

# New Source Review Rules

August 25, 2016

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# New Source Review

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- New Source Review (NSR) is an important tool to help the District attain and maintain all State and Federal ambient air quality standards
- New Source Review – Criteria Pollutants
  - Nonattainment Review (NAR)
  - Prevention of Significant Deterioration (PSD)
- Pre-construction permitting program for *stationary sources* — both new and modified
- Does not apply to: motor vehicles, trains, planes, consumer products, pesticides and most agricultural operations. Includes some marine vessels.
- 2-step process:
  - 1) Authority to Construct (ATC) permit
  - 2) Permit to Operate (PTO) permit

# NSR Rule History

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- 1976 - District adopts first NSR regulation
- 1984 - District modifies NSR regulation - adds PSD requirements
- 1988 - District modifies NSR regulation - adds PM<sub>10</sub> as a pollutant
- 1997 - District enacts significant revisions to NSR, creating Regulation VIII
- 2016 - District proposes first revisions in nearly 20 years

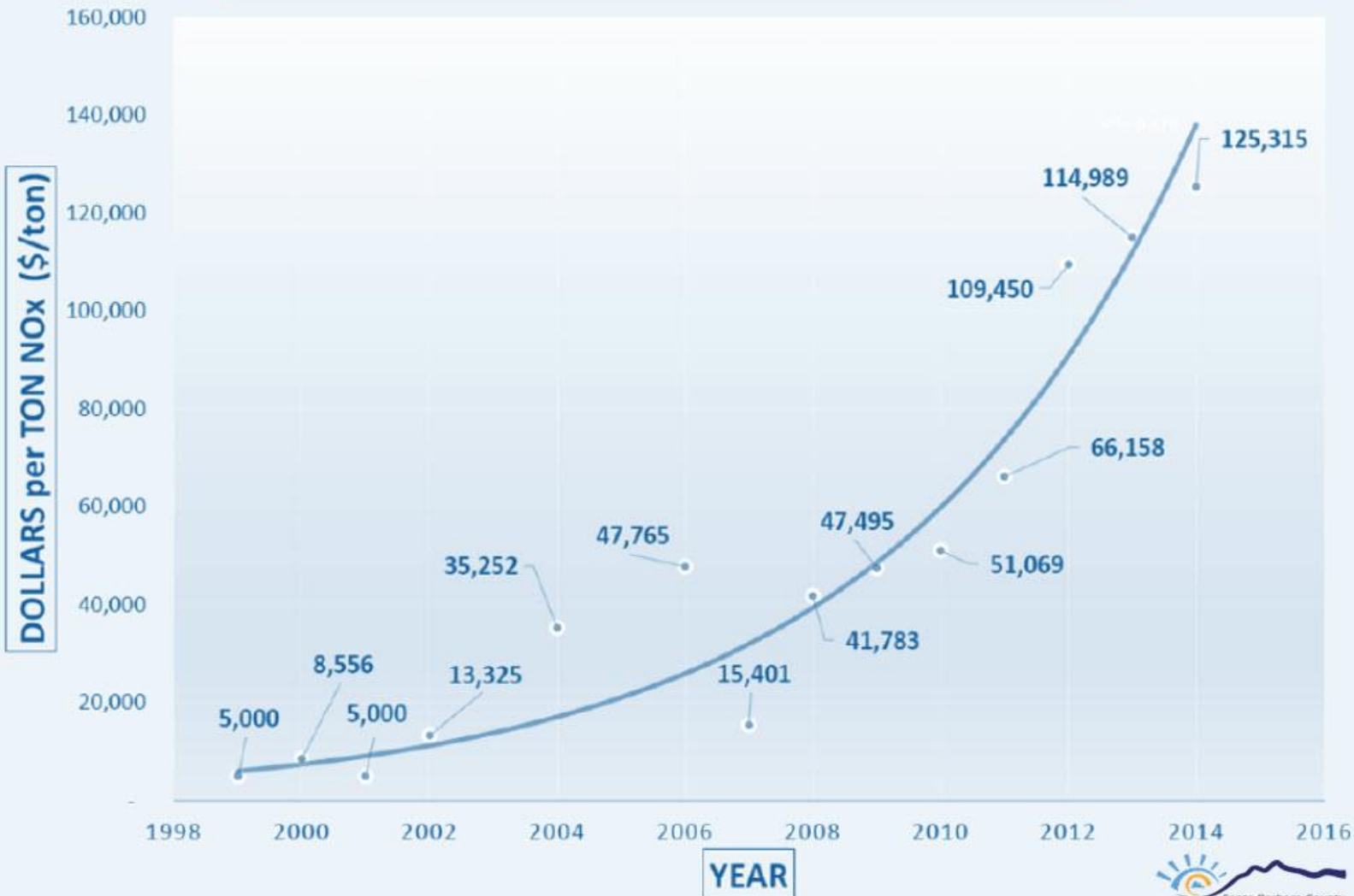
# Basic Components of NSR

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- There are State and Federal NSR program requirements, which the District implements in a unified permitting program
- Best Available Control Technology (BACT) — State mandate
- Air Quality Impact Analysis (AQIA) — Local and Federal mandate
- Offsets — State mandate
  - Offsets are mitigation provided in the form of Emission Reduction Credits (ERCs)
- Public Noticing and Hearings — Federal, State and Local mandate

# Increasing Costs for ERCs

FIGURE 1 - NO<sub>x</sub> 1999 - 2014: AVG \$/TON



# Proposed Rule Changes

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## Objectives:

- Safeguard the region's air quality
- Provide more flexibility and simplicity in the permitting process without compromising our air quality

## Proposed Changes:

- 1) Revise and clarify text
- 2) Simplify calculation methodologies
- 3) Revise offset threshold, trading ratios and calculation basis
- 4) Offsets exemption for functionally equivalent equipment replacements
- 5) Offsets exemption for emergency standby engines
- 6) Merge Rule 803 requirements (Local PSD)
- 7) Add PM<sub>2.5</sub> to permit system
- 8) Update Ambient Air Quality Standards (AAQS)/Increment Table
- 9) Add new Federal Minor Source NSR rule

**Current  
Ratios**

**Three Offset Zones**

**NEI**  
Calculation

**Current  
Offset  
Threshold:  
10 tons/yr**

**401**  
tons/yr

**NOx/  
ROC**

**New  
Ratios**

**One Offset Zone**

**PTE**  
Calculation

**New  
Offset  
Threshold:  
25 tons/yr**

**495**  
tons/yr

**Emission Reduction Scale**

# Rulemaking Process

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- March 2014: Board direction
- Next 16 Months: Worked extensively with California Air Resources Board (ARB) and United States Environmental Protection Agency (EPA) to ensure that the proposed changes met oversight agency requirements.
- September 2015: Public Workshops
- December 2015: District Community Advisory Council (CAC) meeting
- April 2016: Draft Environmental Impact Report released
- June/July 2016: ARB/EPA pre-adoption review period
- August 2016: Board of Directors Hearing

# Key Issues and Findings

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- Essential Public Services and Electrical Peaking Plant concepts dropped
- No significant comments from the public or the regulated community
- Questions about changing offset zones, ratios and thresholds
- ARB comment period: No objections to the proposed rules
- EPA comment period: No objections to the proposed rules. Minor requested changes to definitions.
- EIR Findings: Impacts are Class III, Not Significant
  - Aspects of the project have clear, beneficial impacts

# Staff Recommendations

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- Hold a Public Hearing and Receive Testimony on the proposed Rules/EIR
- Adopt a Board Resolution approving the proposed Rules/EIR - Attachment 1
  - Certify the Final EIR - Attachment 2
  - Adopt the CEQA Findings - Attachment 3
  - Adopt the H&SC Rule Findings - Attachment 4
  - Adopt the Proposed Rules - Attachment 6

# Questions?

