have concerns regarding the pace of this rulemaking effort and how it will affect stakeholders. The following comments are provided.

a. VAFB recommends the APCD fast track discussions with affected stakeholders in order to resolve significant issues that remain to be answered prior to the APCD asking for final Board approval of the proposed Rule 202 changes. VAFB also requests that the questions posed in this letter be formally answered as part of the package submitted to the Board for future reference by all parties. 4 - 1

b. On 22 September 2004 and again on 29 September 2004, VAFB provided written comments/questions (attachments 1 & 2) to the APCD Permitting Section regarding implementing the ATCM and concerns stemming from permitting and New Source Review implications for these diesel units. If these comments are adequately discussed and addressed between the APCD and VAFB staff they may help provide necessary clarity. Attachment 3 provides additional questions requiring clarification. 4 - 2

c. VAFB appreciates the opportunity to provide comments and looks forward to a continued dialogue on this matter. If you have any questions regarding our comments, please contact Gary Johnson, Air Program Manager, at (805) 606-2044. 4 - 3

Thomas Churan

THOMAS D. CHURAN
Chief, Environmental Flight

Attachments:
1. 22 September 2004 ATCM/Rule 202 Questions
2. 29 September 2004 ATCM/Rule 202 Question
3. Additional ATCM/Rule 202 Questions

cc:
M&E (D. Van Mullem)
General Correspondence
Chron

GUARDIANS OF THE HIGH FRONTIER

"Go Hawks"

ATTACHMENT 1

22 September 2004 ATCM/Rule 202 Questions

1. Will the APCD limit the maintenance and testing operations for stationary backup generators (BUGs) to those limits identified in the ATCM? 4 - 4

2. Will the APCD allow for unlimited use for emergency occurrences? 4 - 5

3. Will the APCD maintain permit exemptions for emission units categorically exempted in the Airborne Toxic Control Measure (ATCM)? 4 - 6

4. Will the APCD issue permits for individual BUGs or one permit for multiple units used at a stationary source? Approximately 30 BUGs exist at UCSB and 60 BUGs at VAFB. Hospitals and schools also may have multiple units. 4 - 7

5. Will the APCD accept one application and associated filing fee or require a separate application and filing fee for each individual BUG? For sources with multiple BUGs, fees could be significant. 4 - 8

6. Once the "permit template" is completed, will the APCD reduce their permit fees to cover actual work or will the fee schedule for combustion equipment continued to be applied? For reimbursable source, how will the APCD charge fees for BUG applications and permit processing? 4 - 9

7. Will the APCD provide a cost analysis that discusses New Source Review (NSR) implications under the provisions of these rule revisions? Previously exempt emission units may be subject to Regulation VIII NSR requirements if replacements/additions occur after rule promulgation. Facilities may trigger offsets for their stationary source. In addition to triggering offsets, a new emission unit could trigger BACT, an air quality impact analysis (AQIA) and a health risk analysis (HRA). Requiring BACT, offsets, an HRA, and/or performing an AQIA (with the associated increment fee) for BUG maintenance and testing that operates less than 20, 50 or 100 hours per year appears excessive. 4 - 10

8. How will the APCD perform their California Environmental Quality Act (CEQA) analysis to the permit applications? 4 - 11

9. Will the APCD provide in the staff report a detailed account of the anticipated fees in this rule revision and how those fees will be applied to the APCD budget? In addition, will the APCD provide an explanation of the costs for the health risk analysis, an indication of who can perform the analysis (industry, APCD) and how it will be performed (APCD-approved models)? 4 - 12

ATTACHMENT 1

22 September 2004 ATCM/Rule 202 Questions

10. Will the APCD consider extending the 90 day complete application submittal date limit to 180 days for the purposes of this rule revision? What if the APCD fails to issue a complete application as required by the APCD regulation? Some of the larger sources and/or the APCD may not be able to meet the 90 day complete application submittal deadline and district rules do not allow for variances from permits. 4 - 13

11. The APCD internal policy regarding routine equivalent and identical replacement of emission units provides a very strict interpretation of the exemptions for such replacements in Rule 202.9. Larger stationary sources may have contractor operators that are periodically transferred and/or replaced along with the associated equipment. In the past, these changes did not involve permit issues for emergency generators because the equipment qualified for the APCD permit exemptions identified in Rule 202. This may also apply to small sources that rent stationary BUGs. Will the APCD provide clarification in the staff report regarding routine replacements of this kind? 4 - 14

12. The APCD should address time limits for obtaining permits for emergency equipment. Since this equipment is intended for emergency use, permit application delays (e.g., completeness determinations) could be critical and result in APCD enforcement actions. Can the APCD add language in the staff report allowing relief to operators in order to operate the equipment after a complete application is submitted and processed similar to that allowed for in complete PERP applications? 4 - 15

13. Permits for BUGs might be tailored to their unique operations. If the permit restricts the BUG to emergency power, would the APCD consider the following:

a. Exemptions from Rule 333 regardless of the number of hours operated for emergency power outage. There is no exemption in Rule 333 for emergency operations exceeding 200 hours. 4 - 16

b. Recordkeeping equal to that of current PERP engines. 4 - 17

c. A permit review protocol similar to that applied to PERP engines. 4 - 18

14. Will the APCD consider any emission reductions obtained from the control of these engines be included in the Clean Air Plan? At the Board of Directors meeting regarding the Clean Air Plan approval, the Board argued that any increase in the baseline is significant. Any emission reductions that can be included in the Plan are also significant. 4 - 19

ATTACHMENT 2

29 September 2004 ATCM/Rule 202 Question

Peter.

I have a follow-up to question 7 to the 22 Sep 04 e-mail for your consideration.

If a source opts to replace an older dirtier engine with a newer cleaner engine rather than installing a PM control device on the older dirtier engine in order to comply with the ATCM PM emission standard, will NSR be triggered for that engine replacement? 4 - 20

John DG

ATTACHMENT 3

Additional Questions

In addition to the questions we posed in emails on 22 September 2004 and 29 September 2004, VAFB provides the following additional questions for clarification:

(1) The APCD indicated that an application must be submitted within 90 days of rule adoption. 4 - 21

(a) Rule 208 indicates that the Control Officer shall act for large sources within 180 days from the date an application for an Authority to Construct permit has been deemed complete or 180 days after the approval of the project by the lead agency, whichever period of time is longer, and shall notify the applicant in writing of the approval, conditional approval or denial of the application. What are the ramifications to stakeholders if the APCD fails to meet this deadline? 4 - 22

(b) Additionally, the APCD board package indicates that this is an application submittal only. Rule 202.E. clearly states this must be a complete application. Please clarify. 4 - 23

(2) What would the APCD inspection frequency be for these newly permitted units? VAFB currently operates approximately 55 units and must budget accordingly. 4 - 24

(3) VAFB suggests that engines operated less than 20, 30, 50 or 100 hours/year be allowed a grace period to come into compliance if they exceed the anticipated hours of operation for maintenance and testing. VAFB suggests that this "grace period" be 180 days, similar to the Notification of Loss of Exemption in the ATCM. For example, an engine that initially plans to voluntarily operate less than 20 hours per year, and permits accordingly, but later finds the need to operate between 21 and 30 hours per year must modify its permit and control PM to 0.4 g/bhp-hr. Will this engine be allowed to operate while installation and verification of controls are put onto the engine? Also will this increase in operation trigger NSR requirements (particularly offsets) for the engine due to increased throughput? 4 - 25

(4) VAFB requests clarification on how AB 2588 limitations may affect the replacement of existing backup diesel generators. In particular, for sources that are currently below significance thresholds for AB 2588 and propose to replace an existing diesel engine with a new engine, will the source be limited to remain below threshold limits as determined by a Health Risk Assessment? 4 - 26

(5) VAFB requests clarification on the initial HRA screening that will be done for each large stationary source. First, will permits be issued for engines at large stationary sources who exceed HRA toxic risk thresholds? Second, what assumptions will be made in the initial screening of engines at large stationary sources with multiple engines? Will the screening and potential full scale HRA be done on an engine by engine basis or for the entire stationary source? For example, if the analysis is done on the entire stationary source, will the APCD assume that 4 - 27

all VAFB backup generators are operating simultaneously for acute analysis even though this is highly unlikely. If the APCD is going to address acute screening and modeling in a different manner (i.e. on an engine by engine basis) please clarify how this will be done. 4 – 27 (Cont.)

(6) VAFB requests clarification on Air Quality Impact Analysis and associated increment fees. VAFB is concerned that excessive increment fees could be charged against low operating hour backup generators that are required to undergo New Source Review. 4 - 28

(7) If a source voluntarily elects to operate less than 20 hours/year, would an unplanned increase in operations above 20 hours/year trigger violations, ATCM requirements and New Source Review based on increased throughput even if it is the same engine? VAFB suggests that the APCD clarify what variance relief could be granted for permitted engines and if APCD breakdown relief could be allowed. 4 - 29

(8) When an engine that is permitted for 20 hrs/yr fails and a "new" engine, as defined in the ATCM, is required, will the new engine be allowed to operate while the NSR permit is being processed? In this situation, could a "temporary" replacement engine be used until the NSR permitting is complete? VAFB suggests this be allowed, as there could be significant impacts to operations if no backup power is available during the period between the breakdown of the old engine and the completion of the NSR permitting process and final installation of the new engine. Additionally, will the new NSR permit be for 20 hours or 50 hours for maintenance and testing (M&T)? If it is for 50 hours of M&T, will this increase in throughput trigger NSR offset requirements? If offsets are triggered by the increased throughput and the source wants to obtain offsets from the shutdown of the existing engine, what will the requirements be for determining the ERC's from the existing engine (i.e. 3 year baseline, source testing). In creating the baseline from the engine shut down, will the APCD allow the replacement as fulfilling offsets, or require source testing and fuel use monitoring to establish the baseline. Historically, back-up generators required hourly monitoring only and fuel use data may not be available. VAFB suggests that if a significantly cleaner engine is used (Tier I engine replacing a 1970's vintage engine for example) that the APCD could simply allow the new cleaner engine to be offset by the shutdown of the older less clean engine without a formal offset determination even if throughput is increased to 50 hours per/yr. 4 - 30

(9) VAFB needs clear direction as to what engines can be part of a single permit application. This seems to be tied to the definition of a "Facility" or "Process". Clarification on the meaning of these terms and examples would help VAFB to readily comply with the intent of the APCD use of these terms. For example is a Space Launch Complex a "Facility" or a collection of "Facilities" if it includes different buildings and industrial structures. Reading the definition of "Stationary Source" it seems that a "Facility" may be interpreted to be the same as a "Stationary Source" or a subset of a "Stationary Source", please clarify? The "facility" definition for NESHAP, AB 2588 and RCRA apply "fence line to fence line", is this how "facility" will be applied for permitting of BUG's. Additionally, VAFB needs clarification of "process" as it relates to this new rule. For example if two 30 hp diesel backup engines are used to provide backup power to a single "process" will permitting be required? 4 - 31

(10) Will the APCD require quarterly hourly monitoring for back-up generators subject to emission offsets? Will this limit be the annual requirement for the engine or the quarterly peak? What happens if a back-up generator exceeds the quarterly limit but not the annual limit?

4 - 32

Western States Petroleum Association
Credible Solutions ▪ Responsive Service ▪ Since 1907

October 12, 2004

Peter Cantle
Division Manager
Engineering and Compliance Division
Santa Barbara County
Air Pollution Control District
260 North San Antonio Road, Suite A
Santa Barbara, CA. 93110-1315

RE: SBCAPCD Diesel Air Toxic Control Measure (ATCM) Implementation and Rule 202 Rulemaking

Peter,

The Western States Petroleum Association (WSPA) is a non-profit trade association representing a full spectrum of companies which explore for, produce, refine, transport, and market petroleum products in the six western states. In the District's e-mail to industry dated July 29, 2004, you requested that industry provide the District with a comprehensive list of Frequently Asked Questions (FAQ) and issues associated with the SBCAPCD implementation of CARB's ATCM for particulate emissions from stationary source diesel-fired internal combustion engines, referred to by CARB as Compression Ignition Engines (CIE). In addition, the District requested comments concerning the proposed revisions to Rule 202 to implement the ATCM. WSPA and its member companies are providing the following response to the District's request:

1) Rulemaking Schedule:

The ATCM regulations require that Districts implement and enforce the requirements of the regulations within 120 days of the approval of the regulations by the CARB. WSPA requests clarification of the proposed rulemaking schedule for the adoption of the ATCM. Will the adoption of the ATCM be concurrent with any revisions to Rule 202 or other District prohibitory rules? In addition, does the District intend to adopt the provisions of the approved ATCM in its entirety, or is the District planning to make revisions to the ATCM for implementation in Santa Barbara County? 5 - 1

2) Elimination of Exemptions in Rule 202:

In the District's e-mail mentioned above, the District stated that it will be necessary to eliminate the permit exemption for emergency electrical standby CIEs that operate less than 200 hours (Reference Rule 202.F.1.d). In response to the District's position on the permitting of emergency electrical standby CIEs, WSPA has the following comments:

P.O. Box 21108, Santa Barbara, California 93121
(805) 966-7113 ▪ Fax: (805) 963-0647 ▪ Cell: (805) 252-6778 ▪ bob@wspa.org ▪ www.wspa.org

- District Rule 801.B., New Source Review (NSR), Exemptions, states that the provisions of the District's NSR regulations shall not apply to any existing stationary source which was previously exempt under provision of Rule 202, Exemptions to Permit. In this case, emergency electrical standby CIEs were exempt under Rule 202.F.1.d. Therefore, WSPA is requesting that the District confirm that only PTO applications be required for these CIEs. 5 - 2

- The CARB-approved ATCM for emergency electrical standby CIEs provides an exemption from emissions control for those CIEs that have PM emissions of greater than 0.40 g/bhp-hr and limit annual maintenance and testing hours of operation to 20 hours. WSPA believes that CIEs meeting this criteria should be exempt from permit. 5 - 3

- WSPA believes that the District should adopt the provisions in the ATCM regulations which allow for unlimited use of emergency electrical standby CIEs during emergencies. WSPA identified and CARB agreed that emergency use without the benefit of additional control did not significantly reduce the overall health benefit from controlling the non-emergency use. Note that CARB had determined that loss of contracted interruptible power does not constitute an "emergency." 5 - 4

- The CARB-approved ATCM for CIEs also provides categorical exemptions from the ATCM emission control requirements. These include, but are not limited to the following CIE categories:

  - Emergency fire pump assemblies that are driven directly by stationary CIEs and operated the number of hours necessary to comply with the testing requirements of the following: *National Fire Protection Association (NFPA) 25, Standard for the Inspection, Testing, and Maintenance of Water-Based Fire Protection Systems, 1998 edition, as referenced through NFPA 13, Standard for the Installation of Sprinkler Systems, 1999 edition, in the California Building Code, 24 CCR Part 2.vol 2, Chapter 35 Uniform Building Code Standards* (Reference Section (c) (16) of the CARB ATCM regulation).

  - CIEs used solely on outer continental shelf (OCS) platforms located within 25 miles of California's seaward boundary (Reference Section (c) (10) of the CARB ATCM regulation).

  Therefore, WSPA requests that CIEs which qualify for the categorical exemptions, remain exempt under these District's proposed Rule 202 revisions and under any new prohibitory rule(s). 5 - 5

3) Permit Fees

On April 1, 2004, WSPA met with Terry Dressler to discuss various issues. One of the topics of discussion was the implementation of the ATCM and proposed revisions to Rule 202. WSPA expressed concern that the permit fee cost to industry to permit diesel engines would be a great financial burden to industry. Terry Dressler mentioned that it was his intention to mitigate the costs of permitting these engines. WSPA suggests the following alternative fee schedules for the processing of these applications: 5 - 6

- Development of permitting templates to streamline the permit evaluation process;

- Only one application fee per stationary source be required, even if there are multiple CIEs to be permitted at the stationary source;
- Limited permit evaluation fees that reflect the permitting requirements for CIEs (e.g. no NSR requirements);
- Tiered evaluation fee schedules that provide for cost savings for multiple-engine applications; and
- Cost effective alternative source testing fees.

5 - 6 (Cont.)

4) Rule 202.F.3, Construction Exemption

WSPA requests that the District provide details on how the proposed implementation of the ATCM will impact this existing exemption. WSPA would suggest that the 25-ton construction exemption remain intact, and that a permit not be required for these short-term construction projects. This is especially significant since the District's ERC and offset regulations do not provide for offset leasing for short-term construction projects. It is WSPA's assertion that requiring a permit and permanent offsets for these projects is not appropriate. In addition, many of these construction projects require short approval timelines which is accommodated by the exemption request process, but would not be accommodated by the permit process.

5 - 7

5) Portable Equipment Registration Program (PERP)

Terry Dressler has mentioned to WSPA on several occasions that it was the District's intention to allow PERP engines to be used on OCS platforms. WSPA requests that this provision be made a part of the Rule 202 proposed revisions.

5 - 8

6) FAQ Listing

Please find attached a listing of FAQs associated with the District's proposed Rule 202 rulemaking and implementation of the ATCM.

Should you have any questions concerning these comments, please contact me at (805) 966-7113.

Sincerely,

Bob Poole
Coastal Coordinator

Frequently Asked Questions

SBCAPCD Rule 202 and Diesel ATCM Implementation

ATTACHMENT 4

RESPONSE TO COMMENTS

PROPOSED REVISIONS TO RULE 202,

EXEMPTIONS TO RULE 201

December 16, 2004

Santa Barbara County Air Pollution Control District

260 San Antonio Road, Suite A
Santa Barbara, California 93110

(805) 961-8800

ATTACHMENT 4

DISTRICT RESPONSE TO PUBLIC COMMENTS ON PROPOSED REVISIONS TO RULE 202, EXEMPTIONS TO RULE 201

COMMENT LETTER OR NUMBER	DISTRICT RESPONSE
1 - 1	The APCD plans to conduct more community outreach workshops to 1) further inform and assist in the permitting process for the implementation of the ATCM and 2) discuss and recommend revisions to Section D.15 of Rule 202. Consistent with the November 10, 2004 Community Advisory Council recommendation, the 202.D.15 text has been deleted from this rulemaking effort. Our preference is to not delay the timetable for the Rule 202 revisions relative to diesel engines rated greater than 50 brake horsepower. The proposed revised Rule 202 needs to be adopted by January 1, 2005 for several reasons: 1. The ATCM has requirements that begin on this date. 2. The definitions of "in-use" and "new" engines are dependent on this date. 3. The implementation and enforcement of the ATCM needs to be accomplished through the permitting system. 4. Engines to be installed after on and after the date of this rule revision will be subject to an Authority to Construct approval process to ensure that the ATCM provisions are met. Therefore, due to the time restraints, the APCD plans to seek Board approval for the revised Rule on December 16, 2004.
1 - 2	Staff has developed application summary forms to streamline the permitting process for existing engines. The ATCM is a state law which we do not have authority to modify. Agencies, businesses, and institutions will need to review and possibly change their method of operation and monitoring to comply with ATCM. However, the permitting of these engines will not be an onerous process. Santa Barbara County is the last district to remove the permit exemption for emergency diesel engines and to lower the exemption threshold for diesel engines to 50 brake horsepower. Agencies and businesses similar to the ones in Santa Barbara County have gone through the permitting process in other air districts. The APCD will allow applicants for permits for existing diesel engines that are required to apply for permits due to this Rule 202 revision to choose either the fee schedule or cost reimbursement method of fee payment.
1 - 3	As early as August 2001, staff sent notices to the owners and operators of diesel emergency engines about the pending deletion of the emergency engine permit exemption. On October 28, 2001, the APCD published a public notice on the proposed exemption repeal, availability of a draft staff report and a December 4, 2001workshop. At the December 2001 public workshop, we received comments requesting that we delay the exemption repeal until the ARB adopted the health risk guidelines as an ATCM. We decided to postpone further rulemaking until there was an ATCM. On November 8, 2004, the ARB approved the ATCM after working with industry on it for several years. Now that the ARB has adopted the ATCM, we need to expedite the changes Rule 202 and have them adopted by January 1, 2005 for the reasons listed in the response to comment number 1 – 1.
1 - 4	See the response to comment number 1 – 1.

COMMENT LETTER OR NUMBER	DISTRICT RESPONSE
1 - 5	Thank you for the invitation; we are willing to attend such meetings.
1 - 6	See the responses to comment numbers 1 – 1 and 1 – 5.
2 - 1	See the response to comment number 1 – 1.
2 - 2	See the response to comment number 1 – 1.
2 - 3	See the responses to comment numbers 1 – 1 and 1 – 2.
2 - 4	See the response to comment number 1 – 1.
2 - 5	See the responses to comment numbers 1 – 1 and 1 – 2.
3	Consistent with the November 10, 2004 Community Advisory Council recommendation, the 202.D.15 text has been deleted from this rulemaking effort. To note, the APCD does not concur with many of the statements in this comment letter.
4 - 1	See the response to comment number 1 – 1. The APCD has integrated the VAFB questions into Attachment 3 of this Board package and many of the FAQs in Attachment 7 originated from VAFB staff.
4 - 2	Comment noted.
4 - 3	Comment noted.
4 - 4	See Attachment 7, FAQs, item 1.
4 - 5	See Attachment 7, FAQs, item 2.
4 - 6	See Attachment 7, FAQs, item 3.
4 - 7	See Attachment 7, FAQs, item 4.
4 - 8	See Attachment 7, FAQs, item 5.
4 - 9	See Attachment 7, FAQs, item 6.
4 - 10	See Attachment 7, FAQs, item 7.
4 - 11	See Attachment 7, FAQs, item 8.
4 - 12	See Attachment 7, FAQs, item 9.
4 - 13	See Attachment 7, FAQs, item 10.
4 - 14	See Attachment 7, FAQs, item 11.
4 - 15	See Attachment 7, FAQs, item 12.
4 - 16	See Attachment 7, FAQs, item 13.a.
4 - 17	See Attachment 7, FAQs, item 13.b.
4 - 18	See Attachment 7, FAQs, item 13.c.
4 - 19	See Attachment 7, FAQs, item 14.
4 - 20	See Attachment 7, FAQs, item 19.
4 - 21	True, this is discussed on page 3 of the Board Letter.
4 - 22	It is our understanding that under the Permitting Streamlining Act, if the APCD fails to take action on a permit within the 180 day period, the Authority to Construct is issued by operation of law. For existing engines, Rule 208.F specifies the timelines for issuing permits.
4 - 23	Staff revised the text on page 3 of the Board Letter regarding the application submittal deadline for existing engines to refer to Rule 202.E. If the APCD receives an incomplete application, additional provisions of Rule 202.E apply.
4 - 24	See Attachment 7, FAQs, item 49.
4 - 25	See Attachment 7, FAQs, item 50.
4 - 26	See Attachment 7, FAQs, item 51.
4 - 27	See Attachment 7, FAQs, item 56.
4 - 28	See Attachment 7, FAQs, item 52.
4 - 29	See Attachment 7, FAQs, item 53.
4 - 30	See Attachment 7, FAQs, item 54.
4 - 31	See Attachment 7, FAQs, item 57.
4 - 32	See Attachment 7, FAQs, item 55.

COMMENT LETTER OR NUMBER	DISTRICT RESPONSE
5 - 1	Health and Safety Code Section 39666(c) indicates, in part, "Not later than 120 days after the adoption or implementation by the state board of an airborne toxic control measure pursuant to this section or Section 39658, the districts shall implement and enforce the airborne toxic control measure or shall propose regulations enacting airborne toxic control measures on nonvehicular sources within their jurisdiction which meet the requirements of subdivisions (b), (c), and (e), except that a district may, at its option, and after considering the factors specified in subdivision (b) of Section 39665, adopt and enforce equally effective or more stringent airborne toxic control measures than the airborne toxic control measures adopted by the state board." There seems to be some confusion about the 120 day period. As shown above, this is a *not later than* provision. In the case of the Stationary Compression Ignition Engine ATCM, there are requirements that begin on January 1, 2005. Therefore, we are within the legal timelines of the state law governing ATCMs by beginning the implementation and enforcement of the Compression Ignition Engine ATCM on January 1, 2005. The APCD will not be adopting a separate prohibitory rule for the ATCM. We will be implementing and enforcing the ATCM as promulgated in California Code of Regulations, Title 17, Section 93115.
5 - 2	See Attachment 7, FAQs, item 15.
5 - 3	See Attachment 7, FAQs, item 17.
5 - 4	See Attachment 7, FAQs, item 2.
5 - 5	See Attachment 7, FAQs, item 3.
5 - 6	See Attachment 7, FAQs, items 4, 5, 6, and 18.
5 - 7	See Attachment 7, FAQs, item 3.
5 - 8	See Attachment 7, FAQs, item 58.
5 - 9	See Attachment 7, FAQs, item 15.
5 - 10	See Attachment 7, FAQs, item 16.
5 - 11	See Attachment 7, FAQs, item 17.
5 - 12	See Attachment 7, FAQs, item 1.
5 - 13	See Attachment 7, FAQs, item 2.
5 - 14	See Attachment 7, FAQs, item 17.
5 - 15	See Attachment 7, FAQs, item 9.
5 - 16	See Attachment 7, FAQs, item 5.
5 - 17	See Attachment 7, FAQs, item 6.
5 - 18	See Attachment 7, FAQs, item 18.

ATTACHMENT 5

PROPOSED REVISIONS TO RULE 202,

EXEMPTIONS TO RULE 201

December 16, 2004

Santa Barbara County Air Pollution Control District

260 San Antonio Road, Suite A
Santa Barbara, California 93110

(805) 961-8800

RULE 202. EXEMPTIONS TO RULE 201. (Adopted 10/18/1971, revised 5/1/1972 and 6/27/1977, readopted 10/23/1978, revised 12/7/1987, 1/11/1988, 1/17/1989, 7/10/1990, 7/30/1991, 11/05/1991, 3/10/1992, 5/10/1994, 6/28/1994, ~~and~~ 4/17/1997, and [*date of revised rule adoption*])

A. Applicability

An Authority to Construct or Permit to Operate shall not be required for equipment, operations and activities described herein.

B. Exceptions

Notwithstanding any exemption created by this Rule, any equipment, activity or operations proposed by an applicant for use as an Emission Reduction Credit is not exempt.

C. Definitions

See Rule 102 for definitions.

D. General Provisions

1. The owner or operator shall maintain records which clearly demonstrate that the exemption threshold has not been exceeded. These records shall be made available to the District upon request and shall be maintained for a minimum of three calendar years. Failure to maintain records which meet the above requirements or exceedance of the emission exemption threshold or violation of any District rule may result in the immediate loss of the permit exemption. By accepting the terms of the exemption the owner or operator agrees to allow District personnel access to any records or facilities for inspection per Sections 42303 and 41510 of the California Health and Safety Code and Section 114 of the Clean Air Act.

2. For the purposes of demonstrating that the emissions exempted do not exceed the aggregate exemption limit specified in Sections G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, or V of this Rule the owner or operator may base the demonstration on actual emissions provided the owner or operator keeps material use records in a manner approved by the Control Officer. Otherwise the owner or operator must maintain records that demonstrate that the potential to emit of the equipment will not exceed the applicable aggregate exemption emission limit.

3. A permit shall not be required for equipment, operations, or activities described in Section 42310 of the California Health and Safety Code. However, the exemption for vehicles shall not be applicable to any article, machine, equipment or other contrivance mounted on such vehicles that would otherwise require a permit under the provisions of these Rules and Regulations.

4. Trains and aircraft used to transport passengers or freight are exempt from permit requirements.

5. Temporary Equipment

   A permit shall not be required for temporary equipment where the projected actual aggregate emissions of all affected pollutants do not exceed 1 ton (except carbon monoxide, which shall not exceed 5 tons) and the use of each individual piece of equipment does not exceed one 60 day period in any consecutive 12 month period. Such equipment shall also meet one of the following requirements:

   a. the temporary equipment is not part of an existing operating process of a stationary source; or

b. the temporary equipment replaces equipment that has qualified for a breakdown pursuant to Rule 505.

To qualify for this exemption, the owner or operator shall submit a written request to the Control Officer. This request shall identify the temporary equipment, its location, any equipment being replaced, and shall include the emission calculations and assumptions that demonstrate that the equipment meets the exemption criteria. The temporary project may commence as soon as the request has been made, however, project commencement with equipment that is later found ineligible for the exemption shall constitute a violation of the District's Rules and Regulations. This exemption shall not apply to equipment used to control emissions of Hazardous Air Pollutants. The operator shall pay any applicable fee pursuant to Rule 210.

6. *De minimis* Exemption

Any physical change in an existing stationary source that meets each of the requirements below is exempt. Emission increases shall be based on the uncontrolled potential to emit, less emission reductions achieved through Rule 331, and shall not be reduced (netted out) by emission reductions achieved through the removal or control of any component.

a. The emission increase for any one emission unit shall not exceed 2.40 pounds per day of any affected pollutant, except carbon monoxide, which shall not exceed 19.20 pounds per day.

b. The aggregate emissions increase at the stationary source due to all *de minimis* physical changes at the stationary source since November 15, 1990, shall not exceed 24.00 pounds per day, except carbon monoxide, which shall not exceed 60.00 pounds per day. Any increase shall be reduced to the extent it is included in the source's net emission increase pursuant to District Rules and Regulations.

c. The physical change does not require a change to any article, machine, equipment or contrivance used to eliminate or reduce or control the issuance of air contaminants.

d. The article, machine, equipment or contrivance is not subject to an Airborne Toxic Control Measure adopted by the Air Resource Board.

e. The article, machine, equipment or contrivance is not subject to New Source Performance Standards or National Emission Standards for Hazardous Air Pollutants promulgated by the Environmental Protection Agency; or Hazardous Air Pollutant requirements under Section 112 of the Clean Air Act.

The owner or operator shall maintain a record of each *de minimis* change, which shall include emission calculations demonstrating that each physical change meets the criteria listed in (a) and (b), above. Such records shall be made available to the District upon request.

7. Stationary Source Permit Exemption

A permit shall not be required for any new, modified or existing stationary source if the uncontrolled actual emissions of each individual affected pollutant from the entire stationary source are below 1.00 ton per calendar year, unless:

a. the source is subject to EPA promulgated New Source Performance Standards or National Emission Standards for Hazardous Air Pollutants, or the federal operating permit program (40 CFR Part 70), or Hazardous Air Pollutant requirements of Section 112 of the federal Clean Air Act, or

b. the source is subject to a California Air Resources Board Airborne Toxics Control Measure; or

c. the source is subject to Public Notification or Risk Reduction under the requirements of California Health and Safety Code Section 44300 *et seq.*; or

d. the Control Officer makes a determination that a permit is necessary to ensure that emissions remain below one ton per year; or

e. the source is a new or modified source which emits hazardous air emissions and is located within 1,000 feet from the outer boundary of a school site (Health and Safety Code Section 42301.6, *et seq.*).

Each owner or operator who desires this exemption shall submit an exemption request form and obtain written concurrence from the District. A fee shall be assessed as specified in Rule 210 (Schedule F).

8. A permit shall not be required for routine repair or maintenance of permitted equipment, not involving structural changes. As used in this paragraph, maintenance does not include operation.

9. A permit shall not be required for equivalent routine replacement in whole or in part of any article, machine, equipment or other contrivance where a Permit to Operate had previously been granted under Rule 201, providing emissions are not increased and there is no potential for violating any ambient air quality standard. An equivalent piece of equipment has a Potential to Emit, operating design capacity or actual demonstrated capacity less than or equal to that of the original piece of equipment, and is subject to the same limitations and permit conditions as the equipment being replaced. The owner or operator shall notify the District within 30 days of an equivalent routine replacement, unless the replacement equipment is identical as to make and model, and routine in which case notification is not required. This provision shall not grant any exemption from New Source Performance Standards.

10. Notwithstanding any exemption defined in this Rule, no new or modified stationary source that has the potential to emit air contaminants in excess of the amounts specified shall be exempt from permit requirements:

a. 3.28 pounds per day of lead
b. 0.04 pounds per day of asbestos
c. 0.0022 pounds per day of beryllium
d. 0.55 pounds per day of mercury
e. 5.48 pounds per day of vinyl chloride
f. 16.44 pounds per day of fluorides
g. 38.45 pounds per day of sulfuric acid mist, or
h. 54.79 pounds per day of total reduced sulfur or reduced sulfur compounds.
i. 0.0000035 tons per year municipal waste combustor organics.
j. 15 tons per year municipal waste combustor metals.
k. 40 tons per year municipal waste combustor acid gases.

11. Where an exemption is described in this Rule for a general category of equipment, the exemption shall not apply to any component which otherwise would require a permit under the provisions of these Rules and Regulations.

12. Emission control equipment, directly attached to equipment which is exempt from permit by provisions of this Rule, is exempt.

13. A change in location of an emission unit within the boundaries of a stationary source shall not require a permit modification unless the location of the equipment is prescribed in the source's permit and a specific location was assumed in an Air Quality Impact Analysis or a Health Risk Assessment that formed the basis of the issuance of the permit.

14. Application of architectural coating in the repair and maintenance of a stationary structure is exempt from permit requirements.

E. Compliance with Rule Changes

The provisions of this section shall apply when an exemption for existing equipment is removed by revision of this Rule. The equipment owner shall file a complete application for a permit required by the exemption change within ninety (90) days after adoption of the revised rule; or for sources on the Outer Continental Shelf, within 90 days after the date the revision to this Rule is added to the Outer Continental Shelf Air Regulations (40 CFR Part 55). If no application is filed within the ninety (90) day period, the application filing fee prescribed in Rule 210 shall be doubled and the equipment owner shall be subject to a Notice of Violation and to the penalty provisions set forth in California Health and Safety Code Sections 42400 et seq.

If an application is filed within the ninety (90) day filing period after adoption of the revised rule but the application is deemed incomplete by the District, the applicant shall be notified by the District that a complete application must be filed within thirty (30) days of the notification. If a complete application is not received within thirty (30) days after the notification, the prescribed filing fee shall be doubled and the owner of the equipment shall be subject to the penalty provisions set forth in California Health and Safety Code Sections 42400 et seq.

F. Internal Combustion Engines

1. A permit shall not be required for internal combustion engines if any of the following conditions is satisfied:

   a. Engines used in aircraft and in locomotives;

   b. Engines used to propel marine vessels, except vessels associated with a stationary source which shall be regulated as specified under the provisions of Regulation VIII.

   c. Engines used to propel vehicles, as defined in Section 670 of the California Vehicle Code, but not including any engine mounted on such vehicles that would otherwise require a permit under the provisions of these Rules and Regulations.

   d. ~~Piston~~ Spark ignition piston-type internal combustion engines used exclusively for emergency electrical power generation or emergency pumping of water for flood control or firefighting if the engine operates no more than 200 hours per calendar year, and where a record is maintained and is available to the District upon request; the record shall list the identification number of the equipment, the number of operating hours on each day the engine is operated and the cumulative total hours.

   e. ~~Piston~~Compression ignition engines with a rated brake horsepower of 50 or less.

   f. Spark ignition piston-type internal combustion engines with a manufacturer's maximum rating of 100 brake horsepower (bhp) or less or gas turbine engines with a maximum heat input rate of 3 million British thermal units per hour or less at standard conditions, except if the total horsepower of individual spark ignition piston-type internal combustion engines less than 100 bhp but greater than 20 bhp at a stationary source, as defined in Rule 102, exceeds 500 bhp in which case the individual engines are not exempt. Internal

combustion engines exempt under other provisions of Section F do not count toward the 500 bhp aggregate limit.

2. A permit shall not be required for portable engines registered in the Statewide Registration Program, pursuant to California Code of Regulations, title 13, section 2451 *et seq.* and Health and Safety Code Section 41753 *et seq.* Notwithstanding this provision, the requirements of Section F.3 shall apply to such portable engines and the requirements of Section F.6 shall apply to such portable engines used in the outer continental shelf.

~~Portable internal combustion engines eligible for statewide registration pursuant to Title 13, Section 2450 *et seq.* California Code of Regulations, are exempt until 180 days after the effective date of the Air Resources Board regulation providing for the voluntary registration of portable internal combustion engines.~~

~~If the owner of an eligible portable internal combustion engine elects not to register under the statewide registration program, the unregistered engine shall be subject to District permitting requirements pursuant to District Rules and Regulations.~~

~~Notwithstanding the above exemption, permitted portable equipment eligible for the statewide registration program shall remain under permit until registered.~~

3. A permit shall not be required for engines used in construction activities. However, if the combined emissions from all construction equipment used to construct a stationary source which requires an Authority to Construct have the potential to exceed 25 tons of any pollutant, except carbon monoxide, in a 12 month period, the owner of the stationary source shall provide offsets as required under the provisions of Rule 804 and shall demonstrate that no ambient air quality standard would be violated.

4. A permit shall not be required for engines used for aircraft shows or to power amusement rides at seasonal or special occasion shows, fairs, expositions, circuses or carnival events, provided that the duration of such event is less than 18 days in any calendar year.

5. A permit shall not be required for engines less than 50 bhp used:

   a. for military tactical support operations including maintenance and training for such operations;

   b. to power temperature and humidity control systems on cargo trailers used to transport satellites and space launch equipment;

   c. exclusively for space launch facility support and which power hoists, jacks, pulleys, and other cargo handling equipment permanently affixed to motor vehicles or trailers pulled by motor vehicles.

6. A permit shall not be required for drilling equipment used in state waters or in the outer continental shelf provided the emissions from such equipment are less than 25 tons per stationary source of any affected pollutant during any consecutive 12 month period.

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/ /

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7. An internal combustion engine which powers an item of equipment identified as exempt in any other part of this Rule is not exempt unless the engine qualifies for an exemption pursuant to this rule.

[. . .]

APPROVED AS TO FORM:

STEPHEN SHANE STARK
SANTA BARBARA COUNTY COUNSEL

By_____
Deputy

Attorneys for the Santa Barbara
Air Pollution Control District

ATTACHMENT 6

CEQA NOTICE OF EXEMPTION

FOR

PROPOSED REVISIONS TO RULE 202,

EXEMPTIONS TO RULE 201

December 16, 2004

Prepared by the Technology and Environmental Assessment Division, CEQA Section

Santa Barbara County
Air Pollution Control District

260 San Antonio Road, Suite A
SANTA BARBARA, CALIFORNIA 93110

Our Vision Clean Air

Santa Barbara County
Air Pollution Control District

NOTICE OF EXEMPTION

TO: Clerk of the Board
County of Santa Barbara
105 East Anapamu Street
Santa Barbara, CA 93101

FROM: Santa Barbara County
Air Pollution Control District
260 North San Antonio Road
Suite A
Santa Barbara, CA 93110

Project I.D.: APCD Rule 202 Revision for Diesel ICE

Project Title: Repeal of Compression Ignition Engine Permit Exemptions (> 50 bhp)

Location: Santa Barbara County

Project Description: The project consists of changes to Rule 202, Exemptions to Rule 201, that are in two basic categories: 1) minor changes to Rule 202 to improve clarity, and 2) revisions to Rule 202 to repeal the permit exemptions for compression ignition emergency engines (greater than 50 brake horsepower [bhp]) and compression ignition prime (non-emergency) engines (greater than 50 but less than 100 bhp). On the first category of changes, no known sources will be impacted and there are no emission reductions anticipated from those revisions. On the second category of changes, compression ignition engines becoming subject to permitting also become subject to the existing provisions of Rule 333. Staff expects all compression ignition engines becoming subject to the Rule 333 NOx emission limit through this rulemaking action will comply with the limit without the addition of any control equipment. No emission reductions are expected from these changes. In order that the APCD can effectively implement and enforce the new state Airborne Toxic Control Measure for Stationary Compression Ignition Engines (California Code of Regulations, title 17, section 93115), it is necessary that the engines to which the law applies be issued permits by the APCD.

Exempt Status: (Check One)

___ Ministerial (Section 21080 (b)(1); 15268)
___ Declared Emergency (Section 21080(b)(3); 15269(a))
___ Emergency Project (Section 21080(b)(4); 15269(b)(c))
___ Categorical Exemption
CEQA Section(s): _____
___ Statutory Exemption
Code Number(s):
_x_ General Exemption under CEQA Section 15061(b)(3)

Reasons Why Project is Exempt: The project is exempt because it does not have the potential for causing a significant effect on the environment.

Contact Person: Doug Grapple **Telephone:** (805) 961-8883

_____ Date: _____
Bobbie Bratz
Technology and Environmental Assessment Division

Clerk of the Board Date and Time Stamp

_____
Terence E. Dressler
Air Pollution Control Officer

ATTACHMENT 7

PROPOSED REVISIONS TO RULE 202,

FREQUENTLY ASKED QUESTIONS

December 16, 2004

Santa Barbara County Air Pollution Control District

260 San Antonio Road, Suite A
Santa Barbara, California 93110

(805) 961-8800

Diesel Engine Permitting and ATCM FAQs (12-16-04)

1. *Will the APCD limit the maintenance and testing operations for stationary backup generators (BUGs) to those limits identified in the ATCM?* (VAFB)

   Will the APCD limit the maintenance and testing operations for emergency electrical standby compression ignition engines (CIEs) to those limits identified in the ATCM? (WSPA)

   Yes. The Maintenance & Testing (M&T) hours are directly tied to the Diesel PM Standards in the ATCM (see Tables 1 and 2). It is important that the operator keeps within the annual M&T hours for their engine(s) to ensure compliance with the ATCM and to not create an unmitigated health risk to the public. The operator of an Emergency Standby (E/S) engine chooses the hours consistent with the ATCM.

2. *Will the APCD allow for unlimited use for emergency occurrences?* (VAFB)

   In addition, will the District allow for unlimited use of these engines for emergency occurrences as provided for in the ATCM regulations? (WSPA)

   The ATCM allows for unlimited usage of an E/S engine during emergencies. The ATCM clearly defines what emergency use is (see definitions of "Emergency Standby Generator" and "Emergency Use") and under what conditions the engine can be operated. The APCD will enforce the emergency operation provisions of the ATCM.

3. *Will the APCD maintain permit exemptions for emission units categorically exempted in the Airborne Toxic Control Measure (ATCM)?* (VAFB)

   Engines that are exempt under APCD Rule 202 and that are exempt from all provisions of the ATCM will maintain their Rule 202 exemption status. This specifically applies to:

   - Portable CI Engines (202.F.2)
   - CI Engines used to provide motive power for on-road and off-road vehicles (202.F.1.c)
   - CI Engines used for the propulsion of marine vessels or associated auxiliary engines used on the marine vessel (202.F.1.b)
   - Engines used in aircraft and in locomotives (202.F.1.a)
   - Spark-ignited backup generator engines (202.F.1.d)
   - CI Engines used for construction activities (202.F.3)
   - CI Engines used for aircraft shows or amusements rides (202.F.4)
   - CI Engines used for drilling on the OCS or in state waters (202.F.6)

   Section (c) of the ATCM addresses Exemptions from the ATCM. However, engines that are partially or wholly exempt from the ATCM are not necessarily exempt from APCD permit. An APCD permit is required if an engine is only exempt from select sub-sections of the ATCM. The permit ensures that the APCD can properly implement and enforce the ATCM per Section (b)(3)(a).

4. *Will the APCD issue permits for individual BUGs or one permit for multiple units used at a stationary source? Approximately 30 BUGs exist at UCSB and 60 BUGs at VAFB. Hospitals and schools also may have multiple units.* (VAFB)

The APCD will follow its existing permitting procedures for handling these applications. This means that we will strive to issue a single permit for each "facility". If a facility has two or more engines, these would be included in a single permit. Depending upon case-specific situations, we may further issue permits for engines with similar requirements {e.g., engines meeting the Compliance Schedule under (f)(1) or (g)(1) versus engines complying with (f)(2) or (g)(2)}.

5. *Will the APCD accept one application and associated filing fee or require a separate application and filing fee for each individual BUG? For sources with multiple BUGs, fees could be significant.* (VAFB)

Will the District accept one application and associated filing fee for all CIEs at a stationary source or require a separate application and filing fee for each individual CIE requiring a permit? (WSPA)

As is our current operating practice, a stationary source may submit a single application filing fee for multiple engines applied for at any one time. We will develop an *Emergency Standby Engine Summary Form* and expect that one of these will be completed for each engine as part of the application process.

6. *Once the "permit template" is completed, will the APCD reduce their permit fees to cover actual work or will the fee schedule for combustion equipment continued to be applied? For reimbursable source, how will the APCD charge fees for BUG applications and permit processing?* (VAFB)

Will the District provide tiered evaluation fee schedules that provide for cost savings for multiple-engine applications? (WSPA)

No revisions to Rule 210 are proposed. Permit evaluation fees will be based on our existing Rule 210 fee structure. For fee schedule sources, Schedule A.3 is used. For Cost Reimbursement sources (e.g., VAFB, WSPA-represented sources), the existing cost reimbursement accounts will be used. For initial permitting of these previously exempted E/S/ engines only, sources that are currently assessed fees on a reimbursable basis may elect to have their permit processing fees done on a fee schedule basis (and sources that are on a fee basis may elect to go on a cost reimbursement basis). After initial permit issuance (e.g., permit reevaluations), renewal fees will revert back to the original basis for the stationary source. Due to the complexity of the ATCM, no single permit template will be able address all the potential options or potential source-specific requirements.

7. *Will the APCD provide a cost analysis that discusses New Source Review (NSR) implications under the provisions of these rule revisions? Previously exempt emission units may be subject to Regulation VIII NSR requirements if replacements/additions occur after rule promulgation. Facilities may trigger offsets for their stationary source. In addition to triggering offsets, a new emission unit could trigger BACT, an air quality impact analysis (AQIA) and a health risk analysis (HRA). Requiring BACT, offsets, an HRA, and/or performing an AQIA (with the associated increment fee) for BUG maintenance and testing that operates less than 20, 50 or 100 hours per year appears excessive.* (VAFB)

The only rule revision accompanying the implementation of the ATCM is changes to Rule 202 to remove certain exiting permit exemptions. Thus, a cost analysis regarding NSR is not in the scope of this project. The removal of these permit exemptions is necessary in order for the APCD to effectively implement and enforce the ATCM's requirements. So, for existing engines, the permit process involves the issuance of an operating permit (PTO). Per Rule 801.B (New Source Review), NSR provisions,

> *"… shall not apply to any existing stationary source which was previously exempt from the permit provision of these Rules and Regulations and a Permit to Operate is required solely because of a change in Permit exemptions".*

See Question #11 for a discussion regarding new engines or non-routine replacements.

8. *How will the APCD perform their California Environmental Quality Act (CEQA) analysis to the permit applications?* (VAFB)

What … California Environmental Quality Act (CEQA) analysis methods will the District utilize for CIEs subject to permitting? (WSPA)

The permit actions involve obtaining operating permits (PTO) for previously exempt equipment. The APCD's CEQA Guidelines Document {*Environmental Review Guidelines for the Santa Barbara County APCD*) specifically exempts

> *"…projects submitted by existing sources or facilities pursuant to a loss of a previously valid exemption from the APCD's permitting requirements"*
>
> as well as,
>
> *"Projects undertaken for the sole purpose of bringing an existing facility into compliance with newly adopted regulatory requirements of the APCD or any other local, state or federal agency".*

9. *Will the APCD provide in the staff report a detailed account of the anticipated fees in this rule revision and how those fees will be applied to the APCD budget? In addition, will the APCD provide an explanation of the costs for the health risk analysis, an indication of who can perform the analysis (industry, APCD) and how it will be performed (APCD-approved models)?* (VAFB)

What Health Risk Assessment (HRA) procedures … analysis methods will the District utilize for CIEs subject to permitting? (WSPA)

The Board Letter does not provide details regarding the APCD Budget. The APCD work and associated fees are anticipated to fall within the current budget's parameters. The budget for FY 05/06 will address any additional impacts due to the implementation of the ATCM.

Health Risk Assessment costs are affected by many factors. For example, the costs for a new operator with a single engine versus an existing permitted facility with multiple engines will be much different. Before undertaking an HRA, the APCD will use screening tools to address smaller facilities and conservative assumptions for the larger existing facilities to assess whether a full refined HRA will be required. If a refined HRA is necessary, we will use the ARB-approved HARP model. The APCD will recover our costs for HRA-related work using the cost reimbursement provisions of Rule 210. Historically, the APCD has performed the HRAs at a significant cost savings to industry stakeholders. Alternatively an operator may choose to perform their own HRA. However, the APCD will still need to closely review the details of that HRA which, as noted above, will be done under the cost reimbursement provisions of Rule 210.

10. *Will the APCD consider extending the 90 day complete application submittal date limit to 180 days for the purposes of this rule revision? What if the APCD fails to issue a complete application as required by the APCD regulation? Some of the larger sources and/or the APCD may not be able to meet the 90 day complete application submittal deadline and district rules do not allow for variances from permits.* (VAFB)

This is clearly addressed in the existing language of Rule 202.E (*Compliance with Rule Changes*), states:

> "The provisions of this section shall apply when an exemption for existing equipment is removed by revision of this Rule. The equipment owner shall file a complete application for a permit required by the exemption change within ninety (90) days after adoption of the revised rule; or for sources on the Outer Continental Shelf, within 90 days after the date the revision to this Rule is added to the Outer Continental Shelf Air Regulations (40 CFR Part 55). If no application is filed within the ninety (90) day period, the application filing fee prescribed in Rule 210 shall be doubled and the equipment owner

shall be subject to a Notice of Violation and to the penalty provisions set forth in California Health and Safety Code Sections 42400 et seq.

If an application is filed within the ninety (90) day filing period after adoption of the revised rule but the application is deemed incomplete by the District, the applicant shall be notified by the District that a complete application must be filed within thirty (30) days of the notification. If a complete application is not received within thirty (30) days after the notification, the prescribed filing fee shall be doubled and the owner of the equipment shall be subject to the penalty provisions set forth in California Health and Safety Code Sections 42400 et seq".

As can be seen, the operator has 90 days to submit the application. The APCD has 30 days to review it for completeness and if incomplete, the applicant has 30 days from receipt to address the incompleteness issue(s). Thus, the outer bound of the process already extends to 150+ days. The APCD believes that this provides sufficient time for sources of any size to submit permit applications. Please also note that the APCD will be preparing a new application form for E/S Engines units that will help expedite the application preparation and review process. In any case, because the language of the rule is clear, we do not anticipate extending the compliance dates that apply.

11. *The APCD internal policy regarding routine equivalent and identical replacement of emission units provides a very strict interpretation of the exemptions for such replacements in Rule 202.9. Larger stationary sources may have contractor operators that are periodically transferred and/or replaced along with the associated equipment. In the past, these changes did not involve permit issues for emergency generators because the equipment qualified for the APCD permit exemptions identified in Rule 202. This may also apply to small sources that rent stationary BUGs. Will the APCD provide clarification in the staff report regarding routine replacements of this kind?* (VAFB)

For the purposes of implementing the ATCM and the APCD's permitting program, we intend to use the definition of what a "New CI Engine" is from Section (d)(44) of the ATCM. An engine replacement that meets the criteria in Section (d)(44)(A)(1) will be considered a *routine* replacement by the APCD. If the engine does not meet the exceptions provided for under Section (d)(44), then it is a new engine requiring compliance with the ATCM and a permit. The permit will contain a permit condition addressing the temporary replacement of a permitted E/S engine while it is being maintained offsite. The permit condition allows for the use of a replacement engine until such time the permitted engine returns. A separate permit will not be required for the replacement engine; however the permit condition does have certain parameters that must be met in order for the temporary engine to be used without the need for a permit. Contract operators that bring an engine on-site will need a permit for that E/S engine prior to coming on site. These engines will be considered new under the ATCM and NSR.

12. *The APCD should address time limits for obtaining permits for emergency equipment. Since this equipment is intended for emergency use, permit application delays (e.g., **completeness determinations**) could be critical and result in APCD enforcement actions. Can the APCD add language in the staff report allowing relief to operators in order to operate the equipment after a **complete application** is submitted and processed similar to that allowed for in complete PERP applications?* (VAFB) {emphasis added}

The stated concern cites a slow application completeness determination as an example of a delay by the APCD and suggests that the ARB PERP process be used. However, the ARB process provides the requested relief upon that agency first making its own completeness determination. It makes sense that no relief should be granted unless the application is complete. Using that "premise", the APCD believes its current permitting system is capable of handling source-specific situations where a fast track permit is needed. There is a fundamental difference between the levels of customer service that our agency can provide versus the ARB's statewide PERP system. Further, the APCO has additional authority under Rule 107 (*Emergencies*) to suspend APCD rules, regulations and orders during a local, state or federally declared State of Emergency or State of War Emergency.

13. *Permits for BUGs might be tailored to their unique operations. If the permit restricts the BUG to emergency power, would the APCD consider the following:*

    (a) Exemptions from Rule 333 regardless of the number of hours operated for emergency power outage. There is no exemption in Rule 333 for emergency operations exceeding 200 hours.

    (b) Recordkeeping equal to that of current PERP engines.

    (c) A permit review protocol similar to that applied to PERP engines. (VAFB)

    (a) There are two existing processes to address the Rule 333 question. First, an operator could seek Variance Relief per Regulation V. Second, the APCO has the authority under Rule 107 (*Emergencies*) to suspend APCD rules, regulations and orders during a local, state or federally declared State of Emergency or State of War Emergency. Rule 333 is slated for revision in the near future and this request can also be addressed at that time.

    (b) Section (e)(4) of the ATCM will be used as the basis for recordkeeping, reporting and monitoring. If deemed necessary to ensure permit compliance, the APCD may enhance these requirements during the permit process.

    (c) The APCD believes it is best suited to develop its own "local" permit review protocol that is geared towards local needs and fits into current (and to be developed) permit systems.

14. *Will the APCD consider any emission reductions obtained from the control of these engines be included in the Clean Air Plan? At the Board of Directors meeting regarding the Clean Air Plan approval, the Board argued that any increase in the baseline is significant. Any emission reductions that can be included in the Plan are also significant.* (VAFB)

    The 2004 Clean Air Plan does not take credit for emission reductions that may be achieved from the implementation of the ATCM. Once we have implemented the ATCM and understand how it impacts emissions from affected engines, we will reflect any emission reductions achieved in the emission inventories for future Clean Air Plans.

15. *Under the provisions of District Rule 801.B., will the District only require PTO applications for CIEs because the Rule 202 exemption has been eliminated?* (WSPA)

    Loss of a permit exemption is governed directly by Rule 202.E (*Compliance with Rule Changes*). As such, an operating permit (PTO) application is required for existing equipment items that lose their Rule 202 exemption status. Further, this previously exempt equipment is not subject to NSR provisions (per Rule 801.B) during the processing of the PTO.

16. *Will the District allow Title V permits to be reopened to modify the permit for Title V facility CIEs that have lost their exemption, as opposed to requiring the operator to submit a PTO and Title V application to the District to permit the CIEs?* (WSPA)

    The APCD will allow for permit re-openings. Section D.10.a of Rule 1304 addresses the District's reopening of the Part 70 permit for cause. Section D.10 states

    > "Administrative requirements to reopen and issue a permit shall follow the same procedures as apply to initial permit issuance and shall affect only those parts of the permit for which cause to reopen exists.".

This process would require both EPA and public review periods. As such, a Part 70 source may wish to utilize the process typically used by the APCD for modifying Part 70 permits by applying for a Part 70 Minor modification (i.e., submittal of a PTO and Part 70 application with EPA review only).

17. *The CARB-approved ATCM for emergency electrical standby CIEs provides an exemption from emissions control for those engines that have PM emissions of greater than 0.40 g/bhp-hr and limit annual maintenance and testing hours of operation to 20 hours. Will CIEs meeting this criteria be exempt from permit?* (WSPA)

Will CIEs which qualify for ATCM categorical exemptions, be exempt from permit under the District's proposed Rule 202 revisions. (WSPA)

Emergency Standby engines that are exempt under APCD Rule 202 and that are exempt from all provisions of the ATCM will maintain their Rule 202 exemption status. Section (c) of the ATCM addresses Exemptions from the ATCM. An APCD permit is required if an engine is only exempt from select subsections of the ATCM. The permit ensures that the APCD can properly implement and enforce the ATCM per Section (b)(3)(a). Thus permits are required for engines complying with the requirements of subsections (e)(2)(B) solely by maintaining or reducing the current annual hours of operation for M&T.

18. *Will the District provide cost effective alternative source testing fees for the permitting of the CIEs?* (WSPA)

For those engines subject to source testing, the APCD will use the existing Fee Schedule C for fee permits and reimbursement method for existing cost reimbursable sources. Additionally, ARB is working to develop acceptable and affordable field methods for quantifying diesel PM. If these methods come to fruition and are approved for use, the APCD will use these, as well.

19. *If a source opts to replace an older dirtier engine with a newer cleaner engine rather than installing a PM control device on the older dirtier engine in order to comply with the ATCM PM emission standard, will NSR be triggered for that engine replacement?* (VAFB)

Two issues arise when replacing an existing diesel engine with a new diesel engine after January 1, 2005. First, by definition under the ATCM, the new "replacement" is considered a "New CI Engine" per the definitions under Section (d)(44). This means that the emission standards for a new engine must be met. If this is an E/S engine, then the requirements of Table 1 would apply rather than Table 2. Second, the question raises an NSR issue. NSR is triggered when a non-routine replacement occurs. (See also the answer to Question #11). However Rule 804.D.8 implements H&SC 42301.2:

> "42301.2. PROHIBITED EMISSION OFFSETS FOR EMISSION INCREASE AT SOURCE; IMPLEMENTATION OF CONTROL DEVICE OR TECHNIQUE. A district shall not require emission offsets for any emission increase at a source that results from the installation, operation, or other implementation of any emission control device or technique used to comply with a district, state, or federal emission control requirement, including, but not limited to, requirements for the use of reasonably available control technology or best available retrofit control technology, unless there is a modification that results in an increase in capacity of the unit being controlled.."

This H&SC section does not directly address compliance by equipment replacement. The APCD believes that for this specific case ("new CI engine" replacements to comply with the stationary diesel ATCM) that the provisions of H&SC Section 42301.2 apply and that offsets would not be required due to the installation of the new engine (note: the engine must also have the same or lower rating). This specific case only applies to initial ATCM compliance determinations per Section (e)(4)(A)(4) and Sections (f) and (g).

20. *Why not implement the ATCM through an APCD prohibitory rule, rather than requiring permits for engines subject to the ATCM? (*Plains Exploration*)*

The ATCM specifies numerous requirements that apply to both Prime and E/S stationary engines. The APCD is required by the Health and Safety Code to implement this ATCM, once it is approved by the state (H&SC 39666). The APCD costs to implement this ATCM must be recovered, and the mechanism established to recover our costs is the fee system that is found in APCD Rule 210 and implemented via the APCD's permit system. Further, issuance of permits to engines subject to this ATCM will allow compliance, enforcement, tracking and inventory of these units in a more effective way than trying to accomplish these elements of the ATCM through a prohibitory rule approach. It is also important to note that, unlike the Santa Barbara County APCD, every district we have polled throughout the state indicates that they require permits for the engines subject to this ATCM.

21. *Does the Health and Safety Code require the district to evaluate the cost effectiveness of a rule change? (*VAFB*)*

The cost effectiveness of employing the emission control strategies in the Stationary DICE ATCM has been addressed in the support documents developed by ARB during the ATCM process. The removal of the Rule 202 exemption for these engines will mean that permits are required. The costs for permitting are addressed in APCD Rule 210, which has undergone significant public review and Board approval. In addition, using the Rule 210 fee schedule, APCD staff has provided example permit costs for two different E/S engine scenarios, which are available at www.sbcapcd.org/eng/atcm/dice/dice_atcm.htm .

22. *When an E/S engine is replaced after the ATCM effectiveness date, it will be subject to BACT, which could be costly. (*VAFB*)*

If the existing engine operates within the 20 hr per year limit, there is no emission standard to meet. Additionally, the ATCM contains provisions for replacing engines. If a new E/S engine were to be installed, the ATCM requires that it meet at least Tier 2 emission limits, which exceed current BACT standards for a diesel-fired backup generator. Thus, BACT for this situation would not be an issue.

23. *Whose rules and regulations take precedence, the state's or the district's? (*MF Strange & Associates)

Generally, state law and regulations trump local law and regulations.

24. *Sources that are exempt based on the 202.D.7 "one ton exemption" will lose their exemption if they are required to permit their E/S engines.* (URS).

By its language, the one ton per year exemption in 202.D.7 is not available to sources that are subject to an ATCM. Thus, it is not the permit requirement for an E/S engine that will cause the operation to lose the exemption, but the fact that the engine is subject to the ATCM. The state's Diesel Risk Reduction Program and associated ATCMs have caused this exemption to be unavailable for such sources.

25. *This ATCM will not go before the APCD's Board of Directors for adoption. (*WSPA*)*

That is correct. The ATCM is a state measure which local districts are required to either implement as approved by ARB, or to pass an equally stringent or more stringent measure (such as South Coast AQMD's Rule 1470). In this case, as with other ATCMs, the APCD will implement the ATCM as approved by ARB.

26. *Is there a provision in APCD rules that says NSR is not required when an exemption is removed?* (Greka)

Yes. This provision is found in APCD Rule 801.B, as noted in Response #7 above.

27. *What happens if a new engine replaces an old engine (for example, the old engine broke), a permit is required, and the new engine is needed immediately? Can the new engine be operated?* (URS)

The ATCM (sec. D.44.A.1) allows temporary replacement of a unit that is undergoing *routine* maintenance. APCD has developed a policy addressing temporary replacements of engines undergoing *routine* maintenance, and we will implement this provision in conjunction with the ATCM's replacement provisions. A condition in the source's operating permit will allow for this temporary replacement without the need to obtain a permit or a permit modification. (see Question #11).

In this case, the original permitted engine is not being repaired and will not return to service. A new engine will be needed along with an ATC permit prior to installation. The APCD recognizes that in certain instances a source cannot wait for the permit process to be completed without have a temporary engine in place. To handle this situation, the APCD will allow for the temporary installation and operation of an engine when the permitted engine breaks and cannot be replaced. This will only be allowed for E/S engines, fire-water pump engines and engines used for essential public services (as determined by the APCD). A permit condition similar to the one that addresses *routine* replacements will be added to the permits to allow for such temporary replacements while an ATC permit is obtained for the installation of a new ATCM and NSR compliant engine.

28. *Is the APCD exceeding the state mandate in implementing this ATCM? (A. Caldwell)*

No. The APCD intends to implement the ATCM as written. In addition, we are actively coordinating with other districts and the Air Resources Board to ensure our implementation approach is consistent with other agencies.

29. *Will agricultural sources be permitted by farm, or by farm owner? (A. Caldwell)*

This ATCM does not apply to in-use agricultural engines. SB700, which removed the statewide exemption for agricultural sources, can not be implemented for non-Major sources until the APCD Board of Directors makes certain findings. The revision to Rule 202 that is discussed herein will not affect the exemption status of agricultural sources. This question will also be provided to APCD staff working to implement the agricultural permitting program.

30. *The ATCM says districts have 120 days to implement the ATCM or 180 days to adopt their own control measure.* (Metcalf & Eddy)

The compliance dates identified in the ATCM begin with January 1, 2005. ARB has advised us that this is the date by which ATCM implementation begins.

31. *What will happen if an in-use E/S engine has accepted the* 20*-hour operating limit, but runs over that limit? Will this force the engine into a more stringent operating scenario?*

This is a compliance and enforcement matter for which options, including variance protection, are likely available. If there is a reasonable expectation that the engine can meet the 20 hour limit in succeeding years, there is no reason to modify the operating limits for the engine. However, if the engine clearly needs

additional operating hours for maintenance and testing, the permitting and ATCM applicability requirements should be reassessed.

32. *New Source Review can require an AQIA, which will look at the max hourly emissions from the engine, which may be high, but on the annual average, will be very low for the BUGs. The high hourly emissions could result in high increment fees, plus HRA fees.* (VAFB)

The APCD will assume a 2-hr/day and 50 hour/yr maximum operating scenario for new E/S engines doing testing and maintenance. This will establish the PTE on a daily and annual basis, as well as the permitted emissions of the unit. As an example, under this scenario, a 500 hp E/S engine would have daily emissions of approximately 11 lb NOx/day, which is far below the 120 lb/day AQIA threshold. In practical terms, only larger facilities that currently trigger AQIA requirements will need to address this AQIA concern, and we note that AQIA is a case-by-case consideration. The reality is that AQIAs are very infrequently required.

33. *CFR 30 requires firewater pumps to be in place at all times. If a firewater pump breaks and a new one is required, the source does not have time to go through an extensive NSR process.* (Plains Exploration)

As noted above (see Q. 27), our temporary equipment replacement policies contain provisions that allow the temporary replacement of a broken firewater pump engine while an ATC permit is being pursued.

34. *There is a disconnect between the definitions in the ATCM. Definition 41.c says the utility company can take you offline the time you have to operate your BUGs while the utility company is off line counts towards your maintenance/testing hour limits, while definition 25.a says emergency is anything the operator has no control over.* (Cox Communications)

ARB has been contacted for clarification on this issue, and we are awaiting their response. We will update this FAQ as soon as we have received clarification.

35. *If an operator is in an ISC contract but they do not operate outside of the testing and maintenance limits, do they still need to meet the 0.15 g/bhp-hr emission standard?* (MF Strange & Associates)

If an operator is enrolled in an ISC, the engine must meet the emission and hourly operating limits specified in the ATCM for an ISC-enrolled E/S engine, whether or not the engine operates during Demand Reduction periods.

36. *Is a catalytic converter going to be part of the ATCM? Are there different standards for the fuel used by mobile and stationary diesel engines? For small sources with only one fuel tank used by mobile and stationary diesel engines, will they be required to use the ARB approved diesel fuel for all of their equipment (because it would be costly to purchase a second fuel tank)?* (City of Carpinteria)

Diesel particulate filters, including catalytic conversion, are considered control techniques in this ATCM. The ARB has also passed an ATCM that codifies diesel fuel specifications, and the DICE ATCM indicates that engines subject to the ATCM must use this fuel beginning 1/1/06. Since the fuel specification will apply to diesel engines in the state, operators will need to use compliant fuel.

37. *What is the difference between the portable and stationary ICE? At what point does a portable engine become stationary?*(Cox Communications)

The definitions of portable and stationary engines are contained in sec. D.50 (portable) and D.63 (stationary). As a general rule, an engine that remains in place for one year or more is considered a stationary engine. However, there are other circumstances and uses that modify this, so the operator should look closely at the above-cited definitions.

38. *What direction has ARB given the districts on incorporating the ATCM into the OCS Regulation (CFR 55)?* (WSPA)

ARB has indicated that they expect portions of this ATCM (e.g., fuel standards, recordkeeping and reporting) to apply to OCS operations and that they will be submitting the ATCM to the EPA for inclusion into Part 55.

39. *How will the district assure that operators are in compliance with the ARB diesel fuel? Fuel suppliers can provide invoices and other documentation regarding fuel drops.* (MF Strange & Associates)

The ATCM specifies that the owner/operator must document fuel use through the retention of fuel purchase records. The documents noted in the question would appear to meet this need.

40. *If units must be source tested (assuming they are not EPA certified units), how frequently must testing occur?* (URS)

The exact frequency of necessary testing hasn't been established. However, the APCD's focus will be on Prime engines, rather than E/S's that accept the 20-hour (in-use) or 50-hour (new) operating limit. E/S's seeking higher operating hours under the ATCM may also be source testing candidates. Testing may occur on engines that are EPA certified.

41. *Where did the 20 hr/year limit come from?* (Inamed)

The 20-hour limit for in-use E/S engines resulted from significant give-and-take negotiations between ARB and stakeholders during the ATCM's development.

42. *Some operations are partially exempt like fire water pumps (FWP). How does the district intend to permit FWPs? The hours are limited by the National Fire Protection Association. How will firewater pumps be treated?* (Plains Exploration)

In-use firewater pumps are not subject to the emission limitations set forth in Section e.2.b.3. The maintenance and testing hours of operating for in-use firewater pump engines are dictated by NFPA standards, per sec. C.16 of the ATCM. There are no exemptions for new firewater pump engines, so such units must comply in full with the ATCM.

43. *Have we had any pushback from the hour meter requirement?* (WSPA)

No, we have not had complaints from operators regarding the ATCM-required installation of hour meters on all engines subject to this regulation.

44. *Sources seem to be getting the message from ARB that if their engines meet the requirements of the ATCM then they will be meeting AB 2588. Why is the district stating that they may not meet AB 2588 requirements?* (Metcalf & Eddy)

ARB has specifically told the district that meeting the ATCM does not necessarily mean that the engine or the facility in which it is installed won't be subject to AB 2588 requirements. In a November 5, 2004 phone call, ARB stated that implementation of the ATCM (e.g., adding emissions controls, reducing hours) may result in being exempt from AB 2588 requirements if the health risk assessment shows the facility is a "low-level" facility (i.e., cancer risk < 1 and Hazard Index < 0.1). However, fulfillment of the ATCM requirements does not necessarily mean a facility is exempt from AB 2588 or has fulfilled the AB 2588 requirements.

45. *What triggers an HRA under NSR? Is it AB 2588?* (URS)

Consistent with most other districts in the state, it is agency policy not to issue NSR permits that would allow the installation of equipment that creates significant toxic risk to the surrounding community. Thus, equipment that has the potential to emit toxic air contaminants is subject to a screening-level risk analysis. If this screening analysis indicates risk levels below the APCD's significance thresholds, no further risk analysis is necessary. If the screening analysis indicates risk levels above the APCD's significance thresholds, a refined health risk analysis (HRA) is indicated.

46. *Will a BUG engine be treated the same as a Prime engine for the HRA. Will all emissions be used evaluated in a short time frame? (acute vs. chronic issue)* (VAFB)

Both E/S and Prime engines will be evaluated in the same manner. If an initial screening analysis indicates significant risk then a refined HRA will be necessary. The refined HRA will look at the acute non-cancer risk (based on maximum hourly emissions), and the chronic non-cancer and cancer risks (based on annual average emissions) for both types of engines, taking into account normal operating loads, engine size, and actual hours of operation. (Note that emergency hours of operation for E/S engines do not count towards Hot Spots analysis).

47. *Is the APCD concerned about acute non-cancer effects from diesel PM? Will the APCD be speciating the diesel PM? What emission factors will be used? What are the pollutants of concern?* (ENSR)

Yes, the APCD is concerned about the acute non-cancer effects of diesel PM. The APCD will speciate the diesel PM. The APCD is evaluating the best emission factors to use. We are currently using Ventura County APCD's AB 2588 Combustion Emission Factors. Pollutants of the largest concern include acrolein and heavy metals that have an acute acceptable exposure level (AEL).

48. *We have some BUGs onsite that have not been used for years and we do not anticipate ever using them again. Is there a way to avoid permitting these engines?* (DuPont Displays)

Yes. If a source can demonstrate to the APCD's satisfaction that the engine does not have the potential to operate, a permit is not required. Demonstration may include disconnecting the fuel line or other such definitive and enforceable act. However, if there is the possibility that these engines may be used in the future, it may be prudent to apply for a permit now. Otherwise, the engines will be subject to New Source Review if a permit is applied for at a later time.

49. *What is the expected APCD inspection frequency for newly permitted E/S units?* (VAFB)

APCD expects the inspection frequency for newly permitted E/S engines to be once per year to confirm that each unit is operating according to the hour limits specified in its permit. If compliance problems are identified over time with individual engines and/or operators, this frequency may be adjusted accordingly.

50. *VAFB suggests that engines operated less than 20, 30, 50 or 100 hours/year be allowed a grace period to come into compliance if they exceed the anticipated hours operation for maintenance and testing. VAFB suggests that this grace period be 180 days, similar to the Notification o f Loss of Exemption in the ATCM. For example, an engine that initially plans to voluntarily operate less than 20 hours per year and permits accordingly, but later finds that need to operate between 21 and 30 hours per year must modify its permit and control PM to 0.4 g/bhp-hr. Will this engine be allowed to operate while installation and verification of controls are put onto the engine? Also will this increase in operation trigger NSR requirements (particularly offsets) for the engine due to the increased throughput?* (VAFB)

To obtain the "grace period" described in the question, the operator should apply for a variance from the APD Hearing Board. The Hearing Board is empowered to grant such relief, and for such time periods as would allow the permitting and installation of control systems described in the question. Yes, an increase in hours would be subject to NSR. However, the increased throughput described in the question is not likely to trigger offset requirements for most sources.

51. *How will AB2588 limitations affect the replacement of existing backup diesel generators? In particular, for sources that are currently below significance thresholds for 2588 and propose to replace an existing diesel engine with a new engine, will the source be limited to remain below threshold limits as determined by a Health Risk Assessment?* (VAFB)

Existing E/S engines will receive permits to operate and provide emissions information to the APCD by July 2005, as required by the ATCM. The APCD will use that emissions information to perform risk screening and, if necessary, more detailed Health Risk Assessment modeling to ascertain the operation's overall risk. If the risk is found to exceed the APCD's significance thresholds for cancer and non-cancer risk, the operator will need to perform the Notification requirements and implement a Risk Reduction Plan pursuant to the Air Toxic Hot Spots program. New engines being installed after January 1, 2005 will undergo a risk screening assessment and, if necessary, more detailed HRA modeling as part of the permitting process. The intent of this is to ensure that the APCD does not issue a permit that allows the installation of equipment that creates significant risk to the community.

52. *VAFB requests clarification on Air Quality Impact Analysis and associated increment fees. VAFB is concerned that excessive increment fees could be charged against low-operating-hour backup generators that are required to undergo NSR.* (VAFB)

While it is difficult to give a quantitative answer to this question, we can say that AQIAs are unusual events. As noted in Question #32, a new 500 hp E/S engine would be permitted at a level that is significantly below the threshold at which an AQIA would be required. More qualitatively, an operator deciding to place a 3,000 hp engine at the property boundary could conceivably trigger an AQIA to determine offsite impacts. Such an engine placement could also create problematic health risk assessment results. To reiterate part of the response to Question #32, we do not believe that AQIA's will be common occurrences.

53. *Would a violation of the 20-hour per year limit trigger violations, ATCM requirements and NSR based on increased throughput. Can variance and breakdown relief be available for such circumstances?* (VAFB)

As noted in Question #31, one-time violation of the permit limit is a compliance and enforcement issue rather than a NSR requirement, and variance protection may be available. If the engine has operated beyond the 20-hour limit because of equipment malfunction (e.g., timing solenoid), breakdown relief may be available, as well, as long as the requirements and procedures specified in APCD Rule 505 are followed.

54. *Multi-part Question: When an engine that is permitted for 20 hr/yr fails and a "new" engine, as defined in the ATCM, is required:*

a) Will the new engine be allowed to operate while the NSR permit is being processed?

b) In this situation, could a "temporary" replacement engine be used until the NSR permitting is complete?

c) Would the permit for the new engine be for 20 hours or 50 hours of maintenance and testing?

d) If it is for 50 hours, would the increase trigger offset requirements?

e) If so, will credits be available from the old engine that is going out of service, and what would be necessary to qualify those credits? Will APCD require source testing and fuel use monitoring to establish a baseline use of the old engine, or are other approaches available? VAFB suggests that the APCD could simply accept that the newer, cleaner engine is offset by the older dirtier engine without going through a formal credit determination process. (VAFB)

(a) As noted in the answer to Question #27 (second paragraph), such provisions will be provided for E/S engines, fire-water pump engines and engines used for essential public services (as determined by the APCD). A permit condition similar to the one that addresses *routine* replacements will be added to the permits to allow for such temporary replacements while an ATC permit is obtained for the installation of a new ATCM and NSR compliant engine.

(b) Yes, subject to the provisions of the permit condition and only for E/S engines, fire-water pump engines and engines used for essential public services (as determined by the APCD).

(c) Being a new engine, the ATCM allows for up to 50 hours of maintenance and testing. The source may elect to choose a lower number if they wish.

(d) Yes, an increase in hours would be subject to NSR. However, the increased throughput described in the question is not likely to trigger offset requirements for the majority of sources. Only those sources that already are required to offset emission increases would be required to provide ERCs. Also, emission reductions for the removal of the existing E/S engine could be used to create ERCs per Rule 806.

(e) ERCs can be established from the removal of the existing E/S engine. Although the APCD can not simply accept that the newer, cleaner engine as "automatically" offset by the older dirtier engine without going through a formal credit determination process, there may be other technically feasible methods in establishing the emission baseline. A typical approach used when essential data is lacking would be to use an uncertainty factor. Information needed for a diesel E/S engine to create ERCs would be M&T fuel use and the actual in-the-air emission factors for that engine. If only the hours of operation were known, an uncertainty factor for the fuel use (engine load) and emission factors would be needed. Uncertainty factors of 0.5 are typically used when essential data is not available.

55. For BUGs that are subject to offset requirements, will APCD require quarterly reporting of hourly monitoring? Will the limit be the annual limit for the engine, or will it be the quarterly peak emissions? What happens if a BUG exceeds the quarterly limit but not the annual limit? (VAFB)

Yes, offsets are based on a quarterly basis. The source should ensure that the quarterly PTE is sufficient to handle actual operating conditions. For some sources this may mean that the quarterly PTE would be greater than one-fourth than annual values.

56. *VAFB requests clarification on the initial HRA screening that will be done for each large stationary source. First, will permits be issued for engines at large stationary source who exceed HRA toxics risk thresholds? Second, what assumptions will be made in the initial screening of engines at large stationary sources with multiple engines? Will the screening and potential full scale HRA be done on an engine basis*

or for the entire stationary source? For example, if the analysis is done on the entire stationary source, will the APCD assume that all VAFB backup generators are operating simultaneously for acute analysis even though this is highly unlikely. If the APCD is going to address acute screening modeling in a different manner (i.e., on an engine basis) please clarify how this will be done. (VAFB)

As noted in Question #51, in-use engines that were previously exempt will be issued a Permit to Operate without being initially subject to a health risk assessment (HRA). After the emissions information required by Section (e)(4)(A) is submitted on July 1, 2005, the APCD will then assess the need to do health risk screening and possibly HRAs as part of the AB-2588 process. New engines, on the other hand, will be evaluated for health risk as part of the ATC permit process. HRAs will be performed for the entire source (defined as a facility under AB 2588) and not for individual engines. The "assumptions" for doing HRAs are site-specific and will be determined at the HRA is being formulated. For "existing" devices, the actual engine usage data is used in the analysis. When a new engine is being permitted, the PTE from the new engine is used along with the actual usage data for the existing data (typically using the prior year as the emissions baseline).

57. *VAFB needs clear direction as to what engines can be part of a single permit application. This seems to be tied to the definition of a "Facility" or "Process". Clarification on the meaning of these two terms and examples would help VAFB to readily comply with the intent of the APCD use of these terms. For example is a Space Launch Complex a "Facility" or a collection of "Facilities" if it includes different buildings and industrial structures. Reading the definition of "Stationary Source" it seems that a "Facility" may be interpreted to be the same as a "Stationary Source" or a subset of a "Stationary Source", please clarify. The "facility" definition for NESHAP, AB 2588 and RCRA apply "fence line to fence line", is this how "facility" will be applied for permitting of BUGs. Additionally, VAFB needs clarification of "process" as it relates to this new rule. For example if two 30 bp diesel backup generators are used to provide backup power to a single "process" will permitting be required?* (VAFB)

In the context of permitting and the number of permits to be issued (see Question #4) the term "facility" is intended to correspond with the APCD's database. Each source in the District has been assigned facility names and numbers (FID) which have no distinction in terms of NSR. In other words, the use of FIDs is purely administrative in nature. For VAFB, the following FIDS appear to be active: (FID = 0201 – Vandenberg AFB 30 CES/CEV; FID = 0203 - ITT Federal Services; FID = 0206 - Lockheed Martin Corp; FID = 3970 – Boeing; FID = 3922 - United Paradyne, Corporation; FID = 10436 - Space Exploration Technologies).

As has been the APCD's long standing policy regarding stacking of multiple devices to perform the same function, the use of two 30 bhp engines connected to the same electrical switching gear would be considered as a 60 bhp engine for the purposes of permitting. If these two engines fed separate parts of the process (whatever that may be) or were installed at different locations, then they would be considered separately. This policy is the same one that VAFB just recently addressed in the design of the new boilers for the Base Clinic.

58. *Please clarify why Rule 202.F.2 was revised. Does this add a new exemption for portable engines used on OCS facilities?*

Yes, the intent of the revised Rule 202.F.2 is to extend the exemption for state registered portable engines to the OCS. The prior version of Section F.2 was worded such that only engines that were "eligible" for the statewide portable engine registration program (PERP) could be exempt from Rule 201. Since engines located on the OCS cannot obtain a PERP registration, the exemption does not apply to the OCS. The revised language now states that if the engine has a PERP registration that it would be considered exempt from Rule 201. The provisions referring to Sections F.3 and F.6 were added to ensure that those exemptions were not affected by the change to F.2.