



WORKSHOP NOTICE

May 11, 2017

BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

TO: INTERESTED PARTIES
FROM: EXECUTIVE OFFICER / APCO
SUBJECT: **PUBLIC WORKSHOPS – DRAFT AMENDMENTS TO
REGULATION 2: PERMITS, RULE 1: GENERAL
REQUIREMENTS; RULE 2: NEW SOURCE REVIEW; AND
RULE 6: MAJOR FACILITY REVIEW**

The staff of the Bay Area Air Quality Management District (Air District) will conduct three public workshops to present, discuss, and receive comments on draft amendments to Regulation 2: Permits, Rule 1: General Requirements; Rule 2: New Source Review; and Rule 6: Major Facility Review. The details of the upcoming workshops are presented below:

San Francisco
Monday, June 12, 2017
10 AM – Noon

Bay Area Metro Center,
375 Beal Street
San Francisco, CA 94105

RSVP:
https://baaqmd_june2017_workshop_sf.eventbrite.com

Martinez
Monday, June 12, 2017
6:00 PM – 7:30 PM

City of Martinez Council Chambers
525 Henrietta Street,
Martinez, CA 94553

RSVP:
https://baaqmd_june2017_workshop_martinez.eventbrite.com

Fremont
Tuesday, June 13, 2017
6:00 PM – 7:30 PM




**City of Fremont Family Resource Center
Millennial Room**
39155 Liberty St Suite A120
Fremont, CA 94538

RSVP:
https://baaqmd_june2017_workshop_fremont.eventbrite.com

BACKGROUND

The Air District's New Source Review (NSR) program is a comprehensive air permitting program that applies to stationary-source facilities within the District's jurisdiction. The NSR program is the Air District's principal substantive permitting program, applying to a wide variety of stationary-source facilities throughout the Bay Area. Whenever a facility wants to install a new source of air emissions or make a modification to an existing source, the NSR program requires the facility to obtain a permit and implement state-of-the-art air pollution

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control technology to limit the source's emissions. NSR is a pre-construction permitting requirement, meaning that the facility is required to obtain its NSR permit before it can begin work on the new source or modification.

The Air District's Title V Major Facility Review (Title V) program requires "major" facilities – those with emissions of over 10, 25, or 100 tons per year, depending on the pollutant – to obtain operating permits. The purpose of the Title V permit is to collect all of the substantive emissions control requirements applicable to the facility under District, state and federal permits and regulations into one comprehensive document, which improves the transparency and enforceability of the regulatory requirements for these complex "major" facilities.

The Air District updated its NSR and Title V regulations most recently in December of 2012. Since that time, a number of developments have given rise to a need to consider further revisions to enhance the effectiveness of these permit programs. Air District staff is, therefore, considering several additional changes at this time.

DRAFT PROPOSALS

The most important revisions involve the NSR program. The Air District is considering **two significant substantive changes** to how the NSR Program works:

- **The first change** would apply to petroleum refineries, and it is intended to help ensure that refineries comply with all applicable NSR permitting requirements when they change the type of crude oil that they process – what is known as the refinery's "crude slate." A refinery is subject to NSR permitting requirements if any physical or operational change associated with moving to a new crude slate will result in an increase in emissions such that the change constitutes a "modification" as defined in the regulations. A concern has arisen that refineries may be changing their crude slates in a way that constitutes a "modification" without applying for or obtaining an NSR permit, and without satisfying the NSR requirements applicable to such a modification. District Staff are therefore considering a provision that would require a refinery to obtain a permit for *any* significant change in crude slate, whether the refinery believes that it is a "modification" subject to NSR or not. This would force refineries to submit a permit application providing the details of any such change in crude slate, which would allow the Air District to review the change and to determine whether it does in fact trigger the NSR requirements. Requiring a review of all such significant crude slate changes will allow the Air District to evaluate such changes in detail and ensure that they will comply with all applicable NSR permitting requirements.
- **The second change** would apply to all regulated facilities, not just petroleum refineries. This change would lower the threshold at which facilities must implement the "Best Available Control Technology" (BACT) to control their Greenhouse Gas (GHG) emissions when they install new equipment or upgrade their existing equipment. When the Air District adopted its GHG BACT requirement into its NSR program, it incorporated the applicability threshold that EPA developed for the federal NSR program, which is 75,000 tons per year CO₂-equivalent emissions (tpy CO_{2e}). Air District staff now believe a more stringent threshold is appropriate for NSR permitting in the Bay Area. Air District staff are therefore considering lowering the BACT applicability threshold to 25,000 tpy CO_{2e} for purposes of the District's NSR program.

In addition to these two substantive changes, the Air District is also considering a number of more minor revisions that are largely technical and administrative in nature. These revisions would:

- Make a number of corrections that EPA has requested as a result of its review of the District's 2012 updates to the regulations. These revisions are required to allow EPA to fully approve the District's NSR program under the federal Clean Air Act.
- Address certain areas where there needs to be some additional refinement to the 2012 updates, based on staff's experience in implementing the 2012 updates since they took effect. These revisions would ensure that the District's NSR program properly reflects the intent behind the 2012 updates.
- Address the U.S. Supreme Court's decision in *Utility Air Regulatory Group v. EPA* (134 S.Ct. 2427 (2014)), which interpreted several relevant provisions of the federal Clean Air Act regarding the Act's NSR and Title V program requirements. These revisions would align the District's rules with the Supreme Court's ruling

Although these revisions are relatively minor, they are important to ensure that the Air District's NSR and Title V programs function properly from a legal standpoint. The Workshop Report summarizes all of the revisions currently under consideration. Section II of the Workshop Report provides additional background information on the Air District's NSR and Title V permitting programs. Section III then describes in detail what each of the various revisions under consideration would entail, and Section IV summarizes the emission reductions and compliance costs that would be involved. The Workshop Report concludes with Section V, which addresses several required regulatory analyses; and Section VI, which provides additional information on next steps and how interested members of the public can get involved and provide comments.

INFORMATION AND COMMENTS

Members of the public are invited to attend the workshops to learn more about the rules. There will be a presentation and Air District staff on hand to answer any questions. Members of the public are also invited to submit comments on the changes, either in writing or orally at the public workshops and online. Light refreshments will be provided.

Rule reports and other documentation now available for your review

You are invited to review and comment on the draft revisions to Rule 2-1, 2-2 and 2-6. Access rule reports and other documents on the Air District's [Rules Workshop webpage](#). Comments on these rules must be submitted **by June 26, 2017**. Please email your comments to newrules@baaqmd.gov. Further information on the workshops contact Azibuike Akaba at 415-749-8603 or aakaba@baaqmd.com. For special assistance or language interpretation please contact us at least 72 hours prior to workshop.