

Agenda Date: May 18, 2006
Agenda Placement: Admin
Estimated Time: N/A
Continued Item: No

Board Agenda Item

TO: Air Pollution Control District Board

FROM: Terry Dressler, Air Pollution Control Officer

SUBJECT: Minutes of the October 2005 South Central Coast BCC Meeting

RECOMMENDATION:

Receive and file the attached minutes from the October 19, 2005 meeting of the South Central Coast Basinwide Control Council.

DISCUSSION:

The Health and Safety Code (Section 40900) requires that each air basin, which is comprised of two or more air pollution control districts, establish a basinwide air pollution control council. This council is intended to promote coordination of air pollution control efforts throughout the air basin. The council receives reports on rule development and planning efforts, the anticipated effect of state and federal actions, and other issues of interest.

The South Central Coast BCC meets quarterly and consists of one Board Member, appointed by the Air Pollution Control Board, from each of the following Districts: San Luis Obispo County, Santa Barbara County, and Ventura County. As you may recall, Donna Jordan was appointed by your Board at the January 19, 2006 meeting to represent Santa Barbara County on this Council.

The attached minutes summarize the October 2005 Central Coast Basinwide Control Council meeting. We provide such minutes to your Board on a regular basis.

**SOUTH CENTRAL COAST BASINWIDE
AIR POLLUTION CONTROL COUNCIL**

**VENTURA COUNTY APCD
669 COUNTY SQUARE DRIVE, 2ND FLOOR
VENTURA, CA 93003**

TECHNICAL ADVISORY COUNCIL

Michael Villegas, APCO
Ventura County APCD

Terence E. Dressler, APCO
Santa Barbara County APCD

Larry R. Allen, APCO
San Luis Obispo County APCD

COUNCIL MEMBERS

James Heggarty, Vice-Chair
Council Member, City of Paso Robles
San Luis Obispo County

Ernie Villegas
Council Member, City of Fillmore
Ventura County

Donna Jordan
Council Member, City of Carpinteria
Santa Barbara County

**Minutes
October 19, 2005**

Present:

Council Members Donna Jordan, Santa Barbara County
Ernie Villegas, Ventura County

Staff Larry Allen, San Luis Obispo County
Peter Cantle, Santa Barbara County
Terry Dressler, Santa Barbara County
Tom Murphy, Santa Barbara County
Mike Villegas, Ventura County
Suzanne Taylor, Ventura County

Industry None

1. CALL TO ORDER

The meeting was called to order at 10:12 a.m.

2. Approval of Minutes of June 29, 2005

Jordan/E. Villegas Receive and file.

3. NSR Litigation and SB 288 - M. Villegas

On most points, US EPA has prevailed in court on the NSR reform package. Latest news is:

- Districts will need to submit revisions to their rules to implement these changes by January 2, 2006.
- The CAPCOA NSR Equivalency Committee is preparing a letter requesting a time extension.
- EPA is seeking a rehearing of the provisions they did not prevail on.
- As such, we do not know what the final package will look like in whole.
- EPA Region IX has hinted they will not grant a time extension.
- In response to the federal action to revise the NSR regulation, California State legislature adopted Senate Bill 288.
- SB 288 states that a NSR rule cannot be revised to be less stringent than it was the day before EPA promulgated their changes.

- Some districts were hoping to get the surplus at time of use requirement revised in their rules as part of this change.
- Recently, ARB's counsel rendered a legal opinion that states SB 288 also applies to offsets.
- The author of SB 288 promised CAPCOA that it would not apply to offset requirements.
- EPA's NSR reform regulations are not written as implementation rules; therefore, adoption by reference will not be straightforward.
- A SIP call would need to be issued by EPA before they can start sanctions. A SIP would give districts 18 months before sanctions would apply.
- Some districts are considering submitting their existing NSR rules for review.

4. Emission Reduction Credits - L. Allen

Industry, regulators, other interested parties, and a few environmental groups attended last years ERC conference. There was discussion regarding the need to change the ERC system because the supply is not meeting the demand and the costs is getting quite high.

Three of the biggest concerns raised at the conference are:

- Provide more incentives for innovative offsets.
- Try to provide more sustainability and certainty to the program.
- Making the program easier to administer.

There was such poor attendance from environmental groups that it was decided to try to reach out to them to open a dialogue on this issue. Environmental groups (EG) have been reluctant to engage on the issue. EGs would prefer to see the program dumped in its entirety. Environmental justice groups in particular have significant issues with ERCs.

We have not been very successful in getting them involved. CAPCOA board made a decision that we need to move forward and work to keep the environmentalists informed of what we are doing. If they still don't want to participate, we cannot let this program languish.

ARB, EPA, and Districts have formed a group to find innovative solutions to being able to use nontraditional offsets to permit projects and how to deal with surplus at time of use, the way that ratios are determined, etc.

The group is now trying to identify the most likely candidates for developing protocols for nontraditional sources and trying to rank the best of those for a pilot project to develop a protocol between ARB, EPA, and the Districts. It has been narrowed down to ships and port equipment, cold ironing, alternative fuels, NOx controls on boilers, and incentives for early control of foreign flagged vessels. Rail yards are being looked at as well. We are looking at the potential for large stationary particulate filters on yard engines and installation of anti-idling devices, long haul locomotives, add-on filters, and engine retrofits. Ag operations may be potential to reduce ammonia emissions from manure as precursors to PM10.

The group is evaluating the data for each category, reviewing the statewide emissions inventory, estimating how applicable those type of offsets might be statewide, and reviewing the type of regulations that are in place or coming down the road that would affect their ability to be surplus.

Offsets are so expensive to generate or buy, it is generally getting to be far cheaper to go through your entire facility and get whatever reductions you can.

If the districts cannot show they have solutions to these issues, the new administration will just take the authority away.

Vice Chair Villegas suggested the BCC work together to reach the environmental community; there would be strength in the voice of all three counties. Now is the time to get to them before the chaos of the legislature starts.

Larry Allen suggested the BCC adopt a legislative platform to represent the three counties. The counties individual boards would have to approve of this. Larry will put together a draft platform to present at the January BCC meeting.

5. Agriculture Permitting – T. Dressler

- Senate Bill 700, Flores, passed in 2003 removing the state permit exemption for Ag sources.
- SB 700 took effect January 1, 2004.
- Subjected Ag operations to permitting by air districts.
- 3 categories - sources large enough to trigger the need for a federal operating permit by July 2005; sources that had actual emissions greater than 50 percent of the federal thresholds had to get local permits; and, the largest category is sources whose actual emissions are less than half of the criteria for major sources.
- Provision in SB 700, states the District Boards have to make findings that it is necessary to regulate sources with emissions less than 50 percent of the federal thresholds before they require them to be permitted.
- Outreach to the Ag sources began March 2004 Basinwide.
- A self-determination applicability website has been developed to help Ag sources determine if they need a permit.
- Allowing them to self-report has build up trust with the Ag community.
- Workshops were held 10/2004 and 08/2005 regarding this matter.
- There is a question dealing with contiguous operations that span two counties is being challenged – Does authority extend across county lines?
- The landholders are giving up acres, not parcels to make the operations not contiguous.
- By July 2006, all districts that have large confined animal feeding facilities will have to have rules to regulate them. 2,000+ head of milking cows will require regulating.
- Ventura, San Luis Obispo, Santa Barbara have decided to sit by and watch and see what South Coast and San Joaquin will do about small source permitting rather than take the lead.
- There are currently new air toxic control measures that apply to new Ag sources. In the spring, there will potentially be an air toxic control measure that applies to existing Ag engines.

6. LNG Ports – M. Villegas

Cabrillo Port/BHP Billiton proposal is moving along slowly. They will not be subject to our NSR that would require BACT and offsets. They have agreed to install BACT and mitigate all the emissions from the stationary portion of the port.

Some time ago, the US Navy requested that we ask EPA about the attainment classification of Anacapa and San Nicholas Islands. EPA determined that the islands were not part of the Ventura County non-attainment area. EPA then determined the location of Cabrillo Port was more like the island than onshore Ventura County.

Some other proposed LNG facilities may not import natural gas as clean (non hot gas) as proposed by BHP for the Cabrillo port.

7. ARB's Railroad MOU – Larry Allen

ARB negotiated a MOU with the Burlington Northern Santa Fe and Union Pacific that has the following eight main elements:

- Would require statewide idling reduction program using automatic shutdown devices and operational changes
- Would require use of low sulfur diesel for California based locomotives.
- Would implement a statewide physical emissions reduction and repair program.
- Would require evaluation of advanced control measures for particulate matter.
- Would require evaluation of remote sensing technology to identify high emitting locomotives.
- Would require the development of health risk assessments for certain specified rail yards throughout the state.
- There are financial penalties for noncompliance of the MOU.

While the concept is good, in reality, it is not a good agreement as it has a lot of loopholes and qualifiers (e.g., “if feasible” statements in the MOU that are going to make enforcement difficult). The penalty provisions are very weak, \$400 - \$1,200 for violations. Most districts believe the amounts are not adequate to ensure compliance.

There is a ‘poison-pill’ clause in the MOU that would allow the railroads to back out of the agreement for any portion that local agencies try to implement their own requirements in an area that is covered by the MOU. It undermines local authority and the air districts have a big problem with this.

8. Marine Shipping Emissions – Tom Murphy, Santa Barbara APCD

- The data comes from the Marine Exchange in Los Angeles, Pt. Hueneme, and Lloyds of London
- We have access to the actual engine data for each ship
- Over 7200 annual traverses by our coastline
- The ships have very large 2-stroke engines that burn heavy bunker fuels
- Majority of the vessels are foreign flagged which makes for difficult jurisdictional issues
- 9% of the vessels contributed over 50% of NOx in 2004
- 59 vessels produced over 50 tons of NOx in 2004
- 92% of the NOx produced is from foreign flagged vessels
- Approximately 40 tons of NOx and three tons of PM are emitted daily
- The large container ships are the largest sources of offshore emissions
- Regulatory efforts have been ineffective to date
- MARPOL Annex VI which deals with air emissions, went into affect May 2005
- Sets SOx and NOx limits for vessels built/modified after 01/01/2000
- 27 countries have ratified the treaty
- US, Canada, and Mexico have not yet ratified the treaty
- Coast Guard is responsible for enforcing the treaty
- By 2007 revisions that will be considered include:
 - PM, VOC, GHG limits & tougher NOx and Sox limits
 - In-use engine applicability

- EPA did a Category 3 Engine Rulemaking setting a Tier 1 standard equal to IMO standards and Tier 2 standards are expected in 2007 – this applied to only US flagged ships
- Foreign flagged vessels are not subject to US emissions regulations
- ARB is developing the following ATCMs
 - Auxiliary Engine ATCM (12/05) – trying to limit the sulfur content burned in auxiliary engines
 - Cargo handling equipment ATCM (12/05)
 - Cruise ship on-board incineration ATCM (11/05)
 - Frequent flyer vessel ATCM (2006)
- ARB is also doing research in the following areas:
 - CA ocean-going vessel emission inventory (Fall 2005)
 - Modeling & Health/Ecological impact (Spring 2006)
 - SECA development collaboration with EPA
- Potential control technologies include:
 - Water based controls – emulsified fuels, water injection, humidification
 - Slide valves
 - Exhaust gas recirculation
 - Selective catalytic reduction
 - Cleaner fuels, oxidation catalysts

In conclusion, marine shipping emissions are significant and growing. To date, regulatory efforts have been largely ineffective. There are cost effective control technologies available. We need to seriously pursue a partnership approach. Once proven, additional partnerships and incentive programs will be needed.

9. Other Business/Confirm Next meeting Date

There was no other business.

Next meeting scheduled for January 18, 2006.

10. Adjourn

Meeting was adjourned at 12:05 p.m.

- Action item – BCC Draft Legislative Platform – L. Allen