

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

RESOLUTION NO. 2016-02

**A Resolution of the Board of Directors of the
Bay Area Air Quality Management District
Adopting Proposed District Regulation 9, Rule 14: Petroleum Coke Calcining Operations;
and Adopting a CEQA Negative Declaration for the Project**

WHEREAS, public hearings have been properly noticed in accordance with the provisions of Health & Safety Code § 40725;

WHEREAS, the Board of Directors of the Bay Area Air Quality Management District has determined that a need exists to adopt Proposed Rule Air District Regulation 9, Rule 14: Petroleum Coke Calcining Operations; as set forth in Attachment A hereto (“Proposed Rule”);

WHEREAS, the Board of Directors of the Bay Area Air Quality Management District obtains its authority to adopt, amend or repeal rules and regulations from Sections 40000, 40001, 40702, and 40725 through 40728.5, of the California Health & Safety Code;

WHEREAS, the Board of Directors of the Bay Area Air Quality Management District has determined that the Proposed Rule is written and displayed so that its meaning can be easily understood by the persons directly affected by the rule;

WHEREAS, the Board of Directors of the Bay Area Air Quality Management District has determined that the Proposed Rule is in harmony with and not in conflict with or contradictory to existing statutes, court decisions, and state and federal regulations;

WHEREAS, the Board of Directors of the Bay Area Air Quality Management District has determined that, to the extent the Proposed Rule imposes the same or similar requirements as any existing state or federal regulation, these requirements are necessary and proper to execute the power and duties granted to, and imposed upon, the Air District;

WHEREAS, the Board of Directors of the Bay Area Air Quality Management District, by adopting the Proposed Rule, is implementing, interpreting or making specific the provisions of Health & Safety Code § 40001 (rules to achieve ambient air quality standards), and § 40702 (rulemaking actions that are necessary and proper to execute the powers and duties granted to it);

WHEREAS, the Air District’s 2010 Clean Air Plan included Control Measure SSM-8 (“Sulfur Dioxide from Petroleum Coke Calcining”), which proposed that the Air District require a reduction in emissions of sulfur dioxide from coke calcining operations;

WHEREAS, the Board of Directors of the Bay Area Air Quality Management District adopted Resolution 2014-17 in October 2014, instructing Air District staff to develop a regulatory strategy that would further reduce emissions from petroleum refineries;

WHEREAS, the Air District prepared a draft rule and workshop report, and published them for comment on May 13, 2015;

WHEREAS, the Air District held public workshops on September 15, 17, and 28, 2015, to discuss the draft amendments with interested parties and the public;

WHEREAS, on February 21, 2016, the Air District transmitted the text of the draft amendments to California Air Resources Board;

WHEREAS, on March 18, 2016, Air District staff published in newspapers and distributed and published on the Air District's website a notice of a public hearing to be held on April 20, 2016 to consider adoption of the rule, and the notice included a request for public comments and input on the rule;

WHEREAS, the Board of Directors of the Bay Area Air Quality Management District held a public hearing on April 20, 2016 to consider the Proposed Rule in accordance with all provisions of law ("Public Hearing");

WHEREAS, at the Public Hearing, the subject matter of the Proposed Rule was discussed with interested persons in accordance with all provisions of law;

WHEREAS, Air District staff has prepared and presented to the Board of Directors a detailed Staff Report and a Response to Comments document regarding the Proposed Rule, which Staff Report and Response to Comments document have been considered by this Board and is incorporated herein by reference;

WHEREAS, the Board of Directors finds and determines that the Proposed Rule is considered a "project" pursuant to the California Environmental Quality Act ("CEQA") (Public Resources Code § 21000 *et seq.*);

WHEREAS, the Air District is the CEQA lead agency for this project pursuant to CEQA Guidelines § 15050 (14 California Code of Regulations ("CCR") § 15050);

WHEREAS, Air District staff contracted with Environmental Audit, Inc., of Placentia, California to prepare an assessment of the potential environmental effects from the adoption and implementation of the Proposed Rule;

WHEREAS, Environmental Audit, Inc., prepared an Initial Study as required by CEQA, in which the potential environmental effects from the adoption and implementation of the Proposed Rule were analyzed, and subsequently prepared a Draft Negative Declaration for the proposed rulemaking project because the Initial Study identified no potentially significant effects on the environment and because there is no evidence in the record before the Air District that there could be a significant effect on the environment from the adoption and implementation of this rulemaking project;

WHEREAS, that Draft Negative Declaration and Initial Study were offered for and subjected to public review and comment (Public Resources Code §§ 21082.1, 21091, 21092; California Code of Regulations, title 14, § 15070 *et seq.*);

WHEREAS, public notice was provided and copies of the Draft Negative Declaration were made available to all interested persons and provided an adequate comment period of at least 20 days pursuant to CEQA Guidelines § 15105, subdivision (b);

WHEREAS, Air District staff has reviewed and responded to all of the comments on the CEQA document it received from interested persons;

WHEREAS, Air District staff, in exercising its independent judgment, has determined that there is no substantial evidence, in light of the whole record before the Air District, that the adoption and implementation of the Proposed Rule could have a significant effect on the environment;

WHEREAS, it is necessary that the adequacy of the Draft Negative Declaration be determined by the Board of Directors of the Bay Area Air Quality Management District prior to its adoption;

WHEREAS, the members of the Board of Directors voting on this Resolution have reviewed and considered the Draft Negative Declaration;

WHEREAS, the Board of Directors finds and determines that in light of the whole record before it (which specifically includes the Initial Study and the Draft Negative Declaration), the Proposed Rule will not have any significant effect on the environment, and the Negative Declaration reflects the Air District's independent judgment and analysis;

WHEREAS, the Board of Directors, pursuant to the requirements of Health & Safety Code § 40728.5, has actively considered the socioeconomic impacts of the Proposed Rule and has reviewed and considered the "Socioeconomic Impact Analysis of Proposed Regulation 9, Rule 14: Petroleum Coke Calcining Operations" prepared for the Air District by Applied Development Economics, Inc. of Walnut Creek, California, and has determined that the Proposed Rule minimizes the adverse socioeconomic impacts of further controlling emissions of sulfur dioxide from coke calcining operations;

WHEREAS, the Board of Directors, pursuant to the requirements of Health & Safety Code § 40920.6, has actively considered the incremental cost-effectiveness of the Proposed Rule in meeting emission reduction goals under the California Clean Air Act, as set forth in the Staff Report, and finds and determines that there are no incrementally more cost-effective potential control options that would achieve the emission reduction objectives of the Proposed Rule;

WHEREAS, the Air District has prepared, pursuant to the requirements of Health & Safety Code § 40727.2, a written analysis of federal, state, and Air District requirements applicable to this source category, as set forth the Staff Report, and has found that the Proposed Rule would not be conflict with any federal, state, or other Air District rules, and the Board of Directors has agreed with these findings;

WHEREAS, the documents and other materials that constitute the record of proceedings on which this rulemaking project is based are located at the Bay Area Air Quality Management District, 939 Ellis Street, San Francisco, 94109, and the custodian for these documents is Bay Area Air Quality Management District Clerk of the Boards;

WHEREAS, Air District staff recommends adoption of the Proposed Rule and adoption of the Negative Declaration for this rulemaking project;

WHEREAS, the Board of Directors concurs with Air District staff's recommendations and desires to adopt the Proposed Rule and to adopt the Negative Declaration for the Proposed Rule to comply with CEQA.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Bay Area Air Quality Management District does hereby adopt the Proposed Rule, pursuant to the authority granted by law, as set forth in Attachment A hereto, and discussed in the Staff Report (including Appendices) with instructions to staff to correct any typographical or formatting errors before final publication of the Proposed Rule.

BE IT FURTHER RESOLVED that the Board of Directors of the Bay Area Air Quality Management District does hereby adopt the Negative Declaration pursuant to CEQA for the Proposed Rule.

The foregoing resolution was duly and regularly introduced, passed and adopted at a regular meeting of the Board of Directors of the Bay Area Air Quality Management District on the Motion of Director Chavez, seconded by Director Spering, on the 20th day of April, 2016 by the following vote of the Board:

AYES: AVALOS, BARRETT, BATES, CHAVEZ, DAVIS, GIOIA, GROOM, HAGGERTY, HUDSON, KAPLAN, KNISS, MILEY, MITCHOFF, RAPHAEL, RICE, ROSS, SINKS, SLOCUM, SPERING, WAGENKNECHT, ZANE

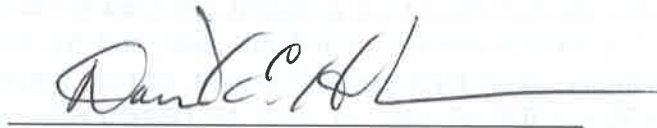
NOES: MAR

ABSENT: CANEPA AND PEPPER



Eric Mar
Chairperson of the Board of Directors

ATTEST:



David E. Hudson
Secretary of the Board of Directors

ATTACHMENT A

**Regulation 9, Rule 14: Petroleum Coke Calcining Operations
[PROPOSED RULE]**

**REGULATION 9
INORGANIC GASEOUS POLLUTANTS
RULE 14
PETROLEUM COKE CALCINING OPERATIONS**

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**REGULATION 9
INORGANIC GASEOUS POLLUTANTS
RULE 14
PETROLEUM COKE CALCINING OPERATIONS**

9-14-100 GENERAL

9-14-101 Description: The purpose of this rule is to limit sulfur dioxide (SO₂) emissions from the thermal processing of petroleum coke.

9-14-200 DEFINITIONS

9-14-201 Petroleum Coke Calcining Kiln: A refractory lined cylindrical device that that rotates on its own axis to drive off contaminants from green petroleum coke by bringing the coke into contact with heated gas.

9-14-202 Petroleum Coke: A carbonaceous solid derived from the thermal processing of petroleum products.

9-14-203 Petroleum Coke Calcining: The thermal processing of petroleum coke through a kiln.

9-14-300 STANDARDS

9-14-301 Emission Limit: The owner/operator of a petroleum coke calcining operation subject to this rule shall comply with all of the following:

301.1 Effective January 1, 2019, operate all Petroleum Coke Calcining Kilns such that the SO₂ emissions from all kilns combined do not exceed 320 pounds per hour, averaged over any consecutive 24 hours.

301.2 Effective January 1, 2020, operate all Petroleum Coke Calcining Kilns such that the SO₂ emissions from all kilns combined do not exceed 1,050 tons per year on a twelve-month rolling average basis.

9-14-500 MONITORING AND RECORDS

9-14-501 Continuous Emission Monitoring and Recordkeeping Requirements: The owner/operator shall use Continuous Emission Monitors to measure SO₂ emissions from each Petroleum Coke Calcining Kiln. The owner/operator shall be subject to the applicable Continuous Emission Monitor requirements in Regulation 1. Effective one year from the date of adoption of this rule, the owner/operator shall maintain emission monitoring records for a period of 5 years and make them available to the APCO upon request.

9-14-502 General Monitoring and Recordkeeping Requirements: Effective January 1, 2019, the owner/operator of a petroleum coke calcining operation subject to this rule shall comply with all of the following:

502.1 Effective January 1, 2019:

- 1.1 Maintain annual records of the green coke processed in each kiln.
- 1.2 Use a calibrated APCO-approved load cell on all kilns to monitor the mass of sorbent material injected into each kiln on a per hour basis.

All records and summaries subject to this provision shall be retained for 5 years and shall be submitted to the APCO upon request.

9-14-600 MANUAL OF PROCEDURES

9-14-601 Emissions Monitoring: Any facility that operates a petroleum coke calcining facility subject to Section 9-14-301 shall provide, properly install, maintain in good working order, and operate the following emission monitoring equipment:

601.1 Continuous Emissions Monitoring: A continuous emission monitoring system (CEMS) for each kiln, to demonstrate compliance with the provision of this rule for sulfur dioxide (SO_x) emissions. The CEMS shall meet the requirements of the District Manual of Procedures, Volume V, Continuous Emission Monitoring, Policy and Procedures. Each CEMS shall complete a minimum of one cycle of operation sampling, analyzing, and data recording for each successive fifteen (15) minute period.

