

Bay Area Air Quality Management District
939 Ellis Street
San Francisco, California 94109
(415) 749-5000

APPROVED MINUTES

Summary of Board of Directors
Stationary Source Committee Meeting
Thursday, March 3, 2011
9:30 a.m.

CALL TO ORDER: Chairperson Gayle B. Uilkema called the meeting to order at 9:30 a.m.

Roll Call: Chairperson Gayle B. Uilkema; Directors Carol Klatt and Eric Mar

Absent: Vice Chairperson John Gioia; Directors Susan Garner, David Hudson, Jim Spering and Ken Yeager

Also Present: Board Chairperson Tom Bates

Public Comments: None.

3. Approval of Minutes of December 13, 2010

Committee Action: None. Approval deferred due to lack of quorum.

4. Proposed Rule for Low-Use Stationary Agricultural Diesel Engines

Henry Hilken, Director of Planning Rules and Research, provided the Committee with context and background. This proposed rule would provide flexibility to sources that are subject to the California Air Resources Board's (CARB) Air Toxic Control Measure (ATCM) that applies to stationary, diesel engines in the agricultural industry.

Mr. Hilken stated the rule would allow farmers that are affected additional time to comply with the State rule, while achieving additional emission reductions beyond what is required by the ATCM.

Guy Gimlen, Senior Air Quality Engineer, gave the staff presentation. He stated that the proposed regulation is designed to limit diesel particulate matter (PM). Staff conducted significant outreach to the agricultural community, which has increased the number of diesel engines registered with the Air District.

Mr. Gimlen provided an overview of his presentation, including background on what led to this regulatory effort, summary of the draft proposal and why it is needed, comparison of the emission reductions between the current State regulation and the Air District's proposal, summary of extensive outreach efforts by staff, feedback discussed during workshops and the Air District's proposal to address the feedback, and next steps and schedule for the remainder of the rule development process.

Background information included:

- Diesel PM identified as Toxic Air Contaminant in 1998
- CARB ATCM for Stationary Diesel Engines
 - Adopted in 2004
 - Amended in 2006 to include Ag Engines
 - Wind machines & Ag Emergency Generators exempt
- Low-use Ag Engines not fully considered
- ATCM requires replacement of older, dirtier engines by 1/1/2011 and 1/1/2012 – including low-use engines

Mr. Gimlen provided a summary on the Ag engines in the Air District and reported the following:

- Agricultural diesel engines:
 - Range from new to over 50 years old
 - Over half used less than 100 hours/year (low-use)
 - Used primarily for irrigation & frost protection
- ATCM requires Ag diesel engine registration
 - 279 registered engines as of August, 2010
 - 335 registered as of February 1, 2011
 - Continuing outreach to increase registration
- 65 Engines have been replaced early with Air District funding

The new proposed rule allows the following:

- Provides compliance flexibility for low-use engines
- Applies to diesel engines over 50 HP
- Exempts engines used less than 20 hour per year
- Alternative Compliance Plan (ACP) defers replacement of engines used less than 100 hours/year
- Engines may be used up to 100 additional hours during an “Extreme Frost Season”
- Proposal increases recovery of engine’s useful life
- Mirrors equivalent rule in Northern Sonoma County

Mr. Gimlen stated that CARB is supportive of the approach the Air District is taking. Mr. Gimlen also provided a list of emission reductions which shows that the proposal achieves 30-60% greater reductions in the long term. The compliance flexibility potentially allows the engines to be replaced with cleaner burning Tier 4 engines.

Because the proposed rule would delay emission reductions from the ATCM for several years, the Air District is conducting an Environmental Impact Report (EIR) to evaluate the impact on air quality and health effects.

Mr. Gimlen stated extensive outreach included:

- Contact with:
 - County Ag Officials in all 9 Counties
 - Farm Bureaus in all counties (except SF)
 - Trade Associations (Grape Growers, Poultry and Dairymen)
- Distributed flyers to members of four trade organizations

- Presentations at:
 - 3 Farm Bureau meetings
 - 4 County Ag Continuing Ed classes
 - Suisun Valley Grape Growers Association
- Booth at Napa Valley Viticultural Fair, with approximately 70 to 80 people visiting the booth
- 900 Workshop notices, and 9 Workshops in 8 counties, with an estimate of 100 people attending the workshop

Feedback at the workshops included three requests:

- Request for exemption of reliability testing and actual emergency use hours from limits (similar to Reg. 9-8)
 - Plan to incorporate into final draft rule
- Request averaging use hours over three years for 20 and 100 hour per year limits
 - Plan to incorporate into final draft rule
- Request to consider exempting rural and distant geographical areas
 - Do not plan to include

Proposed revisions include:

- Anticipate charging an application fee for the ACP to recover costs of reviewing the plan
- Need to mitigate temporary Nitrogen Oxide (NOx) emissions (foregone NOx reductions)
- Reviewing alignment of eligibility for ACP with CEQA Guidelines

Mr. Gimlen stated that the Air District's proposal included a limit of 200 meters to any nearby sensitive receptors, which include housing, schools or healthcare facilities, as this is consistent with the Northern Sonoma Air Pollution Control District rule. However, the Air District CEQA Guidelines recommend proximity limit of 1,000 feet, which the Air District will reconcile and suggest proposing 1,000 feet as the limit.

Next steps include:

- Draft EIR being prepared
 - 45 day comment period for EIR
- Draft Rule, Staff Report and Socio-Economic Analysis being finalized
 - 30 day comment period for rule
- CARB supports our approach
- Public Hearing anticipated in May

Committee Comments/Questions:

Chair Uilkema thanked staff for the presentation and asked if the self-certification regarding the hours of use is okay with CARB. Mr. Gimlen stated it is monitored certification.

Chair Bates asked Mr. Gimlen to elaborate on the Air District's plan to mitigate temporary NOx emissions. Deputy Air Pollution Control Officer, Jean Roggenkamp, stated these are emission reductions that are foregone and are not increases in emissions. The option to delay engine replacement will result in more emission reductions at the end of the alternate compliance period. Ms. Roggenkamp said the Air District has grant programs that get NOx emission

reductions and for the short time period, the Air District is looking to use grant funding to mitigate the temporary foregone reductions.

Chair Bates asked if the Air District can go further with the rule and requirements. Ms. Roggenkamp informed the Committee that the ATCM is a statewide rule and the State may revisit the rule at a later date.

Chair Uilkema suggested that the Committee recommend further review of the rule in three or four years.

Chair Uilkema asked if the application fee for ACP's could be paid online. Mr. Gimlen informed the Committee that diesel engine registration is online and the Air District plans to integrate the application for the ACP.

Public Comments: None.

Committee Action: None; receive and file.

5. Proposed Metal Melting Rule

Mr. Hilken stated this rule is part of the 2010 Clean Air Plan (CAP), which the Board of Directors adopted in the Fall of 2010 and is part of the Air District's overall strategy to reduce ozone precursors, PM emissions and other air pollutants.

Chair Uilkema asked if Mare Island's metal scrapping operation is included. Mr. Hilken stated staff would let her know.

Victor Douglas, Principal Air Quality Specialist, gave the staff a presentation on the Proposed New Rule 12-13: Metal Melting and Processing Facilities. Facilities that conduct melting and recycling would be subject to this rule.

Mr. Douglas continued stating that metal melting and processing facilities consist of the following:

- 25-30 metal melting / heat treating facilities
 - 16 in Community Air Risk Evaluation (CARE) areas
 - 5 with metal throughput > 5000 ton/year
 - 5 with risk > 10 per million
- 100 scrap handlers & recyclers
 - Most collectors / satellite facilities
 - 3 large facilities with shredders

These facilities cause concern for the following reasons:

- Emissions:
 - PM
 - Volatile Organic Compounds (VOCs) (including odorous compounds, such as heavy metals)
 - Toxic compounds

- Close proximity to residents
 - Elevated risks
 - Nuisance / complaints
 -

Mr. Douglas then presented a flow chart that illustrated the main steps that occur at metal melting and processing facilities.

The process includes:

- Metal Management
- Charging & Metal Melting
- Tapping (Pouring)
- Mold & Core Making
- Casting
- Cooling
- Shake Out

Mr. Douglas provided a brief description of each of the processes and said that in the evaluation process, the Air District continues to work with many stakeholders including potentially affected facilities, community groups, and industry association representatives.

Staff conducted site visits to achieve a greater understanding of the operations. Facilities visited include:

- PSC (3)
- ABI (2)
- A&B Die Casting (1)
- Schnitzer Steel (1)
- CASS (3)
- US Pipe (1)
- USS/POSCO (1)
- Simms Metals (1)

Staff has also conducted technical research:

- District Records
- Community Members
- Literature Searches
- Industry Experts
- Other Regulations

A wide range of Federal, State and Air District regulations may affect metal melting and processing facilities. Current air rules and regulations include:

- **Federal Regulations for Toxics**
 - Major Source Iron and Steel Foundries
 - Secondary Aluminum Production
 - Electric Arc Furnace Steelmaking Facilities
 - Area Source Iron and Steel Foundries
 - Aluminum, Copper, and Other Nonferrous Foundries

- **State Regulation: Non-Ferrous Metal Melting ATCM**
- **Air District Rules**
 - Permits
 - PM
 - Odorous Substances

Despite the wide range of regulations, some areas can use improvement. Some facilities have elevated levels of odorous and toxic compounds and excess PM emissions.

Regulatory concepts include:

- **Applicability**
 - Metal melting / heating facilities
 - Scrap / recycling operations
- **Requirements**
 - Emission limits (PM, VOCs, Odorous substances)
 - Better capture & control
 - Best practices
- **Compliance Plans**
 - Operation, Maintenance & Monitoring
 - Metal Management
 - Odor Management
 -
- **Improved Monitoring and Recordkeeping**
 - PM
 - VOC (including odorous substances)
 - Process & operation records

Mr. Douglas also provided an overview of the emission reductions and costs:

Emission Reductions

- PM (including toxic metals) 80% reduction
- VOC (including odorous substances)
 - Lower odorous / nuisance impacts to community
 - Less toxic compounds (phenols)
- Lower Risks

Costs

- Enclosures: up to \$25,000 per furnace
- Baghouse Upgrades: \$35,000 to \$350,000

Next steps include:

- Workshop (March/April)
- Socioeconomic and Environmental Analyses
- Final Proposal
- Public Hearing (Summer)

Committee Comments/Questions:

Chair Uilkema thanked staff for the presentation.

Director Mar asked Mr. Douglas to explain where the 25-30 facilities are located. Mr. Douglas stated the majority of the facilities are either along the I-80/880 corridor or along Highway 101 along the Peninsula. Some are located in the San Jose area. The four with the highest risks are in the cities of Berkeley, Oakland, San Leandro, and Fremont.

Public Comments:

Melosa Granda – Environmental Law and Justice Clinic at Golden Gate University/West Berkeley Alliance for Clean Air & Safe Jobs, requested the draft metal melting rule be written in a manner that is comprehensible to those that will be most affected, in addition the rule be in multiple languages.

Rosina Roibel – Bay Area Environmental Health Collaborative, expressed concerns about the language of the metal melting rule, the public process and participation.

Chair Bates asked how many workshops are planned. Mr. Hilken informed the Committee that there is no schedule at this time. Chair Bates asked if the Air District is planning to provide information in various languages. Ms. Roggenkamp stated the Air District currently looks at areas where there are a greater number of individuals who speak various languages as their first language and often have an interpreter at the workshop.

Committee Action: None; receive and file.

6. Proposed Amendments to Regulation 9, Rule 7: NO_x and CO from Industrial, Institutional, and Commercial Boilers, Steam Generators and Process Heaters

Mr. Hilken stated that this rule amendment is not part of the CAP. In 2008, the Board of Directors adopted amendments to this regulation and since then staff has discovered minor issues that will be addressed today. Mr. Hilken introduced Julian Elliot, Senior Air Quality Engineer, who gave the staff presentation.

Mr. Elliot stated that this rule regulates almost all of the boilers, steam generators and process heaters that the Air District currently regulates. Mr. Elliot stated there is a much smaller subset of devices at petroleum refineries, which are subject to a different rule and a much smaller population of devices at power plants, also subject to a different rule.

Mr. Elliot provided the Committee background on the 2008 amendments which include:

- Updated NO_x limits for new and existing heaters already subject to rule (>10 MM BTU/hour); which were fewer than 500 devices (required to have permits)
- Added NO_x limits for devices rated 1 to <10 MM BTU/hour (estimated 2,600 smaller devices)
- Added efficiency standards to mitigate GHG impacts
- Created operator registration and manufacturer pre-certification programs for natural gas-fired devices rated >2 to <10 MM BTU/hour
- Manufacturers of devices rated >2 to <10 MM BTU/hour have not pre-certified any devices to allow their sale
- NO_x standards equivalent to new Air District standards have recently gone into effect in other parts of California

- Staff has undertaken an extensive inspection and outreach program to evaluate compliance with rule and to ensure that rule is understood by operators and manufacturers.

Mr. Elliot stated the goal of the proposed rule amendments is to make it easier for manufacturers to certify their boilers by allowing more methods to establish certification and simplifying the certification application process.

In addition, Mr. Elliott said the proposed amendments would extend the deadlines.

NOx Limits & Manufacturer Pre-Certification Requirement	Current Effective Date	Proposed Effective Date
>2 to 5 MM BTU/hour	1/1/2011	1/1/2013
>5 to <10 MM BTU/hour	1/1/2012	

Staff does not expect a compliance problem with larger devices so no changes are proposed for the compliance date for larger devices.

Staff outreach efforts include:

- Participated in manufacturer training sessions, meetings with municipal engineering staff, and other forums to explain new requirements.
- Mailed compliance advisories to heater operators, manufacturers, industry groups and others and will request comments on the draft rule from this same group.
- Undertaken an extensive compliance assistance and outreach program to evaluate compliance with rule requirements and to ensure that these requirements are understood by operators and manufacturers.

Mr. Elliott concluded his presentation by informing the Committee of the rule development process:

- Draft amendments under review
- Post Request for Comments on Draft Rule
- Complete Staff Report, CEQA Negative Declaration Addendum
- Public Hearing expected May 2011

Committee Comments/Questions:

Chair Uilkema asked if industry is in compliance elsewhere, why are they not complying with the Air District’s standards. Mr. Elliott said it may be due to the economy.

Chair Uilkema asked about the costs associated with compliance. Mr. Elliott said that operators are required to register and the cost per registration is less than \$500 for a facility and an additional estimated cost of \$50 for each additional device at the facility, which is a one-time fee.

Chair Uilkema requested that staff provide the Committee with an update in about six to eight months to monitor the progress of the program.

Public Comments: None.

Committee Action: None; receive and file.

7. Committee Member Comments/Other Business:

Chair Uilkema requested the Committee mark their calendars for tentative dates which include May 5, 2011 and July 7, 2011 as possible meeting dates. Possible topics for discussion on May 5, 2011 include Lehigh and FLIR Camera and July 7, 2011 topic may be CASS and Bayview Hunters Point.

8. Time and Place of Next Meeting: 9:30 a.m., May 5, 2011, 939 Ellis Street, San Francisco, CA 94109.

9. Adjournment: Meeting adjourned at 10:45 a.m.

IS/ Vanessa Johnson

Vanessa Johnson
Executive Secretary II