



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

BOARD OF DIRECTORS
STATIONARY SOURCE COMMITTEE

COMMITTEE MEMBERS

JOHN GIOIA - CHAIR
JOHN AVALOS
SCOTT HAGGERTY
LIZ KNISS
ROD SINKS

JIM SPERING – VICE CHAIRPERSON
CAROLE GROOM
DAVID E. HUDSON
JAN PEPPER

**MONDAY
SEPTEMBER 19, 2016
10:30 A.M.**

**1ST FLOOR BOARD ROOM
375 BEALE STREET
SAN FRANCISCO, CA 94105**

AGENDA

1. CALL TO ORDER - ROLL CALL – PLEDGE OF ALLEGIANCE

The Committee Chair shall call the meeting to order and the Clerk of the Boards shall take roll of the Committee members. The Committee Chair shall lead the Pledge of Allegiance.

2. PUBLIC COMMENT PERIOD

(Public Comment on Non-Agenda Items Pursuant to Government Code § 54954.3) Members of the public are afforded the opportunity to speak on any agenda item. All agendas for regular meetings are posted at District headquarters, 375 Beale Street, San Francisco, CA, 94105 at least 72 hours in advance of a regular meeting. At the beginning of the regular meeting agenda, an opportunity is also provided for the public to speak on any subject within the Committee's subject matter jurisdiction. Speakers will be limited to three (3) minutes each.

This meeting will be webcast. To see the webcast, please visit <http://www.baaqmd.gov/about-the-air-district/board-of-directors/resolutionsagendasminutes> at the time of the meeting.

Staff/Phone (415) 749-

3. APPROVAL OF THE MINUTES OF JUNE 1, 2016

Clerk of the Boards/5073

The Committee will consider approving the draft minutes of the Stationary Source Committee meeting of June 1, 2016.

4. **UPCOMING CHANGES TO REGULATION 9, RULE 13: CEMENT KILNS**

J. Roggenkamp/4646
jroggenkamp@baaqmd.gov

Staff will provide the Committee with an update on upcoming changes to Regulation 9, Rule 13: Cement Kilns.

5. **AMENDMENTS TO REGULATION 2, RULE 5: NEW SOURCE REVIEW OF TOXIC AIR CONTAMINANTS**

D. Breen/4904
dbreen@baaqmd.gov

Regulation 2, Rule 5: New Source Review of Toxic Air Contaminants implements the Air District's risk management policies and procedures for the Air Toxics Permitting Program. The Air District is proposing to incorporate updates to State Health Risk Assessment and risk management guideline updates into Regulation 2, Rule 5.

6. **UPDATE ON WOOD SMOKE REDUCTION INCENTIVE PROGRAM**

D. Breen/4904
dbreen@baaqmd.gov

Staff will provide the Committee with an informational update on the Wood Smoke Reduction Incentive Program, including information about its development, outreach conducted, preliminary results, and recommended next steps.

7. **COMMITTEE MEMBER COMMENTS**

Any member of the Board, or its staff, on his or her own initiative or in response to questions posed by the public, may: ask a question for clarification, make a brief announcement or report on his or her own activities, provide a reference to staff regarding factual information, request staff to report back at a subsequent meeting concerning any matter or take action to direct staff to place a matter of business on a future agenda. (Gov't Code § 54954.2)

8. **TIME AND PLACE OF NEXT MEETING**

Monday, October 17, 2016, Bay Area Air Quality Management District Office, 375 Beale Street, San Francisco, California 94105 at 10:30 a.m.

9. **ADJOURNMENT**

The Committee meeting shall be adjourned by the Committee Chair.

CONTACT:

MANAGER, EXECUTIVE OPERATIONS
375 BEALE STREET, SAN FRANCISCO, CA 94105
mmartinez@baaqmd.gov

(415) 749-5016
FAX: (415) 928-8560
BAAQMD homepage:
www.baaqmd.gov

- To submit written comments on an agenda item in advance of the meeting. Please note that all correspondence must be addressed to the “Members of the Board of Directors” and received at least 24 hours prior, excluding weekends and holidays, in order to be presented at that Board meeting. Any correspondence received after that time will be presented to the Board at the following meeting.
- To request, in advance of the meeting, to be placed on the list to testify on an agenda item.
- Any writing relating to an open session item on this Agenda that is distributed to all, or a majority of all, members of the body to which this Agenda relates shall be made available at the District’s offices at 375 Beale Street, Suite 600, San Francisco, CA 94105, at the time such writing is made available to all, or a majority of all, members of that body.

Accessibility and Non-Discrimination Policy

The Bay Area Air Quality Management District (Air District) does not discriminate on the basis of race, national origin, ethnic group identification, ancestry, religion, age, sex, sexual orientation, gender identity, gender expression, color, genetic information, medical condition, or mental or physical disability, or any other attribute or belief protected by law.

It is the Air District’s policy to provide fair and equal access to the benefits of a program or activity administered by Air District. The Air District will not tolerate discrimination against any person(s) seeking to participate in, or receive the benefits of, any program or activity offered or conducted by the Air District. Members of the public who believe they or others were unlawfully denied full and equal access to an Air District program or activity may file a discrimination complaint under this policy. This non-discrimination policy also applies to other people or entities affiliated with Air District, including contractors or grantees that the Air District utilizes to provide benefits and services to members of the public.

Auxiliary aids and services including, for example, qualified interpreters and/or listening devices, to individuals who are deaf or hard of hearing, and to other individuals as necessary to ensure effective communication or an equal opportunity to participate fully in the benefits, activities, programs and services will be provided by the Air District in a timely manner and in such a way as to protect the privacy and independence of the individual. Please contact the Non-Discrimination Coordinator identified below at least three days in advance of a meeting so that arrangements can be made accordingly.

If you believe discrimination has occurred with respect to an Air District program or activity, you may contact the Non-Discrimination Coordinator identified below or visit our website at www.baaqmd.gov/accessibility to learn how and where to file a complaint of discrimination.

Questions regarding this Policy should be directed to the Air District’s Non-Discrimination Coordinator, Rex Sanders, at (415) 749-4951 or by email at rsanders@baaqmd.gov.

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT
375 BEALE STREET, SAN FRANCISCO, CALIFORNIA 94105
FOR QUESTIONS PLEASE CALL (415) 749-5016 or (415) 749-4941**

**EXECUTIVE OFFICE:
MONTHLY CALENDAR OF AIR DISTRICT MEETINGS**

SEPTEMBER 2016

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Regular Meeting <i>(Meets on the 1st & 3rd Wednesday of each Month)</i> - CANCELLED	Wednesday	7	9:45 a.m.	1 st Floor Board Room
Board of Directors Climate Protection Committee <i>(Meets on the 3rd Thursday of every other Month)</i>	Thursday	15	9:30 a.m.	1 st Floor Board Room
Board of Directors Executive Committee <i>(Meets on the 3rd Monday of each Month)</i>	Monday	19	9:30 a.m.	1 st Floor Board Room
Board of Directors Stationary Source Committee <i>(Meets on the 3rd Monday of each Month)</i>	Monday	19	10:30 a.m.	1 st Floor Board Room
Board of Directors Regular Meeting <i>(Meets on the 1st & 3rd Wednesday of each Month)</i>	Wednesday	21	9:45 a.m.	1 st Floor Board Room
Board of Directors Mobile Source Committee <i>(Meets on the 4th Thursday of each Month)</i>	Thursday	22	9:30 a.m.	1 st Floor Board Room
Board of Directors Budget & Finance Committee <i>(Meets on the 4th Wednesday of each Month)</i> - CANCELLED	Wednesday	28	9:30 a.m.	1 st Floor Board Room

OCTOBER 2016

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Advisory Council Meeting <i>(At the Call of the Chair)</i>	Monday	3	10:00 a.m.	1 st Floor Board Room
Board of Directors Regular Meeting <i>(Meets on the 1st & 3rd Wednesday of each Month)</i> - CANCELLED	Wednesday	5	9:45 a.m.	1 st Floor Board Room
Board of Directors Executive Committee <i>(Meets on the 3rd Monday of each Month)</i> - CANCELLED	Monday	17	9:30 a.m.	1 st Floor Board Room
Board of Directors Stationary Source Committee <i>(Meets on the 3rd Monday of each Month)</i> - CANCELLED	Monday	17	10:30 a.m.	1 st Floor Board Room
Board of Directors Regular Meeting <i>(Meets on the 1st & 3rd Wednesday of each Month)</i>	Wednesday	19	9:45 a.m.	1 st Floor Board Room

OCTOBER 2016

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Public Engagement Committee <i>(At the Call of the Chair)</i>	Thursday	20	9:30 a.m.	1 st Floor Board Room
Board of Directors Budget & Finance Committee <i>(Meets on the 4th Wednesday of each Month)</i> - CANCELLED	Wednesday	26	9:30 a.m.	1 st Floor Board Room
Board of Directors Mobile Source Committee <i>(Meets on the 4th Thursday of each Month)</i>	Thursday	27	9:30 a.m.	1 st Floor Board Room

NOVEMBER 2016

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Regular Meeting <i>(Meets on the 1st & 3rd Wednesday of each Month)</i>	Wednesday	2	9:45 a.m.	1 st Floor Board Room
Board of Directors Regular Meeting <i>(Meets on the 1st & 3rd Wednesday of each Month)</i>	Wednesday	16	9:45 a.m.	1 st Floor Board Room
Board of Directors Climate Protection Committee <i>(Meets on the 3rd Thursday of every other Month)</i>	Thursday	17	9:30 a.m.	1 st Floor Board Room
Board of Directors Executive Committee <i>(Meets on the 3rd Monday of each Month)</i>	Monday	21	9:30 a.m.	1 st Floor Board Room
Board of Directors Stationary Source Committee <i>(Meets on the 3rd Monday of each Month)</i>	Monday	21	10:30 a.m.	1 st Floor Board Room
Board of Directors Budget & Finance Committee <i>(Meets on the 4th Wednesday of each Month)</i>	Wednesday	23	9:30 a.m.	1 st Floor Board Room
Board of Directors Mobile Source Committee <i>(Meets on the 4th Thursday of each Month)</i>	Thursday	24	9:30 a.m.	1 st Floor Board Room

HL – 8/25/16 (10:05 a.m.)

G/Board/Executive Office/Moncal

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson John Gioia and Members
of the Stationary Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: September 5, 2016

Re: Approval of the Minutes of June 1, 2016

RECOMMENDED ACTION

Approve the attached draft minutes of the Stationary Source Committee (Committee) meeting of June 1, 2016.

DISCUSSION

Attached for your review and approval are the draft minutes of the Committee meeting of June 1, 2016.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Marcy Hiratzka
Reviewed by: Maricela Martinez

Attachment: Draft Minutes of the Committee Meeting of June 1, 2016

AGENDA: 3 – ATTACHMENT

Draft Minutes – Stationary Source Committee Meeting of June 1, 2016

Bay Area Air Quality Management District
375 Beale Street, Suite 600
San Francisco, California 94105
(415) 749-5073

DRAFT MINUTES

Summary of Board of Directors
Stationary Source Committee Meeting
Monday, June 1, 2016

1. CALL TO ORDER – ROLL CALL

Stationary Source Committee (Committee) Chairperson John Gioia called the meeting to order at 9:33 a.m.

Present: Committee Chairperson John Gioia; Vice-Chairperson James Spering; and Directors John Avalos, Carole Groom, Scott Haggerty, David Hudson, Liz Kniss, Jan Pepper, and Rod Sinks.

Absent: None.

Also Present: None.

2. PUBLIC COMMENT ON NON-AGENDA MATTERS

No requests received.

3. APPROVAL OF THE MINUTES OF APRIL 18, 2016

Public Comments:

No requests received.

Committee Comments:

No requests received.

Committee Action:

Director Hudson made a motion, seconded by Director Haggerty, to approve the Minutes of April 18, 2016; and the motion carried by the following vote of the Committee:

AYES: Gioia, Groom, Haggerty, Hudson, Sinks, and Spering.
ABSTAIN: None.
ABSENT: Avalos, Kniss, and Pepper.

NOTED PRESENT: Director Avalos was noted present at 9:36 a.m.

4. UPDATE ON REGULATION 12, RULE 16: EVALUATION OF OPTIONS FOR REDUCING COMBUSTION EMISSIONS FROM REFINERIES

Chair Gioia stated that this is the first opportunity for the public to engage with staff regarding the evaluation of options for proposed Rule 12-16. Jean Roggenkamp, Deputy Executive Officer, introduced Gregory Nudd, Rule Development Manager, who gave the staff presentation *Update on Regulation 12, Rule 16: Evaluation of Options for Reducing Combustion Emissions from Refineries*, including: overview; refinery impacts and issues; refinery strategy background and progress; refinery strategy - criteria and toxic pollutants and focus on combustion emissions; options for combustion emissions reductions at refineries; evaluation criteria; staff evaluation; staff recommendations; and next steps. Ms. Roggenkamp added that, having evaluated four options, staff recommends a “multi-path” approach which would develop: a rule to require refinery-wide reductions of combustion emissions; a combustion emissions best available retrofit control technology (BARCT) strategy leading to a prioritized list of source-specific rules for refineries and other significant sources of combustion emissions; and a methane control strategy leading to a prioritized list of source-specific rules for methane control.

NOTED PRESENT: Director Pepper was noted present at 9:45 a.m. and Director Kniss arrived at 9:47 a.m.

At this time, Jeffrey McKay, Deputy Air Pollution Control Officer, stated that the Advisory Council was recently restructured and has since met three times to discuss the key question, “What is the efficacy of imposing numeric caps on greenhouse gas (GHG) emissions from Bay Area refineries?” The Council’s preliminary deliberations were shared in this presentation called *Efficacy of Refinery GHG Caps: Status Report*. Mr. McKay introduced Board Liaison and Advisory Council Ex-Officio member, Director Sinks, who introduced the first three slides of the presentation: Advisory Council members, key question, and Advisory Council meeting schedule, concluding with his acknowledgement for the Council’s expertise and service. Advisory Council Chairperson, Stan Hayes, introduced the remaining slides of the presentation, including: speakers and discussion; progress to date; District mission; criteria pollutants; toxics; GHG with and without action; refineries and refinery GHG; Council deliberations; guiding principles; and preliminary conclusions. Mr. Broadbent, Executive Officer/Air Pollution Control Officer, added that staff feels that it has fulfilled the Board’s direction to develop and evaluate viable options for Rule 12-16. Mr. Broadbent also said that staff will await feedback from the Stationary Source Committee and Board regarding the proposed comprehensive combustion emission reduction strategy for refineries that staff has proposed and feels is in line with the District’s legal framework, regulatory mission, and the California Air Resources Board’s GHG emission reduction efforts.

Public Comments:

Upon collecting the public comment request cards for this item, Chair Gioia asked the Committee if it would agree to allow each speaker two minutes, except for one representative from the environmental activist groups, and one representative from the refinery industry, who would each be allotted four minutes. The Committee agreed to this. Greg Karras was chosen as the environmental activist and Gary Rubenstein as the representative from the refinery industry both of them were given four minutes to speak.

Gary Rubenstein, Sierra Research, working in conjunction with the California Council for Environmental and Economic Balance (CCEEB), said that the goal of Rule 12-16 remains unclear, but he believes that the goal is to reduce GHG emissions, and that the issue of leakage is very real. Mr. Rubenstein gave his input on the four options, speculating that the refinery-wide combustion emissions reduction approach would be infeasible and impractical for refineries, and claiming that carbon capture and sequestration is energy-intensive and this method would just move carbon around without reducing it. Mr. Rubenstein said that the only way to ensure that carbon emissions are being reduced from the transportation and refinery sectors is to reduce the demand for fuel.

Greg Karras, Communities for a Better Environment (CBE), distributed a letter to staff and the Committee, stating that CBE supports the emissions cap approach as the most developed and quickest way to reduce emissions. The letter referenced Air District Resolution No. 2014-07, *Addressing Emissions from Bay Area Petroleum Refineries*, to remind the Committee of the Board's direction to staff to propose a backstop in Rule 12-16, as the first of a series of measures to reduce refinery emissions as much as feasible. CBE's letter concluded by requesting that staff prepare a rule adoption package for Rule 12-16 that will allow the Board to adopt the refinery emissions cap approach by September 2016, include analysis of GHG emissions per barrel of oil feedstock on the alternative analysis of the Environmental Impact Report for this rule adoption package, and schedule a public hearing to consider adoption of proposed Rule 12-16 to be held in a Bay Area refinery community on a weekday evening by September 2016.

Bill Quinn, CCEEB, addressed the Committee regarding his concern over the lack of information provided for three new approaches being proposed by staff for Rule 12-16, and urged the Committee to bring this item back to the Advisory Council before it is taken to the Board.

Ratha Lai, Sierra Club, expressed his disappointment over what he considered to be a lack of language about the prevention of emission levels *increasing*, within the Advisory Council's deliberations. He thanked staff for their preparation of the four approaches and conveyed his support for Option #3 (emissions cap.)

Ariana Chandler, Sierra Club, addressed the Committee regarding her shock about the impact on public health due to refinery emissions, upon moving to the Bay Area as a teacher and hospital chaplain. Ms. Chandler supports the adoption of the emissions cap approach and hopes it will be implemented as soon as possible.

Lori Mintzer, Chevron, requested that staff engage refinery technical staff early and throughout the development process when considering alternatives in developing guidance documents for Rule 12-16. She urged the District to confirm what compliance looks like *before* making rules and setting deadlines, so that refineries will be able to comply properly and within the given timeframe.

Katelynn Mudgett, Sierra Club, urged the Committee to not put the refinery industry before public health, but instead adopt the emissions cap option, and give those affected the opportunity to participate in the process by holding public hearings in Bay Area refinery communities on weekday evenings, making it a fair and transparent process.

Jed Holtzman, 350 Bay Area, stated that 350 Bay Area submitted a letter to the Advisory Council disputing parts of the deliberation, and especially on the issue of leakage. Mr. Holtzman said that the District needs to cease permitting refinery projects or at stop emissions from increasing at

refineries first, ideally implementing all four approaches at the same time, instead of choosing one or two over others.

Margaret Pearce, 350 San Francisco, urged the District not to wait to implement emissions caps at refineries. She said that the District has been studying and evaluating for years but has not taken any action to stop the increase of emissions.

Bill Pinkham, Sunflower Alliance, addressed the Committee regarding the greed of the oil companies and the need to cap emissions at refineries.

Jeff Kilbreth, Richmond Planning Commission, stated the Commission's position of resisting the increase of GHG emissions that can arise from refinery projects (referencing the Chevron Richmond Refinery Modernization Project in 2014) and reiterated that caps at refineries are a good solution to reducing emissions. Mr. Kilbreth said that the ARB and the Air District's Advisory Council are wrong for not wanting to implement caps at refineries. Chair Gioia requested that staff explain to the Board the permit that the District granted Chevron for its Modernization project in Richmond at the next Board meeting. Director Pepper requested that the letter from Attorney General Harris to the Richmond Planning Commission regarding the Chevron Modernization project be sent to the Board.

Kathy Kerridge, Benicians for a Safe and Healthy Community, stated that she is in favor of the combining all four approaches in order to stop emissions from increasing and urged the District not to fear leakage.

Alameda resident, Misao Brown, urged the District to make public health a priority by adopting all four options as soon as possible.

Sarah Greenwald, 350 Bay Area, addressed the Committee regarding the immediate need for quantitative caps on refinery emissions, which she believes are readily enforceable. She urged the District to stop focusing on reducing climate emissions outside of its jurisdictions and to cease permitting refinery projects.

Richard Gray, 350 Bay Area, addressed the Committee regarding the need for preservation of public health via immediate implementation of numeric caps on refineries and the reduction of crude by rail into the Bay Area.

Steven Yang, Chevron, addressed the Committee regarding his support of the Advisory Council's deliberations. He said that he does not think that Option 3 considers the Advisory Council's recommendations and urged the District to solicit refinery technical input for the development of Rule 12-16. Mr. Yang also said that those who think that an increase in refinery projects will increase emissions do not understand the regulations being enforced by the District.

Richmond resident, Rebecca Auerbach, urged the District to implement Option 3, as she claimed it is the quickest approach to stop emissions from increasing at refineries. Ms. Auerbach said that she was in favor of the staff-recommended combined approach, but only after the caps have been imposed.

Quanna Parker Brightman, United Native Americans, addressed the Committee regarding his concern about premature deaths resulting from air pollution. He urged the District to implement Option 3.

Steven Nadel, Sunflower Alliance, expressed his appreciation for all four proposed approaches, but said that Option 3 is the only approach that is ready to be implemented today. He urged the District to do so immediately.

Anne Donjacour, 350 San Francisco, addressed the Committee regarding her opinion that the Advisory Council’s deliberations are too conservative, given the time-sensitive action that she said is needed. She supported the immediate implementation of Option 3. Concerned about the timeframe between gathering scientific evidence and implementing policy, Mr. Donjacour recommended a publication from 2013 entitled *Late Lessons from Early Warnings: Science, Precaution, Innovation*, a report produced by the European Environment Agency.

Janet Johnson, Richmond Progressive Alliance, addressed the Committee regarding the American Lung Association’s recent grade of “D” given to the Bay Area for its air quality. Ms. Johnson expressed her concern of the refineries’ shift to dirtier crude and production of tar sands, which she said will increase toxic emission levels. She urged the Committee to recommend Option 3 to the Board for immediate adoption.

Charles Davidson, Sunflower Alliance, predicted that leakage to foreign countries for large-scale Bay Area refinery product export will occur by 2030, despite the removal of the 2030, 50% gasoline reduction plan from SB 350. He also said that tar sands exports to the west coast will increase eight-fold by 2030, according to industry reports, and that the District needs to implement Option 3 as soon as possible.

Roger Lin, CBE, praised an element of Option 1 (refinery-wide combustion reductions), which imposes a GHG limit per year and per barrel of oil and which is complementary to state regulations. But he stated that the emissions cap approach is the only multi-pollutant option currently being recommended, which will establish a baseline to measure enforceability success. Mr. Lin echoed Greg Karras’ comments regarding the requested action items of the District included letter submitted to the Committee from CBE.

Ken Jones, 350 Marin, addressed the Committee regarding the increasing climate emergency and the immediate need for the implementation of the emissions cap at refineries.

Lipo Chanthanasak, Asian Pacific Environmental Network, addressed the Committee regarding the impacted health of Richmond residents due to the refinery emissions, and requested that the District adopt the emissions cap.

Boon Manivong, Asian Pacific Environmental Network, addressed the Committee regarding the need for the emissions cap to be implemented immediately, in order to protect the community’s health.

Torm Nompraseurt, Asian Pacific Environmental Network, said that he has attended too many funerals of residents who suffered from health issues due to refinery emissions and urged the District to cap refinery emissions as soon as possible.

Chair Gioia thanked those who gave public comments, commending the public’s advocacy regarding this rule and previous air quality-related legislation.

Mr. Broadbent explained that there will be a Stationary Source Committee report out given at the June 15, 2016 Board meeting. He said that staff has developed a strategy (hybrid of Options 1 and 2) that is consistent with the District’s mission and that remains within the District’s legal authority, containing the following key elements: setting a carbon intensity target for the refineries, establishing a command and control set of rules for all the combustion relegated operations, and amending existing rules or establishing a new one to achieve GHG reductions. Mr. Broadbent reiterated that the District does not believe that it can make the legal finding that caps are necessary, due to the fact that the ARB already has caps in place under the Cap and Trade program. He also said that between now and June 15th, staff will further develop the proposed hybrid approach. Regarding the Chevron Richmond Refinery Modernization Project, Mr. Broadbent said that Chevron voluntarily took on the emissions cap for that project, and emphasized the difference between one refinery taking on a voluntary cap for one project and imposing a numeric cap on all five refineries.

Committee Comments:

The following topics were discussed by the Committee and staff upon the conclusion of both presentations given within this item: a request from the Committee that staff explain in full detail the “hybrid” approach at the June 15, 2016 Board meeting; how the pros and cons of the four different approaches pertain to refineries’ varying levels of GHG emissions per barrel of oil refined; which approach is most effective from a co-benefit standpoint; the amount of methane emissions that are produced by refineries; how the transportation sector is the largest contributing factor to rising GHG emission levels; which approach is the most aggressive and can most expeditiously meet the District’s GHG target goals; the way in which the District evaluates economic impacts when considering a new rule; the challenges and possibilities of leakage when imposing a cap on refineries; how it is not the District’s desire or intent to shut down any refineries when developing regulation; who is allowed to refine gasoline for the California market; possibilities for different combinations of the four proposed approaches; the State’s AB32 scoping plan update to reflect 2030 target (40% below 1990 levels by 2030); the elasticity of California’s fuel supply, the demand for it, and how a cap on Bay Area refineries and increase in electric vehicles would affect the demand for imported fuel and purchasing habits; whether or not the combination of local and statewide GHG emission regulations is sufficient enough, and if not, whether or not it is appropriate for the District to advocate for local action to fill in the gaps of the GHG emission chain; how electric vehicles affect the economy

Committee Action:

None; receive and file

5. COMMITTEE MEMBER COMMENTS

Director Pepper thanked everyone in the room for their various ways of involvement in the rulemaking process. She requested that the District contact Attorney General Harris’ office to discuss the legal parameters of implementing an emissions cap on refineries, or at least request

clarification about it, and urged staff not to be intimidated by the threat of refinery litigation when developing rules.

Director Hudson expressed his support for the proposed hybrid approach and requested that the District make the methane option a priority. In response, as the Bay Area Air District representative on the ARB Board, Chair Gioia stated that, to be fair, all four strategies are equally important in addressing climate change, not one over another.

Committee Vice Chair Sperring supported the hybrid approach that staff recommends and said that focusing on litigation is a misdirection of the Air District's resources.

Director Avalos supported capping emissions at current levels and said that although he would like to see a carbon-free future, he does not want to shut down refineries. He also said that all four approaches should be implemented, and that there is a complimentary way for the District to work with the ARB in implementing the emissions cap within legal authority.

Chair Gioia emphasized the co-benefit of reducing toxics *and* criteria pollutants (in addition to GHG emissions) because they greatly affect public health. He acknowledged the public's concern that the Air District is not moving fast enough to cap emissions, and said that whatever the Board adopts will be the most far-reaching regulation at a local Air District regarding GHG emission reduction, even though Air Districts' authority to regulate GHG emissions is currently being debated and reconsidered in Sacramento. Chair Gioia also said that it is important to consider where each refinery is in its life and when it began operations, as this may require different caps at different refineries.

6. TIME AND PLACE OF NEXT MEETING

Monday, July 18, 2016, Bay Area Air Quality Management District Office, 375 Beale Street, San Francisco, California 94105 at 10:30 a.m.

7. ADJOURNMENT

The meeting adjourned at 12:30 p.m.

Marcy Hiratzka
Clerk of the Boards

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson John Gioia and Members
of the Stationary Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: September 7, 2016

Re: Upcoming Changes to Regulation 9, Rule 13: Cement Kilns

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

On September 12, 2012, the Board of Directors adopted Regulation 9, Rule 13: Nitrogen Oxides, Particulate Matter and Toxic Air Contaminants from Portland Cement Manufacturing (Rule 9-13,) setting lower emission standards for nitrogen oxides (NOx), particulate matter (PM), and reducing risk from toxic air contaminants (TAC). The rule also contains a 10% opacity standard for miscellaneous operations at the facility and sets a number of operational requirements to reduce fugitive dust from quarrying, conveying and transport operations. The rule also contained requirements to reduce health risk that resulted in construction of a single, higher stack to replace 32 ground level emission points. The rule requirements became effective on September 9, 2013 at the one facility currently impacted, the Lehigh Cement Plant near Cupertino.

DISCUSSION

The adoption of this rule has led to emissions reductions, reduced health risk, more accurate monitoring, improved dust mitigation and enhanced enforceability. However, there is a technical problem with the ammonia limit in the rule. The rule requires the injection of ammonium hydroxide into the kiln to control NOx. The rule sets an ammonia limit to guard against excessive emissions due to over-use of the ammonium hydroxide. This limit was set without the benefit of data about the inherent variability of nitrate in the limestone feedstock used to make cement. The nitrate in the feedstock is converted to ammonia in the kiln. The unanticipated variability of nitrate levels in the feedstock can cause the facility to exceed its regulatory limit for ammonia independent of the amount of ammonium hydroxide injected.

Staff has developed changes to the ammonia standard that will remedy the issue with the current ammonia limit and allow the requirements of the rule to be incorporated into the facility's Title V permit, thereby becoming federally enforceable. Proposed amendments to Rule 9-13 will address ammonia emissions by establishing a fixed exhaust ammonia concentration over a longer averaging time while ensuring public health is protected and guarding against nuisance odors.

There are other areas of concern related to operations at the Lehigh Cement Plant. For example, currently Rule 9-13 does not address condensable PM and sulfur dioxide (SO₂) emissions, both of which may contribute to regional PM levels and visibility of the plume exiting the stack. As a result, the Air District is currently working to potentially address SO₂ and associated condensable PM emissions through a separate rule development process. In addition, the Air District is currently developing draft Regulation 11, Rule 18 (Rule 11-18,) which will set limits on the impact of toxic emissions at existing facilities and incorporate new California Office of Environmental Health Hazard Assessment (OEHHA) methodologies. Based on the current proposal of Rule 11-18 and current emissions at the Lehigh facility, it is likely that the risk from this facility will be evaluated to determine if further reductions in toxic impact are required.

Air District staff are currently working with local stakeholders and Lehigh on all of these issues. An amendment to the rule to address the ammonia emissions limit is scheduled to be considered by the Board of Directors on October 19, 2016. A second phase of rule-making for Rule 9-13 along with proposed Rule 11-18 will address the other issues. This second round of amendments to Rule 9-13 is anticipated to be considered by the Board of Directors in 2017. Staff will continue to be in regular communication with the local stakeholders to receive their input on all remaining issues.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Robert Cave/Greg Nudd
Reviewed by: Eric Stevenson

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson John Gioia and Members
of the Stationary Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: September 7, 2016

Re: Amendments to Regulation 2, Rule 5: New Source Review of Toxic Air
Contaminants

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

The Air District implements several programs that are designed to identify and reduce public exposure to toxic air contaminants (TACs). The Air District's Permitting Program relies on standardized procedures to assess potential health impacts from new and modified sources. The State Office of Environmental Health Hazard Assessment (OEHHA) develops and periodically updates the Health Risk Assessment (HRA) guidelines, while California Air Resources Board (CARB) and California Air Pollution Control Officers Association (CAPCOA) provide risk management (RM) guidance. In 2015, OEHHA adopted major revisions to the HRA guidelines and CARB/CAPCOA updated the RM guidelines. The revised guidelines reflect improved methods for calculating public health risk and account for children's heightened sensitivity to toxic air contaminants.

DISCUSSION

The Air District's risk management policies and procedures for the Air Toxics Permitting Program are implemented through Regulation 2, Rule 5: New Source Review of Toxic Air Contaminants. The Air District is proposing to incorporate the updated HRA and RM guidelines into Regulation 2, Rule 5. Overall, the proposed amendments will increase the stringency of this rule. For most carcinogens, the calculated cancer risk for residents will increase by about 40% compared to the Air District's current procedures. For carcinogens with multiple exposure pathways, the calculated cancer risk may increase by two to five times. The changes proposed as a result, will be more protective of Bay Area residents and will require tighter controls of new facilities.

Staff will provide an update on the completion of the public comment period, environmental impact report and socioeconomic analysis for the proposed amendments to Regulation 2, Rule 5.

BUDGET CONSIDERATION/FINANCIAL IMPACT

Staff anticipates the need to perform approximately one hundred additional Health Risk Assessments per year, and may hire consultants to help handle the additional workload.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Jaime Williams
Reviewed by: Damian Breen

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson John Gioia and Members
of the Stationary Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: September 7, 2016

Re: Update on Wood Smoke Reduction Incentive Program

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

In the winter, the estimated 1.4 million fireplaces and other wood-burning residential heating devices account for more than 30% of PM_{2.5} air pollution in the Bay Area. On July 9, 2008, the Bay Area Air Quality Management District's (Air District) Board of Directors (Board) adopted Regulation 6, Rule 3: Wood-burning Devices, to protect Bay Area residents from the public health impacts of wood smoke pollution. Wood-burning devices include fireplaces, fire pits, wood stoves, pellet stoves, and any other wood-fired heating device. The rule bans wood burning during Winter Spare the Air Alerts; limits excess visible smoke; prohibits burning garbage; prohibits the sale and installation of non-EPA certified wood-burning devices; and requires labeling on firewood and other solid fuels sold within the Air District's jurisdiction.

Although Regulation 6, Rule 3 has successfully reduced wintertime PM_{2.5} emissions regionally by about 2,660 tons per year (tpy), wood smoke continues to cause unhealthy air, to exceed the PM_{2.5} federal health standard, and to negatively impact local air quality. On October 21, 2015, the Board adopted amendments to the rule that tighten exemptions and requirements from the original rule. The amendments to Regulation 6, Rule 3 are scheduled to go into effect on November 1, 2016, and include the following provisions:

- Restrictions on the availability of the "sole source of heat" exemption: Residents seeking to use the exemption will be required to replace or upgrade any existing non-certified wood-burning device or fireplace with an EPA-certified wood-burning device, and to register that EPA-certified device with the Air District;
- Provision for a temporary exemption for non-functional, permanently installed heaters;
- Provision for an exemption for loss of natural gas and/or electric power;

- Adoption of EPA emissions requirements for the manufacturing, sale or resale of wood-burning devices;
- Requirement for a proactive and informative disclosure describing the negative health impacts of PM_{2.5} when selling, leasing, or renting properties with a wood-burning device;
- Requirement for rental properties in natural gas service areas to have a permanently installed form of heat that does not burn solid fuel;
- Limits on installations in new building construction to only non-wood-burning devices;
- Requirements for the replacement of an existing uncertified wood-burning device with a clean burning device if a fireplace or chimney remodel exceeds \$15,000 and requires a building permit; and
- Further restrictions on visible emissions from wood-burning devices to be consistent with other sources of visible emissions addressed by Regulation 6, Rule 1: General Requirements.

In addition to the proposed rule change, on September 2, 2015, the Board allocated \$3 million from the Air District's reserves to fund an incentive program to aid Bay Area homeowners and landlords to change to cleaner heating devices.

DISCUSSION

The Wood Smoke Reduction Incentive Program (Program) was developed to improve local air quality and reduce wintertime particulate matter pollution by helping Bay Area homeowners and landlords replace their wood-burning heating devices with cleaner options. Eligible project types include replacing a residential wood-burning heating device with a qualifying electric heat pump, or with a qualifying natural gas- or propane-fueled device, and decommissioning (rendering inoperable or destroying) a wood-burning stove or fireplace.

Program funds were reserved to ensure that 40% of the monies available were prioritized for Highly Impacted Residents (HIR), which include low-income residents, residents located in areas highly affected by wood smoke, and households whose wood-burning device is their sole source of heat.

The Program began accepting applications on Friday, August 26, 2016. By 3pm, the 60% of funding available for non-HIR projects had been provisionally allocated to the first 1,003 applicants. Subsequent applications received are being placed on a waitlist. By August 30, 2016, 867 more applications had been submitted and placed on a waitlist, and 702 incomplete applications are still being worked on by applicants. As of August 30th, staff is focusing its outreach efforts to ensure that residents who qualify for one or more of the HIR criteria are informed about these monies.

At the Stationary Source Committee meeting on September 19, 2016, staff will present an informational update on the program including information about its development, outreach conducted, preliminary results, and recommended next steps.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Karen Schkolnick
Reviewed by: Damian Breen