

Air District's Permit-Related Greenhouse Gas Activities Report

July 22, 2015

The Air District is actively addressing the challenge of climate change. A central element of the Air District's climate protection program is the integration of climate protection activities into existing regulatory programs.

Implement AB 32 “[Early Action Measures](#)”

The Air District partners with the California Air Resources Board (CARB) to oversee Early Action Measures that are part of the State's comprehensive strategy for reducing greenhouse gas (GHG) emissions under the California Global Warming Solutions Act of 2006 (AB 32). AB 32 directed CARB to make a list of discrete early action GHG emission reduction measures. These measures were incorporated into state regulations that took effect on January 1, 2010.

CARB adopted 44 Early Action Measures including:

- Reductions of perfluorocarbons from the semiconductor industry
- Reductions of methane gas emissions at municipal solid waste landfills

One of CARB's Early Action Measures is the state regulation that reduces GHG emissions from [Semiconductor Operations](#). This regulation requires certain owners/operators to submit permit applications for GHG control equipment or seek the Air District's approval of alternative compliance.

- 9 Air District permits issued
- 2 Air District permits under review

Another CARB Early Action Measure regulation is the state regulation that reduces methane emissions from [Municipal Solid Waste \(MSW\) Landfills](#). In August 2011, the Air District entered into a memorandum of understanding with CARB to implement and enforce this regulation, including engineering review of gas collection system design plans. Each of the 14 active landfills in the Bay Area applies for permits for alterations for their gas collection systems. These Air District permits include conditions to test for methane from flares and energy recovery devices per the CARB landfill regulation.

The Air District has prepared a [table](#) listing permitting activity related to “Early Action Measures” and “Cap and Trade.”

Develop Rules to Reduce GHG Emissions

The Air District continues to amend Air District regulations to address GHG emissions. In 2013, the Air District amended its rules to incorporate U.S. EPA-mandated requirements for GHG Prevention of Significant Deterioration (PSD) and Title V Major Facility Review permitting. The objective of these amendments is for the Air District to obtain an approved State Implementation Plan for permit programs, which protect public health and welfare from criteria pollutant and GHG emissions. The amendments proposed to revise the New Source Review Rule (Regulation 2-2) to incorporate new federal PSD requirements, including GHG PSD review requirements and to incorporate EPA Title V permitting requirements for Major Sources of GHGs (Tailoring Rule).

The Air District amended Regulation 3 (Fees) to help defray the costs associated with the Air District's climate protection activities and programs, including environmental review, development of air pollution regulations and the GHG emissions inventory, and to help the Air District recover a greater share of the costs the Air District incurs in implementing and enforcing regulatory programs for stationary sources of air pollution.

Address GHGs in the Air District's Title V Permit Program

For all Major Facilities subject to Title V permits, the Air District includes GHG requirements. When Title V permitting requirements for GHG took effect on January 2, 2011, the Air District identified dozens of facilities that were subject to Title V as a result of their potential to emit more than 100,000 tons per year of GHGs on a CO₂ equivalent basis. As a result of the Title V GHG requirements, the Air District issued six revised Synthetic Minor Operating Permits (SMOPs) and three new SMOPs. These revisions added facility-wide GHG limits.

In June 2014, the U.S. Supreme Court decided that EPA exceeded its statutory authority when it interpreted the Clean Air Act to require PSD and Title V permitting for stationary sources based solely on their GHG emissions. Three Bay Area facilities had SMOPs that were issued based only on GHG emissions. Accordingly, the Air District processed the cancellation/withdrawal of these SMOPs per the EPA guidance. Only one Title V permit was issued to a facility that already had a SMOP because of GHGs. However, after the U.S. Supreme Court decision, the Title V permit was cancelled and the SMOP was re-issued.

Participate in the Air District's GHG Emissions Inventory

The Air District compiles the direct GHG emissions inventory for stationary sources in the Bay Area. The GHG inventory estimates emissions from sources within the Bay Area for the following gases: carbon dioxide, methane, nitrous oxides, hydrofluorocarbons, and sulfur hexafluoride.

Evaluate Offset Protocols for the CAPCOA GHG Reduction Exchange:

As a member of the California Air Pollution Control Officers Association (CAPCOA), the Air District evaluates proposed CAPCOA GHG Reduction Exchange (GHG Rx) Offset Protocols. GHG credits listed on the GHG Rx come from voluntary emission reduction projects implemented in accordance with the protocols and guidance approved by CAPCOA to ensure the credits are real, quantified, verified, permanent, enforceable, and are additional or surplus to any reductions that are required (or would otherwise occur). Also the GHG Rx only lists GHG credits created in California. These credits are available to help fulfill obligations or mitigation needs of local projects subject to environmental review, reducing the uncertainty of using credits generated in distant locations.

Review and Comment on CEQA Documents

All new and modified Air District permits that are not expressly-exempt, must have a completed California Environmental Quality Act (CEQA) analysis. CEQA review documents include a GHG potential impacts analysis. One Air District role as a CEQA Responsible Agency, is to review and comment on projects that may significantly impact the environment, including GHGs and GHG mitigation issues.

Participate in Federal and State GHG Reduction Activities

The Air District participates in EPA and CARB efforts to regulate GHG emissions from power plants (Sections 111 (b) and 111(d)). The Air District is discussing with CARB and other California air districts how EPA's proposed regulation (Clean Power Plan) under Section 111(d) of the Federal Clean Air Act will work with New Source Review and Title V permitting requirements. Under the Clean Power Plan, carbon emissions from existing electric generating units are expected to be cut by 30 percent below 2005 levels by 2030. The Air District also actively participates in several other federal and state GHG-related committees and rule making efforts. Proposed rulemaking efforts involve regulating fugitive GHG leak emissions from oil & gas production and composting operations.

Participate in CARB's Adaptive Management Program

CARB's Adaptive Management Program is part of their Cap and Trade Regulation. The purpose of the program is to identify any unintended consequences due to the Cap and Trade Regulation and to ultimately determine if any adjustments need to be made either to the rule or its implementation. As part of reviewing permits, the Air District sends CARB information, when requested, that identifies any unintended consequences due to the state's Cap and Trade Regulation. The Air District also reviews and comments on CARB's reports associated with this program. Recently, staff reviewed a draft version of CARB's Adaptive Management process analysis and provided comments to the CAPCOA Climate Protection Committee. CAPCOA is working with CARB to develop an acceptable approach to ensure that activities undertaken to address climate change (e.g. Cap-and-Trade Program and AB 32) do not disproportionately impact disadvantaged communities.