



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

BOARD OF DIRECTORS REGULAR MEETING

April 15, 2015

A meeting of the Bay Area Air Quality Management District Board of Directors will be held in the 7th Floor Board Room at the Air District Headquarters, 939 Ellis Street, San Francisco, California.

Questions About an Agenda Item

The name, telephone number and e-mail of the appropriate staff Person to contact for additional information or to resolve concerns is listed for each agenda item.

Meeting Procedures

The public meeting of the Air District Board of Directors begins at 9:45 a.m. The Board of Directors generally will consider items in the order listed on the agenda. However, any item may be considered in any order.

After action on any agenda item not requiring a public hearing, the Board may reconsider or amend the item at any time during the meeting.

This meeting will be webcast. To see the webcast, please visit <http://www.baaqmd.gov/The-Air-District/Board-of-Directors/Agendas-and-Minutes.aspx> at the time of the meeting.

Public Comment Procedures

Persons wishing to make public comment must fill out a Public Comment Card indicating their name and the number of the agenda item on which they wish to speak, or that they intend to address the Board on matters not on the Agenda for the meeting.

Public Comment on Non-Agenda Matters, Pursuant to Government Code Section 54954.3 For the first round of public comment on non-agenda matters at the beginning of the agenda, ten persons selected by a drawing by the Clerk of the Boards from among the Public Comment Cards indicating they wish to speak on matters not on the agenda for the meeting will have three minutes each to address the Board on matters not on the agenda. For this first round of public comments on non-agenda matters, all Public Comment Cards must be submitted in person to the Clerk of the Boards at the location of the meeting and prior to commencement of the meeting. The remainder of the speakers wishing to address the Board on non-agenda matters will be heard at the end of the agenda, and each will be allowed three minutes to address the Board at that time.

Members of the Board may engage only in very brief dialogue regarding non-agenda matters, and may refer issues raised to District staff for handling. In addition, the Chairperson may refer issues raised to appropriate Board Committees to be placed on a future agenda for discussion.

Public Comment on Agenda Items After the initial public comment on non-agenda matters, the public may comment on each item on the agenda as the item is taken up. Public Comment Cards for items on the agenda must be submitted in person to the Clerk of the Boards at the location of the meeting and prior to the Board taking up the particular item. Where an item was moved from the Consent Calendar to an Action item, no speaker who has already spoken on that item will be entitled to speak to that item again.

Up to ten (10) speakers may speak for three minutes on each item on the Agenda. If there are more than ten persons interested in speaking on an item on the agenda, the Chairperson or other Board Member presiding at the meeting may limit the public comment for all speakers to fewer than three minutes per speaker, or make other rules to ensure that all speakers have an equal opportunity to be heard. Speakers are permitted to yield their time to one other speaker; however no one speaker shall have more than six minutes. The Chairperson or other Board Member presiding at the meeting may, with the consent of persons representing both sides of an issue, allocate a block of time (not to exceed six minutes) to each side to present their issue.

BOARD OF DIRECTORS REGULAR MEETING AGENDA

WEDNESDAY
APRIL 15, 2015
9:45 A.M.

BOARD ROOM
7TH FLOOR

CALL TO ORDER

Chairperson, Carole Groom

1. **Opening Comments**
Roll Call
Pledge of Allegiance

The Chair shall call the meeting to order and make opening comments. The Clerk of the Boards shall take roll of the Board members. The Chair shall lead the Pledge of Allegiance.

PUBLIC COMMENT ON NON-AGENDA MATTERS

2. **Public Comment on Non-Agenda Items, Pursuant to Government Code Section 54954.3**

For the first round of public comment on non-agenda matters at the beginning of the agenda, ten persons selected by a drawing by the Clerk of the Boards from among the Public Comment Cards indicating they wish to speak on matters not on the agenda for the meeting will have three minutes each to address the Board on matters not on the agenda. For this first round of public comments on non-agenda matters, all Public Comment Cards must be submitted in person to the Clerk of the Board at the location of the meeting and prior to commencement of the meeting.

CONSENT CALENDAR (ITEMS 3 – 8)

Staff/Phone (415) 749-

3. Minutes of the Board of Directors Regular Meeting of March 18, 2015

Clerk of the Boards/5073

The Board of Directors will consider approving the draft minutes of the Board of Directors Regular Meeting of March 18, 2015.

4. Board Communications Received from March 18, 2015 through April 14, 2015

J. Broadbent/5052

jbroadbent@baaqmd.gov

A copy of communications directed to the Board of Directors received by the Air District from March 18, 2015 through April 14, 2015, if any, will be at each Board Member's place.

5. Air District Personnel on Out-of-State Business Travel

J. Broadbent/5052

jbroadbent@baaqmd.gov

In accordance with Section 5.4 (b) of the Air District's Administrative Code, Fiscal Policies and Procedures Section, the Board is hereby notified that the attached memorandum lists Air District personnel who have traveled on out-of-state business in the preceding month.

6. Notice of Violations Issued and Settlements in Excess of \$10,000 in the Month of March 2015
B. Bunger/4920
bbunger@baaqmd.gov

In accordance with Resolution No. 2012-08, the Board of Directors will receive a list of all Notices of Violation issued, and all settlements for amounts in excess of \$10,000 during the month of March 2015.

7. Quarterly Report of California Air Resources Board Representative - Honorable John Gioia
J. Broadbent/5052
jbroadbent@baaqmd.gov
8. Consider Authorizing the Executive Officer/APCO to Execute a Contract with E4 Strategic Solutions, Inc., in an Amount not to exceed \$250,000
J. Broadbent/5052
jbroadbent@baaqmd.gov

The Board of Directors will consider authorizing the Executive Officer/APCO to execute a contract with E4 Strategic Solutions, Inc. in an amount not to exceed \$250,000 for the purpose of providing project management work to the Executive Officer.

COMMITTEE REPORTS

9. Report of the **Climate Protection Committee** Meeting of March 19, 2015
CHAIR: J. Avalos
J. Broadbent/5052
jbroadbent@baaqmd.gov

The Committee received the following reports:

A) **Air District Climate Protection Program Staffing and Activities**

1) *None; receive and file.*

B) **Air Resources Board Climate Protection Program**

1) *None; receive and file.*

10. Report of the **Budget and Finance Committee** Meeting of March 25, 2015
CHAIR: D. Hudson
J. Broadbent/5052
jbroadbent@baaqmd.gov

The Committee received the following reports:

A) **Proposed Amendments to Regulation 3: Fees**

1) *None; receive and file.*

B) Discussion of Proposed Budget for Fiscal Year Ending (FYE) 2016

- 1) *The Budget and Finance Committee will review the Proposed Budget for FYE 2016, and make any recommendations for further discussions at its April 22, 2015 Budget and Finance Committee meeting.*

11. Report of the **Legislative Committee Meeting** of March 30, 2015

CHAIR: T. Bates

J. Broadbent/5052
jbroadbent@baaqmd.gov

The Committee received the following reports:

A) Consideration of New Bills and Legislative Update

- 1) *Assembly Bill (AB) 23 Patterson: Oppose*
- 2) *AB 280 Brown: Support*
- 3) *AB 720 Cooley: Oppose*
- 4) *AB 742 Gallagher: Oppose*
- 5) *AB 777 Harper: Oppose*
- 6) *AB 945 Ting: Support if amended*
- 7) *AB 1059 E. Garcia: Oppose unless amended*
- 8) *AB 1176 Perea: Oppose*
- 9) *Senate Bill (SB) 1 Gaines: Oppose*
- 10) *SB 5 Vidak: Oppose*
- 11) *SB 513 Beall: Support*
- 12) *Support bills equivalent to SB 32 Pavley and SB 350 De Leon and Leno, which would extend AB 32 and the Renewable Portfolio Standard beyond 2020, as they begin moving forward in the legislative process.*

12. Report of the **Ad Hoc Building Oversight Committee** Meeting of April 15, 2015
CHAIR: C. Groom
J. Broadbent/5052
jbroadbent@baaqmd.gov

The Ad Hoc Building Oversight Committee (Committee) will receive only informational items and have no recommendations of approval by the Board of Directors.

A) **375 Beale Street – Project Status Report – April 2015**

1) *None; receive and file.*

B) **Update on the Shared Services Organization**

1) *None; receive and file.*

PUBLIC HEARING

13. Public Hearing to Receive Testimony on Proposed Amendments to Air District Regulation 3: Fees
J. Broadbent/5052
jbroadbent@baaqmd.gov

The Board of Directors will receive testimony on proposed amendments to Air District Regulation 3: Fees. The final public hearing and consideration of adoption of the proposed amendments is set for June 3, 2015.

PRESENTATIONS

14. **TRANSBOUNDARY (INTERNATIONAL) OZONE TRANSPORT** J. Broadbent/5052
jbroadbent@baaqmd.gov

Air District staff will provide a briefing to the Board of Directors regarding recent research on international transport of ozone and its effects on California air basins.

15. **REPORT OF THE ADVISORY COUNCIL'S 2014 ACTIVITIES** J. Broadbent/5052
jbroadbent@baaqmd.gov

The Advisory Council will report on their investigations in 2014 of the Bay Area's Energy Future, including trends in fossil fuel demand and production and opportunities to support clean energy options, as called for in the 10-point Climate Action Work Program.

16. **PUBLIC COMMENT ON NON-AGENDA MATTERS**

Public Comment on Non-Agenda Items, Pursuant to Government Code Section 54954.3

Speakers who did not have the opportunity to address the Board in the first round of comments on non-agenda matters will be allowed three minutes each to address the Board on non-agenda matters.

17. **BOARD MEMBERS' 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)

OTHER BUSINESS

18. **Report of the Executive Officer/APCO**

19. **Chairperson's Report**

20. **Time and Place of Next Meeting**

Wednesday, May 6, 2015, 939 Ellis Street, San Francisco, California 94109 at 9:45 a.m.

21. **Adjournment**

The Board meeting shall be adjourned by the Board Chair.

CONTACT:

MANAGER, EXECUTIVE OPERATIONS
939 ELLIS STREET, SAN FRANCISCO, CA 94109
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.
- To request special accommodations for those persons with disabilities notification to the Clerk's Office should be given in a timely manner, so that arrangements can be made accordingly.

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 939 Ellis Street, San Francisco, CA 94109, at the time such writing is made available to all, or a majority of all, members of that body.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
939 ELLIS STREET, SAN FRANCISCO, CALIFORNIA 94109
FOR QUESTIONS PLEASE CALL (415) 749-5016 or (415) 749-4941

EXECUTIVE OFFICE:
MONTHLY CALENDAR OF AIR DISTRICT MEETINGS

APRIL 2015

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Advisory Council Regular Meeting <i>(Meets on the 2nd Wednesday of each Month)</i>	Wednesday	8	9:00 a.m.	Board Room
Board of Directors Ad Hoc Building Committee <i>(At the Call of the Chair)</i>	Wednesday	15	9:00 a.m.	Board Room
Board of Directors Regular Meeting <i>(Meets on the 1st & 3rd Wednesday of each Month)</i>	Wednesday	15	9:45 a.m.	Board Room
Board of Directors Executive Committee <i>(Meets on the 3rd Monday of each Month) - CANCELLED</i>	Monday	20	9:30 a.m.	Board Room
Board of Directors Personnel Committee <i>(At the Call of the Chair)</i>	Monday	20	9:30 a.m.	Board Room
Board of Directors Stationary Source Committee <i>(Meets on the 3rd Monday of each Month)</i>	Monday	20	10:30 a.m.	Board Room
Board of Directors Budget & Finance Committee <i>(Meets on the 4th Wednesday of each Month)</i>	Wednesday	22	9:30 a.m.	Board Room
Board of Directors Mobile Source Committee <i>(Meets on the 4th Thursday of each Month)</i>	Thursday	23	9:30 a.m.	Board Room

MAY 2015

<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	6	9:45 a.m.	Board Room
Advisory Council Regular Meeting <i>(Meets on the 2nd Wednesday of each Month)</i>	Wednesday	13	9:00 a.m.	Board Room
Board of Directors Executive Committee <i>(Meets on the 3rd Monday of each Month)</i>	Monday	18	9:30 a.m.	Board Room
Board of Directors Stationary Source Committee <i>(Meets on the 3rd Monday of each Month)</i>	Monday	18	10:30 a.m.	Board Room
Special Board of Directors Meeting - Budget Hearing <i>(At the Call of the Chair)</i>	Wednesday	20	9:45 a.m.	Board Room
Board of Directors Regular Meeting <i>(Meets on the 1st & 3rd Wednesday of each Month)</i>	Wednesday	20	9:45 a.m.	Board Room

MAY 2015

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Climate Protection Committee <i>(Meets on the 3rd Thursday of Every Other Month)</i>	Thursday	21	9:30 a.m.	Board Room
Board of Directors Budget & Finance Committee <i>(Meets on the 4th Wednesday of each Month)</i>	Wednesday	27	9:30 a.m.	Board Room
Board of Directors Mobile Source Committee <i>(Meets on the 4th Thursday of each Month)</i>	Thursday	28	9:30 a.m.	Board Room

JUNE 2015

<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	3	9:45 a.m.	Board Room
Advisory Council Regular Meeting <i>(Meets on the 2nd Wednesday of each Month)</i>	Wednesday	10	9:00 a.m.	Board Room
Board of Directors Executive Committee <i>(Meets on the 3rd Monday of each Month)</i>	Monday	15	9:30 a.m.	Board Room
Board of Directors Stationary Source Committee <i>(Meets on the 3rd Monday of each Month)</i>	Monday	15	10:30 a.m.	Board Room
Board of Directors Regular Meeting <i>(Meets on the 1st & 3rd Wednesday of each Month)</i>	Wednesday	17	9:45 a.m.	Board Room
Board of Directors Budget & Finance Committee <i>(Meets on the 4th Wednesday of each Month)</i>	Wednesday	24	9:30 a.m.	Board Room
Board of Directors Mobile Source Committee <i>(Meets on the 4th Thursday of each Month)</i>	Thursday	25	9:30 a.m.	Board Room

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Carole Groom and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/Air Pollution Control Officer

Date: April 1, 2015

Re: Minutes of the Board of Directors Regular Meeting of March 18, 2015

RECOMMENDED ACTION

Approve the attached draft minutes of the Board of Directors Regular Meeting of March 18, 2015.

DISCUSSION

Attached for your review and approval are the draft minutes of the Board of Directors Regular Meeting of March 18, 2015.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Sean Gallagher
Reviewed by: Maricela Martinez

Attachment: Draft Minutes of the Board of Directors Regular Meeting of March 18, 2015

AGENDA: 3 – ATTACHMENT

Draft Minutes - Board of Directors Regular Meeting of March 18, 2015

Bay Area Air Quality Management District
939 Ellis Street
San Francisco, CA 94109
(415) 749-5073

Board of Directors Regular Meeting
Wednesday, March 18, 2015

DRAFT MINUTES

Note: Audio and video recordings of the meeting are available on the website of the Bay Area Air Quality Management District at <http://www.baaqmd.gov/The-Air-District/Board-of-Directors/Agendas-and-Minutes.aspx>.

1. CALL TO ORDER

Chairperson Carole Groom called the meeting to order at 9:46 a.m.

Opening Comments: None.

Roll Call:

Present: Chairperson Carole Groom; Vice-Chairperson Eric Mar; Secretary Liz Kniss; and Directors John Avalos, Teresa Barrett, Tom Bates, David J. Canepa, Cindy Chavez, Margaret Fujioka, John Gioia, David Hudson, Roger Kim (on behalf of Edwin Lee), Nate Miley, Karen Mitchoff, Katie Rice, Mark Ross, Rod Sinks, Brad Wagenknecht and Shirlee Zane.

Absent: Directors Scott Haggerty, Jan Pepper and Jim Spering.

Pledge of Allegiance: Chairperson Groom led the Pledge of Allegiance.

2. PUBLIC COMMENT ON NON-AGENDA MATTERS:

Rhoda Fry submitted photographic material and addressed the Board of Directors (Board) regarding Air District enforcement activities at Lehigh Southwest Cement Company facility in Cupertino (Lehigh), to follow up on a request for production data relative to Lehigh and to request the installation of modern pollution controls at the East Materials Storage area of Lehigh.

NOTED PRESENT: Director Fujioka was noted present at 9:49 a.m.

Chairperson Groom and Jack Broadbent, Executive Officer/Air Pollution Control Officer (APCO), discussed Ms. Fry's comments and the delivery of an update on Lehigh to the Stationary Source Committee (SSC).

NOTED PRESENT: Director Zane was noted present at 9:51 a.m. and Director Kniss was noted present at 9:52 a.m.

Jon Marcus submitted written and photographic material and addressed the Board regarding a nuisance complaint relative to Le Beau Market at 1263 Leavenworth in San Francisco and the staff response.

Mr. Broadbent said staff would meet with Mr. Marcus today.

Tim Brand addressed the Board regarding the failure by Lehigh to comply with air quality regulations and the terms of a Settlement Agreement with the Air District and asked for enforcement action with severe consequences for Lehigh.

Mr. Broadbent said a comprehensive staff update regarding Lehigh will be delivered to the SSC in April.

Gary Latshaw submitted written material and addressed the Board to summarize the same; requested enforcement action relative to Lehigh or the dissolution of the Air District; and suggested a detailed list of additional technology for installation at Lehigh.

NOTED PRESENT: Director Miley was noted present at 9:58 a.m.

3. COMMENDATIONS / PROCLAMATIONS / AWARDS

Mr. Broadbent introduced Damian Breen, Deputy APCO (DAPCO), who recognized the Production System Pilot Program Business Partners in absentia for their participation in the Production system On-Line Permitting System Pilot Program.

CLOSED SESSION

The Board adjourned to Closed Session at 10:03 a.m.

4. CONFERENCE WITH LABOR NEGOTIATORS (Government Code § 54957.6(a))

Pursuant to Government Code Section 54957.6(a), a need existed to meet in closed session to confer with labor negotiators.

OPEN SESSION

Director Mar was noted present during the closed session and the Board resumed Open Session at 10:35 a.m. with no reportable action.

CONSENT CALENDAR (ITEMS 5 – 14)

- 5. Minutes of the Board Regular Meeting of February 18, 2015;**
- 6. Board Communications Received from February 18, 2015 through March 17, 2015;**
- 7. Air District Personnel on Out-of-State Business Travel;**
- 8. Notice of Violations Issued and Settlements in Excess of \$10,000 in the Month of February 2015;**

9. **Adoption of Proposed Amendments to the Air District's Administrative Code, Division I: Operating Policies and Procedures, Section 6.; Board of Directors, Committees, Section 6.2.; Standing Committees;**
10. **Increase in Cylogy, Inc. Contract by \$54,000 for Website Testing and Verification;**
11. **Referral of Proposed Budget for Fiscal Year Ending (FYE) 2016 to the Budget and Finance Committee (BFC);**
12. **Set a Public Hearing, to Consider Adoption of Proposed Amendments to Regulation 3: Fees and Approval of a Notice of Exemption from the California Environmental Quality Act;**
13. **Consider Approving a Tentative Agreement between the Air District and the Employees' Association regarding a Separation by Retirement Incentive Program, Adopt a Resolution to Establish a Separation by Retirement Incentive Program for Management and Confidential Employees, and Allocate Funding for the Program in the Amount of \$1 Million from the Undesignated Reserves to the General Fund; and**
14. **Adopt a Resolution to Amend the Air District's Money Purchase Pension Plan (401(a)).**

Board Comments: None.

Public Comments: No requests received.

Board Action:

Director Wagenknecht made a motion, seconded by Director Mar, to approve Consent Calendar Items 5 through 14, inclusive; and the motion carried by the following vote of the Board:

AYES: Avalos, Barrett, Bates, Canepa, Chavez, Fujioka, Gioia, Groom, Hudson, Kim, Kniss, Mar, Mitchoff, Rice, Ross, Sinks, Wagenknecht and Zane.
NOES: None.
ABSTAIN: None.
ABSENT: Haggerty, Miley, Pepper and Spring.

COMMITTEE REPORTS

15. Report of the BFC Meeting of February 25, 2015
Committee Chairperson Hudson

The BFC met on Wednesday, February 25, 2015, and, upon establishing a quorum, approved the minutes of January 28, 2015.

The BFC received and discussed the staff presentation *Air District Financial Overview*, including Air District Reserve Funds Audited Values; actions taken during downturn; FYE 2015 mid-year summary; General Fund revenue sources and expenditures in the FYE 2015 adopted budget; trends in cost cutting expenses in FYEs 2010-2015; FYE 2016 budget highlights; current vacancy rate and staffing trend; unfunded liabilities based on June 30, 2013 valuations; cost recovery; fund balance policy; and new office building obligations.

The next meeting of the BFC is Wednesday, March 25, 2015, at 9:30 a.m.

Board Comments: None.

Public Comments: No requests received.

Board Action: None; receive and file.

16. Report of the Mobile Source Committee (MSC) Meeting of February 26, 2015
Committee Chairperson Haggerty; Report delivered by Director Avalos

The MSC met on Thursday, February 26, 2015 and approved the minutes of January 22, 2015.

The MSC reviewed and discussed *Projects with Proposed Awards Over \$100,000* and recommends the Board:

1. Approve Carl Moyer Program (CMP) projects with proposed grant awards over \$100,000; and
2. Authorize the Executive Officer/APCO to enter into agreements for the recommended projects.

The MSC then reviewed and discussed the staff presentation *Transportation Fund for Clean Air Audit Report*, including Audit #15 process; regional fund findings and Air District Responses; county program manager fund findings and Air District responses; and trends. The MSC gave direction to staff relative to project sponsor reporting oversight with the goal of improving the timeliness of project sponsor reporting.

The MSC then reviewed and discussed the staff presentation *Residential Lawn Mower Replacement Program*, including background, project description and recommendations. The MSC gave direction to staff to explore an added incentive for American-made equipment and recommends the Board:

1. Allocate \$300,000 in CMP/Mobile Source Incentive Funds to implement the residential lawn mower replacement program; and
2. Authorize the Executive Officer/APCO to execute agreements with one or more metal recycling facilities to help administer the residential lawn mower replacement program.

The next meeting of the MSC is on Thursday, April 23, 2015, at 9:30 a.m.

Board Comments: None.

Public Comments: No requests received.

Board Action:

Director Avalos made a motion, seconded by Director Wagenknecht, to approve the recommendations of the MSC; and the motion carried by the following vote of the Board:

AYES: Avalos, Barrett, Bates, Canepa, Chavez, Fujioka, Gioia, Groom, Hudson, Kim, Kniss, Mar, Mitchoff, Rice, Ross, Sinks, Wagenknecht and Zane.

NOES: None.
ABSTAIN: None.
ABSENT: Haggerty, Miley, Pepper and Spering.

17. Report of the Legislative Committee (LC) Meeting of February 26, 2015
Committee Chairperson Bates

The LC met on Thursday, February 26, 2015 and approved the minutes of April 3, 2014.

The LC discussed a review of the 2014 legislative year, including how staff has handled past direction from the Board on bills that change significantly during the legislative session, the frequency of LC meetings and possible changes in the LC schedule for 2015.

The LC then discussed a potential legislative agenda for 2015 and recommended the Board approve staff to sponsor legislation designed to cut emissions by increasing the rates of vehicle registration, and thereby smog checks, and reducing registration fraud.

The LC then discussed the 2015 legislative session and is recommending the following positions on new bills to the Board:

Assembly Bill (AB) 156 Perea: Oppose
AB 197 E. Garcia: Support
AB 239 Gallagher: Oppose
AB 335 Patterson: Oppose
Senate Bill (SB) 32 Pavley: Support
SB 350 De Leon and Leno: Support

The next meeting of the LC is Monday, March 30, 2015, at 9:30 a.m.

Board Comments: None.

Public Comments: No requests received.

Board Action:

Director Bates made a motion, seconded by Director Mitchoff, to approve the recommendations of the LC; and the motion carried by the following vote of the Board:

AYES: Avalos, Barrett, Bates, Canepa, Chavez, Fujioka, Gioia, Groom, Hudson, Kim, Kniss, Mar, Mitchoff, Rice, Ross, Sinks, Wagenknecht and Zane.
NOES: None.
ABSTAIN: None.
ABSENT: Haggerty, Miley, Pepper and Spering.

18. Report of the Public Outreach Committee (POC) Meeting of March 5, 2015
Committee Chairperson Ross

The POC met on Thursday, March 5, 2015, and approved the minutes of October 30, 2014.

The POC received and discussed the staff presentation *2014/15 Winter Spare the Air Campaign*, including campaign highlights; a video example of a television ad; advertising; media relations and social media information; door-to-door outreach; and results.

The POC then received and discussed the staff presentation *Spare the Air Youth YES! Conference*, including program overview; YES! Conference 2015; keynote speakers; breakout session; conference video; and YES! Conference next steps.

The POC then received and discussed the staff presentation *Approval of Contract for Spare the Air Advertising/Messaging Campaigns*, including background; request for proposals; proposal evaluation; overview of final scores; and staff recommendation. The POC recommends the Board:

1. Approve of O'Rorke, Inc. as the selected contractor for the Spare the Air Campaigns' Advertising, Communications & Evaluation Services; and
2. Authorize the Executive Officer/APCO to execute a contract with O'Rorke, Inc. for an amount not to exceed \$1,950,000 per contract year as follows:
 - Spare the Air Every Day Campaign - \$1,125,000
 - Winter Spare the Air Campaign - \$825,000
 - In-language Winter Spare the Air survey - additional \$69,000

The POC then received the staff presentation *Approval of a Contract for the Spare the Air Resource Teams*, including background; request for proposals; proposal evaluation; overview of final scores; and staff recommendation. The POC recommends the Board:

1. Approve the selection of Community Focus to facilitate the Spare the Air Resource Teams; and
2. Authorize the Executive Officer/APCO to execute a contract with Community Focus for facilitation services in an amount not to exceed \$245,000 per contract year for up to three years.

The next meeting of the POC is at the call of the Chair.

Public Comments: No requests received.

Board Action:

Director Ross made a motion, seconded by Director Avalos, to approve the recommendations of the POC; and the motion carried by the following vote of the Board:

AYES: Avalos, Barrett, Bates, Canepa, Chavez, Fujioka, Gioia, Groom, Hudson, Kim, Kniss, Mar, Miley, Mitchoff, Rice, Ross, Sinks, Wagenknecht and Zane.
NOES: None.

ABSTAIN: None.
ABSENT: Haggerty, Pepper and Spering.

Board Comments:

The Board and staff discussed Air District contractor proficiency at performing various translations and awareness of cultural diversity and sensitivities.

19. Report of the Executive Committee (EC) Meeting of March 16, 2015
Committee Chairperson Groom

The EC met on Monday, March 16, 2015, and approved the minutes of October 20, 2014.

The EC received the Quarterly Reports of the Hearing Board (HB) for July through September 2014 and October through December 2014, including summaries of the cases and fees collected, from Terry Trumbull, Esq., Chairperson of the HB.

The EC then received the presentation *Joint Policy Committee (JPC) Update*, from Allison Brooks, Executive Director, JPC, including a report of key activities and overviews of organizational planning and goals.

The EC then received a staff presentation *My Air Online Program Update*, including program goal, structure and roadmap; status updates regarding the public website and publicly accessible data; website design samples; conceptual demo; and permitting and compliance systems status and 2015 goals.

The next meeting of the EC is Monday, April 20, 2015, at 9:30 a.m.

Board Comments: None.

Public Comments: No requests received.

Board Action: None; receive and file.

20. Report of the SSC Meeting of March 16, 2015
Committee Chairperson Gioia

The SSC met on Monday, March 16, 2015, and approved the minutes of November 24, 2014.

The SSC received and discussed the staff presentation *Odor Issues and Air District Actions in the Milpitas Area*, including background; facilities and sources; Air District regulatory role; investigation; and next steps.

The SSC then received and discussed the staff presentation *Board Actions Requiring Emissions Reductions at Refineries 1992-2013 and Refinery Emission Trends 1980-2015 and Main Causes of Reductions*, including tables of board actions and emission trends for reactive organic gases, fine particulate matter, nitrous oxides, and sulfur dioxide.

The SSC then received and discussed the staff presentation *Regulations to Track and Mitigate Emissions from Petroleum Refineries Regulation 12, Rules 15 and 16*, including the elements of each; goals of 12-16; issues raised by the public and industry; and next steps.

The next meeting of the SSC is Monday, April 20, 2015, at 10:30 a.m.

Board Comments: None.

Public Comments: No requests received.

Board Action:

Director Gioia made a motion, seconded by Director Kniss, to receive and file the chair report of the SSC; and the motion carried by the following vote of the Board:

AYES:	Avalos, Barrett, Bates, Canepa, Chavez, Fujioka, Gioia, Groom, Hudson, Kim, Kniss, Mar, Miley, Mitchoff, Rice, Ross, Sinks, Wagenknecht and Zane.
NOES:	None.
ABSTAIN:	None.
ABSENT:	Haggerty, Pepper and Spering.

PRESENTATION

21. OVERVIEW OF THE 2014/2015 WOOD SMOKE REDUCTION PROGRAM

Mr. Broadbent introduced the topic and Eric Stevenson, Director of Meteorology, Measurement and Rules, who gave the initial staff presentation *Overview of the 2014-2015 Winter Spare the Air Season* through slide 4, *Highest Air Quality Readings*, including a summary of recent Winter PM_{2.5} [Fine Particulate Matter] Seasons; an analysis of the correlation between rainfall and particulate pollution; and highest air quality readings during 2014-2015 Winter Spare the Air Season.

Mr. Stevenson introduced Lisa Fasano, Communications Officer, who played back a video advertisement and then gave the continued staff presentation *Overview of the 2014-2015 Winter Spare the Air Season* through slide 10, *Results*, including advertising; regional outreach; media coverage; social media; and results.

The Board and staff discussed, at slide 6, *Regional Outreach*, billboard site selection, whether a budget expansion for billboards is justified, and the effectiveness of billboard messaging in general.

Ms. Fasano continued the presentation and then introduced Wayne Kino, Director of Compliance and Enforcement, who gave the remainder of the staff presentation *Overview of the 2014-2015 Winter Spare the Air Season*, including wood smoke enforcement; enforcement highlights and practices; Regulation 6, Rule 3 Rule Development; and public workshop dates and locations.

Board Comments:

The Board and staff discussed the “real estate requirements” and “sale and manufacturing of new wood heaters” proposals on slide 14, *Regulation 6, Rule 3 Rule Development*; potential incentivizing

as a component to the current proposals; the commendable education campaign by staff; the viability of targeted advertising for communities with notoriously high levels of wood smoke; whether the Air District has a target date for the eradication of wood burning devices in residential buildings; the importance of a phase-in process; the commendable connection between cigarette and wood smoke; the handling of 92 repeat-complaint sites and viability of targeted programs to bring them into compliance; the importance of establishing a phase-out date in light of the slow rate of residential real estate turnover and the Air District's authority to do so; the ongoing and intentionally gradual enhancement of staff enforcement actions; the viability of door-to-door outreach as a dispute resolution tool; the importance of environmental justice as a component to any phase-out process and related incentive program; the viability of additional workshops in western Alameda and Contra Costa counties; the importance of decreasing wood smoke levels because of their significant health threat; support for a "point of sale" fireplace retrofit requirement with recommendation that staff develop the provision carefully with the challenges of implementation in mind; support for mandatory disclosure on residential real estate sales of the health risk posed by wood-burning devices; public recognition of this program as "Spare the Air" and the tagline's successful ascension into the public consciousness; and the approximate cost and timeline for average residential fireplace retrofits, whether for heat and aesthetics.

Public Comments:

Patti Weisselberg, Families for Clean Air, addressed the Board regarding poll results showing that 70% of respondents felt the wood smoke rule has not impacted wood-burning behavior; to opine that the program is largely ineffective; to suggest wood burning is a recreational activity and Air District messaging is not impactful; to propose a ban on all wood burning with specific exceptions, such as days with specific weather conditions; and to express support for an overhaul of the enforcement program.

Tracey Gant, Families for Clean Air, addressed the Board in support of rule development; to suggest the rule is not meaningful without proper enforcement; to request daily Air District protection from wood smoke regardless of regional air quality; to recall a video played before the Board at a past Board meeting which showed a resident burning a plastic chair in a fire pit and to suggest that no enforcement action was taken to date; and to propose a three strikes rule for wood burning.

Stephanie Oxley, Families for Clean Air, addressed the Board to request a technology-forcing provision be included in the revised rule with the aim of achieving zero wood smoke emissions in the Bay Area.

Mr. Broadbent encouraged participation by the speakers in the rule-making process; reported the program has been effective but that further steps are needed, as exemplified by the rule-making already underway; and to report that updates on the rule-making will be delivered to the SSC.

Board Comments (continued):

The Board and staff discussed the applicability of the existing and proposed rule to backyard burning and barbecues; the importance of the Air District noting and touting the success of its programs, including this one and the flare rule, to help educate the public on the importance of Air District work; and the persistent calls from public advocates ceaselessly doing their job is not an indicator of an Air District failure at its job to balance equities.

Board Action: None; receive and file.

22. **PUBLIC COMMENT ON NON-AGENDA MATTERS**: No requests received.

23. **BOARD MEMBERS' COMMENTS**: None.

OTHER BUSINESS

24. Report of the Executive Officer/APCO

Mr. Broadbent reported that the U.S. Drug Enforcement Administration has vacated 375 Beale, significant construction progress has been made and recommended the scheduling of an Ad Hoc Building Oversight Committee meeting in April.

Jean Roggenkamp, DAPCO, announced the appointment of David Ralston, Air Quality Program Manager of Community Outreach.

25. Chairperson's Report

Chairperson Groom announced the reappointment of Director Barrett to the Board; invited those Board members who are interested in attending the Air & Waste Management Association's 108th Annual Conference and Exhibition on June 22-25, 2015, in Raleigh, North Carolina, to contact Maricela Martinez, Manager, Executive Operations; and announced the cancellation of the Board meeting on April 1, 2015.

26. Time and Place of Next Meeting

Wednesday, April 15, 2015, Bay Area Air Quality Management District Headquarters, 939 Ellis Street, San Francisco, California 94109 at 9:45 a.m.

27. **Adjournment**: The Board meeting adjourned at 11:53 a.m.

Sean Gallagher
Clerk of the Boards

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Carole Groom and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 1, 2015

Re: Board Communications Received from March 18, 2015, through April 14, 2015

RECOMMENDED ACTION

None; receive and file.

DISCUSSION

Copies of communications directed to the Board of Directors received by the Air District from March 18, 2015, through April 14, 2015, if any, will be at each Board Member's place at the April 15, 2015, Board meeting.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Ronika Dukes
Reviewed by: Maricela Martinez

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Carole Groom and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 2, 2015

Re: Air District Personnel on Out-of-State Business Travel

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

In accordance with Section 5.4 (b) of the District's Administrative Code, Fiscal Policies and Procedures Section, the Board is hereby notified of District personnel who have traveled on out-of-state business.

The report covers the out-of-state business travel for the month of March 2015. The monthly out-of-state business travel report is presented in the month following travel completion.

DISCUSSION

The following out-of-state business travel activities occurred in the month of March 2015:

- Damian Breen, Deputy Air Pollution Control Officer, attended Holland E-Mobility Tour in Amsterdam, Holland February 28, 2015 – March 9, 2015.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Stephanie Osaze
Reviewed by: Jeff McKay

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Carole Groom and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 7, 2015

Re: Notice of Violations Issued and Settlements in Excess of \$10,000 in the Month of
March 2015

RECOMMENDED ACTION

None; receive and file.

DISCUSSION

In accordance with Resolution No. 2012-08, attached to this Memorandum is a listing of all Notices of Violation issued, and all settlements for amounts in excess of \$10,000 during the calendar month prior to this report.

BUDGET CONSIDERATION/FINANCIAL IMPACT

The amounts of civil penalties collected are included in the Air District's general fund budget.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Brian C. Bunger

Attachment

NOTICES OF VIOLATION ISSUED

The following Notice(s) of Violation were issued in March 2015:

Alameda						
Site Name	Site #	City	NOV #	Issuance Date	Regulation	Comments
ARCO Service Station	X1491	Hayward	A51941A	3/3/15	8-7-301.5	NPS100771 ST #13067, 13069, 13075, 13076, 13077
ARCO Service Station	X1491	Hayward	A51941B	3/3/15	8-7-302	NPS100771 ST #13067, 13069, 13075, 13076, 13077
Contractors Chemical, Inc	X1297	Hayward	A50214A	3/2/15	1-301	Chemical release resulted in public nuisance
Owens-Brockway Glass Container Inc	A0030	Oakland	A52533A	3/4/15	6-1-302	RCA #06565/06566 opacity > 30% for 12.2 mins
Safety-Kleen of California, Inc	A1190	Newark	A48968A	3/17/15	2-1-307	Nox emission > 35 ppm @ 3% oxygen (> 249 ppm); NTV 1584 (Avogadros Group)

Contra Costa						
Site Name	Site #	City	NOV #	Issuance Date	Regulation	Comments
Air Liquide Large Industries US LP	B7419	Rodeo	A53837A	3/2/15	2-6-307	3 instances of late Title V reporting
Chevron Products Company	A0010	Richmond	A53863A	3/16/15	1-301	7 confirmed complaints to bioreactor pond
Phillips 66 Company - San Francisco Refinery	A0016	Rodeo	A53838A	3/11/15	2-6-307	Deviation 4042, p/c 23724, 12 tanks vented to atmosphere
Plains Products Terminals LLC	A7034	Martinez	A53983A	3/27/15	8-8-302.3	Not vapor tight (>500ppm)

AGENDA: 6

Robert Wallace	X1627	Brentwood	A54063A	3/17/15	5-301.1	Unauthorized burn
Shell Martinez Refinery	A0011	Martinez	A53886A	3/13/15	10	Greater than 163 ppm H2S in Fuel Gas, excess 06S54
Tesoro Refining & Marketing Company LLC	B2758	Martinez	A53098A	3/4/15	2-6-307	NH3 Emissions > 20 ppm (OS-5602)
Tesoro Refining & Marketing Company LLC	B2758	Martinez	A53099A	3/4/15	2-6-307	NH3>20 ppm (OS-5599)
Tesoro Refining & Marketing Company LLC	B2758	Martinez	A53100A	3/24/15	12-12-406.1	Failed to provide probable cause in Causal Analysis

Marin						
Site Name	Site #	City	NOV #	Issuance Date	Regulation	Comments
BioMarin Pharmaceutical Inc	B7052	Novato	A52690A	3/17/15	9-7-307	Failed Source Test #NTV-1606 / NOx @ 17.9ppm @ 3% O2

San Francisco						
Site Name	Site #	City	NOV #	Issuance Date	Regulation	Comments
MFD	H2032	San Francisco	A49505A	3/9/15	11-1-303.8	No survey

Santa Clara						
Site Name	Site #	City	NOV #	Issuance Date	Regulation	Comments
San Jose-Santa Clara Regional Wastewater Facility	A0778	San Jose	A54129A	3/3/15	2-6-307	Failed source test OS-5486

Solano						
Site Name	Site #	City	NOV #	Issuance Date	Regulation	Comments
Valero Refining Company - California	B2626	Benicia	A54085A	3/10/15	8-18-402.1	Total of 28 valves not identified; & 12 open-ended lines reported
Valero Refining Company - California	B2626	Benicia	A54085B	3/10/15	10	Total of 28 valves not identified; & 12 open-ended lines reported
Valero Refining Company - California	B2626	Benicia	A54086A	3/12/15	8-5-306.2	P/V valve leak > 500 ppm
Valero Refining Company - California	B2626	Benicia	A54087A	3/12/15	8-40-402	Contaminated Soil Excavation Report submitted late

Sonoma						
Site Name	Site #	City	NOV #	Issuance Date	Regulation	Comments
City of Santa Rosa Wastewater Treatment	A1403	Santa Rosa	A53733A	3/4/15	2-6-307	NOx excesses - Source Test #15083
City of Santa Rosa Wastewater Treatment	A1403	Santa Rosa	A53733B	3/4/15	9-8-302	NOx excesses - Source Test #15083
Sonoma County Department of Public Works	A2254	Petaluma	A52691A	3/23/15	8-34-506	4th Qtr. SEM Testing Submitted Late, Bad Data, Invalid Data
Sonoma County Department of Public Works	A2254	Petaluma	A52692A	3/23/15	2-6-307	Failed Source Test #OS-5552 / CO > 2.1 g/bhp-hr
Sonoma County Department of Public Works	A2254	Petaluma	A52693A	3/23/15	2-6-307	Failed Source Test #OS-5553 / CO > 2.1 g/bhp-hr
Sonoma County Department of Public Works	A2254	Petaluma	A52694A	3/23/15	2-6-307	Failed Source Test #15053 / CO > 2.1 g/bhp-hr

District Wide						
Site Name	Site #	City	NOV #	Issuance Date	Regulation	Comments
Sherwin-Williams Company	M2046	Cleveland	A52655A	3/24/15	8-3-301	Sales of non-compliant Zinsser Cover Stain
Nick Barbieri Trucking	X1554	Ukiah	A55524A	3/16/15	8-33-304	8-33-304.6 CT #200998, failure to meet year round decay rate

SETTLEMENTS FOR \$10,000 OR MORE REACHED

There was 1 settlement(s) for \$10,000 or more completed in March 2015.

On March 19, 2015, the District reached settlement with Ameresco Keller Canyon for \$40,000, regarding the allegations contained in the following 5 Notices of Violation:

NOV #	Issuance Date	Occurrence Date	Regulation	Comments from Enforcement
A52982A	1/21/14	10/2/13	2-6-307	Failed Source Test #OS-4786, Formaldehyde emissions
A52983A	1/21/14	10/2/13	2-6-307	Failed Source Test #OS-4787, Formaldehyde emissions
A53169A	7/10/14	7/30/09	1-523.3	Not meeting minimum temp 3 hr/avg limit - Not reported within 96 hours
A53169B	7/10/14	7/30/09	2-6-307	Not meeting minimum temp 3 hr/avg limit - Not reported within 96 hours
A54052A	10/2/14	7/9/14	1-523.3	RCA #06R64 reported late
A54061A	1/29/15	9/24/14	2-6-307	Failed source test OS-5454



Air Resources Board



Matthew Rodriguez
Secretary for
Environmental Protection

Mary D. Nichols, Chairman
1001 I Street • P.O. Box 2815
Sacramento, California 95812 • www.arb.ca.gov

Edmund G. Brown Jr.
Governor

TO: Members of the Board of Directors
FROM: Supervisor John Gioia
Board Member
DATE: October 29, 2014
SUBJECT: QUARTERLY REPORT OF MY ACTIVITIES AS AN AIR RESOURCES
BOARD MEMBER

The list below summarizes my activities as an Air Resources Board member from July 1st thru September 30, 2014:

July Activities

- 22nd ARB Staff Briefings for July Board Meeting
- 23rd Guidance on Cap-and-Trade Auction Proceeds
- 24th Air Resources Board Meeting
- 25th Air Resources Board Meeting

August Activities

- 20th Tesla Motors

September Activities

- 10th ARB Staff Briefings for September Board Meeting
- 18th Air Resources Board Meeting

Attachments: Public Agendas

The energy challenge facing California is real. Every Californian needs to take immediate action to reduce energy consumption. For a list of simple ways you can reduce demand and cut your energy costs, see our website: <http://www.arb.ca.gov>.

California Environmental Protection Agency

California Environmental Protection Agency

 **Air Resources Board**

PUBLIC MEETING AGENDA

**Thursday, July 24, 2014
and
Friday, July 25, 2014**

Webcast

LOCATION:

Air Resources Board
Byron Sher Auditorium, Second Floor
1001 I Street
Sacramento, California 95814
<http://www.calepa.ca.gov/EPABldg/location.htm>

This facility is accessible by public transit. For transit information, call (916) 321-BUSS, website:
<http://www.sacrt.com>

(This facility is accessible to persons with disabilities.)

TO SUBMIT WRITTEN COMMENTS ON AN
AGENDA ITEM IN ADVANCE OF THE MEETING GO
TO: <http://www.arb.ca.gov/lispub/comm/bclst.php>

**Thursday
July 24, 2014
9:00 a.m.**

CONSENT CALENDAR:

The following item on the consent calendar will be presented to the Board immediately after the start of the public meeting, unless removed from the consent calendar either upon a Board member's request or if someone in the audience wishes to speak on it.

Consent Item

14-6-1: Public Meeting to Consider Five Research Proposals

Staff will seek Board approval of research proposals that were developed based on the Board-approved Fiscal Year 2014-2015 Annual Research Plan.

- 1) "Association Between Long-Term Ultrafine Particulate Matter Exposure and Premature Death," University of California, Davis, Proposal No. 2775-279.

More Information

Proposed Resolution

- 2) "Effects of Ultrafine Particulate Matter Exposure in an Animal Model of Neurodegenerative Disease," University of California, Los Angeles, Proposal No. 2776-279.

More Information

Proposed Resolution

- 3) "Ozone in the Lower Atmosphere and Its Contribution to High Ozone Concentrations at Ground-Level in the Southern San Joaquin Valley," University of California, Davis, Proposal No. 2777-279.

More Information

Proposed Resolution

- 4) "Potential to Build Current Natural Gas Infrastructure to Accommodate the Future Conversion to Near-Zero Transportation Technology," University of California, Davis, Proposal No. 2780-279.

More Information

Proposed Resolution

- 5) "The Development of Lifecycle Data for Hydrogen Fuel Production and Delivery,"
University of California, Davis, Proposal No. 2781-279.

More Information

Proposed Resolution

DISCUSSION ITEMS:

Note: The following agenda items may be heard in a different order at the Board meeting.

Agenda Item #

- 14-6-2: Update to the Board on the Assembly Bill 8 Required Joint Evaluation Process of the Carl Moyer Program Being Conducted by the Air Resources Board and California Air Pollution Control Officers Association**

Staff will update the Board on the joint evaluation process the Air Resources Board (ARB) and the California Air Pollution Control Officers Association are conducting on the Carl Moyer Memorial Air Quality Standards Attainment (Carl Moyer) Program. Assembly Bill 8 (Perea), which extended a portion of the Carl Moyer Program funds through 2023, required ARB, in consultation with the local air districts, to convene working groups to evaluate the long-term policies and goals of the Carl Moyer Program and to identify potential improvements that may require statutory changes.

More Information

Staff Presentation

- 14-6-3: Public Meeting to Consider Proposed Revisions to the Carl Moyer Memorial Air Quality Standards Attainment Program Guidelines for On-Road Heavy-Duty Trucks**

Separate from the Assembly Bill 8 evaluation process, staff will propose implementation revisions to the Carl Moyer Program Guidelines to address near-term concerns about funding eligibility and to prioritize small fleet funding consistent with recent amendments to the Truck and Bus Regulation. The proposed revisions would increase funding opportunities and participation and clarify program administration.

More Information

Staff Presentation

- 14-6-4: Update to the Board on the Revised Office of Environmental Health Hazard Assessment Health Risk Assessment Guidelines**

Staff will update the Board on the upcoming changes to the Office of Environmental Health Hazard Assessment Health Risk Assessment Guidelines. These guidelines will impact local and State air toxics programs, as well as the way project proponents perform environmental analyses of projects. Staff will also describe the joint workplan with the air districts to incorporate the new information into our risk management programs for air toxics.

More Information

Staff Presentation

- 14-6-5: Update to the Board on the Air Resources Board's Greenhouse Gas Measurement Program and the Megacities Project**

Staff will update the Board on efforts to quantify ambient greenhouse gas (GHG) concentrations throughout the state to understand and verify ARB's GHG emissions inventories and evaluate the successful implementation of the various GHG regulations and programs in California. Additionally, staff from the National Aeronautics and Space Administration will be present and be able to discuss the Megacities Carbon Project in Southern California.

ARB - More Information

NASA - More Information

Staff Presentation

NASA Guest Presentation

14-6-6: Update to the Board on the Status of the Compliance Offset Program Under the California Cap-and-Trade Program

Staff will update the Board on the status of California's Cap-and-Trade Offset Program. This will include a status update and next steps.

More Information

Staff Presentation

Friday
July 25, 2014
8:30 a.m.

14-6-7: Update to the Board on San Joaquin Valley Sustainable Communities Strategies

Staff will provide an informational update to the Board on the eight San Joaquin Valley Metropolitan Planning Organizations' (MPO) Sustainable Communities Strategies (SCS) as a follow-up to a similar update provided at the May Board Meeting. Under Senate Bill 375 (SB 375), the Sustainable Communities and Climate Protection Act of 2008, each of the California MPOs is required to prepare and adopt a regional transportation plan with an SCS that includes a forecasted development pattern for the region that is integrated with the transportation network, measures, and policies that could, if feasible, meet the greenhouse gas emission reduction targets set by the Air Resources Board. This informational update will focus on the status of the SCSs in the San Joaquin Valley.

More Information

Staff Presentation

14-6-8: Update to the Board on the Proposed Re-Adoption of the Low Carbon Fuel Standard

Staff will update the Board on the status of the proposed re-adoption of the Low Carbon Fuel Standard, as well as associated amendments to the program, scheduled to be heard by the Board this fall. The amendments under development respond to Board direction to staff, stakeholder feedback, and experience gained from four years of implementation.

More Information

Staff Presentation

CLOSED SESSION

The Board will hold a closed session, as authorized by Government Code section 11126(e), to confer with, and receive advice from, its legal counsel regarding the following pending or potential litigation, and as authorized by Government Code section 11126(a):

POET, LLC, et al. v. Corey, et al., Superior Court of California (Fresno County), Case No. 09CECG04850; plaintiffs' appeal, California Court of Appeal, Fifth District, Case No. F064045; California Supreme Court, Case No. S213394.

Rocky Mountain Farmers Union, et al. v. Corey, U.S. District Court (E.D. Cal. Fresno), Case No. 1:09-CV-02234-LJO-DLB; ARB interlocutory appeal, U.S. Court of Appeals, Ninth Circuit, Case No. 09-CV-02234.

American Fuels and Petrochemical Manufacturing Associations, et al. v. Corey, et al., U.S. District Court (E.D. Cal. Fresno), Case No. 1:10-CV-00163-AWI-GSA; ARB's interlocutory appeal, U.S. Court of Appeals, Ninth Circuit, Case No. 10-CV-00163.

California Dump Truck Owners Association v. Nichols, U.S. District Court (E.D. Cal. Sacramento), Case No. 2:11-CV-00384-MCE-GGH; plaintiffs' appeal, U.S. Court of Appeals, Ninth Circuit, Case No. 13-15175.

Engine Manufacturers Association v. California Air Resources Board, Sacramento Superior Court, Case No. 34-2010-00082774; ARB's appeal, California Court of Appeal, Third District, Case No. C071891.

Truck and Engine Manufacturers Association v. California Air Resources Board, Sacramento Superior Court, Case No. 34-2013-00150733.

Alliance of Automobile Manufacturers v. California Air Resources Board; Sacramento Superior Court, Case No. 34-2013-00152974.

Citizens Climate Lobby and Our Children's Earth Foundation v. California Air Resources Board, San Francisco Superior Court, Case No. CGC-12-519554, plaintiffs' appeal, California Court of Appeal, First District, Case No. A138830.

California Chamber of Commerce et al. v. California Air Resources Board, Sacramento Superior Court, Case No. 34-2012-80001313; plaintiffs' appeal, California Court of Appeal, Third District, Case No. C075930.

Morning Star Packing Company, et al. v. California Air Resources Board, et al., Sacramento Superior Court, Case No. 34-2013-800001464; plaintiffs' appeal, California Court of Appeal, Third District, Case No. C075954.

Delta Construction Company, et al. v. United States Environmental Protection Agency, U.S. Court of Appeals, District of Columbia Circuit, Case No. 11-1428.

City of Los Angeles through Department of Water and Power v. California Air Resources Board, et al., Los Angeles Superior Court, Case No. BS140620 (transferred to Sacramento Superior Court, Case No. 34-2013-80001451-CU-WM-GDS).

Alliance for California Business v. Nichols et al., Glenn County Superior Court, Case No. 13CV01232.

Dalton Trucking, Inc. v. United States Environmental Protection Agency, U.S. Court of Appeals, District of Columbia Circuit, Case No. 13-1283.

Owner-Operator Independent Drivers Association Inc. et al. v. Richard W. Corey et al., U.S. District Court, (E.D. Cal. Fresno) Case No. 1:13-CV-01998-LJO-SAB (transferred by court to E.D. Cal. Sacramento, Case No. 2:14-CV-00186-MCE-AC).

John R. Lawson Rock & Oil, Inc. et al. v. California Air Resources Board et al., Fresno County Superior Court, Case No. 14-CECG01494.

Transportation Solutions Defense and Education Fund v. California Air Resources Board, Fresno County Superior Court, Case No. 14CECG01788.

OPPORTUNITY FOR MEMBERS OF THE BOARD TO COMMENT ON MATTERS OF INTEREST

Board members may identify matters they would like to have noticed for consideration at future meetings and comment on topics of interest; no formal action on these topics will be taken without further notice.

Public Agenda Continued

July 24 and 25, 2014

Page 5

OPEN SESSION TO PROVIDE AN OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO ADDRESS THE BOARD ON SUBJECT MATTERS WITHIN THE JURISDICTION OF THE BOARD

Although no formal Board action may be taken, the Board is allowing an opportunity to interested members of the public to address the Board on items of interest that are within the Board's jurisdiction, but that do not specifically appear on the agenda. Each person will be allowed a maximum of three minutes to ensure that everyone has a chance to speak.

TO ELECTRONICALLY SUBMIT WRITTEN COMMENTS ON AN AGENDA ITEM IN ADVANCE OF THE MEETING GO TO:

<http://www.arb.ca.gov/lispub/comm/bcllet.php>

(Note: not all agenda items are available for electronic submittals of written comments.)

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT THE CLERK OF THE BOARD:

1001 I Street, 23rd Floor, Sacramento, California 95814

(916) 322-5594

ARB Homepage: www.arb.ca.gov

SPECIAL ACCOMMODATION REQUEST

Consistent with California Government Code Section 7296.2, special accommodation or language needs may be provided for any of the following:

- An interpreter to be available at the hearing;
- Documents made available in an alternate format or another language;
- A disability-related reasonable accommodation.

To request these special accommodations or language needs, please contact the Clerk of the Board at (916) 322-5594 or by facsimile at (916) 322-3928 as soon as possible, but no later than 7 business days before the scheduled Board hearing. TTY/TDD/Speech to Speech users may dial 711 for the California Relay Service.

Consecuente con la sección 7296.2 del Código de Gobierno de California, una acomodación especial o necesidades lingüísticas pueden ser suministradas para cualquiera de los siguientes:

- Un intérprete que esté disponible en la audiencia
- Documentos disponibles en un formato alternativo u otro idioma
- Una acomodación razonable relacionados con una incapacidad

Para solicitar estas comodidades especiales o necesidades de otro idioma, por favor llame a la oficina del Consejo al (916) 322-5594 o envíe un fax a (916) 322-3928 lo más pronto posible, pero no menos de 7 días de trabajo antes del día programado para la audiencia del Consejo. TTY/TDD/Personas que necesiten este servicio pueden marcar el 711 para el Servicio de Retransmisión de Mensajes de California.

SMOKING IS NOT PERMITTED AT MEETINGS OF THE CALIFORNIA AIR RESOURCES BOARD

California Environmental Protection Agency
 **Air Resources Board**

LOCATION:

Air Resources Board
 Byron Sher Auditorium, Second Floor
 1001 I Street
 Sacramento, California 95814
<http://www.calepa.ca.gov/EPABldg/location.htm>

PUBLIC MEETING AGENDA**September 18, 2014****Webcast**

This facility is accessible by public transit. For transit information, call (916) 321-BUSS, website:
<http://www.sacrt.com>
 (This facility is accessible to persons with disabilities.)

TO SUBMIT WRITTEN COMMENTS ON AN
 AGENDA ITEM IN ADVANCE OF THE MEETING GO
 TO: <http://www.arb.ca.gov/lispub/comm/bclist.php>

Thursday
September 18, 2014
9:00 a.m.

CONSENT CALENDAR:

The following items on the consent calendar will be presented to the Board immediately after the start of the public meeting, unless removed from the consent calendar either upon a Board member's request or if someone in the audience wishes to speak on it.

Consent Item #**14-7-1: Public Meeting to Consider Two Research Proposals**

Staff will seek Board approval of research proposals that were developed based on the Board-approved Fiscal Year 2014-2015 Annual Research Plan.

- 1) *"Characterization of PM2.5 Episodes in the San Joaquin Valley Based on Data Collected During the NASA DISCOVER-AQ Study in the Winter of 2013," University of California, Davis, Proposal No. 2778-280.*

More InformationProposed Resolution

- 2) *"The Dynamics of Plug-in Electric Vehicles in the Secondary Market and Their Implications for Vehicle Demand, Durability, and Emissions," University of California, Davis, Proposal No. 2779-280.*

More InformationProposed Resolution**14-7-2: Public Meeting to Consider Approval of the Town of Mammoth Lakes PM10 Maintenance Plan and Redesignation Request**

Staff recommends that the Board approve the proposed PM10 Maintenance Plan and Redesignation Request for the Town of Mammoth Lakes developed by the Great Basin Unified Air Pollution Control District. If approved, the Plan and Request will be submitted to the United States Environmental Protection Agency as a revision to the California State Implementation Plan.

More InformationProposed Resolution

DISCUSSION ITEMS:

Note: The following agenda items may be heard in a different order at the Board meeting.

Agenda Item #**14-7-4: Public Meeting to Consider the Interim Guidance for Agencies Receiving Monies From the Greenhouse Gas Reduction Fund**

Staff will present for the Board's consideration the Interim Guidance concepts for agencies administering Greenhouse Gas Reduction Fund (GGRF) monies. State law provides direction to State agencies receiving appropriations of GGRF monies, including requirements for the Air Resources Board to develop funding guidelines to ensure statutory requirements are met. This Interim Guidance will focus on development of expenditure records and meeting Senate Bill 535 requirements to maximize the benefits of investments to disadvantaged communities. Full funding guidelines will be developed over the next year.

More Information

Staff Presentation

14-7-5: Public Hearing to Consider Amendments to the California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms

Staff will present to the Board for consideration updates to the Cap-and-Trade Regulation's allocation requirements, corporate association disclosure requirements, and existing compliance offset protocols, including updates to the Ozone Depleting Substances and Livestock offset protocols as well as a change to the quantification methodology to the United States Forest protocol.

More Information

Staff Presentation

14-7-6: Public Hearing to Consider Amendments to the Regulation for the Mandatory Reporting of Greenhouse Gas Emissions

Staff will present to the Board proposed amendments to the Regulation for the Mandatory Reporting of Greenhouse Gas Emissions needed to support California's Cap-and-Trade Regulation, the Cost of Implementation Fee Regulation, and the State's other climate and greenhouse gas programs.

More Information

Staff Presentation

14-7-7: Public Hearing to Consider Amendments to the Cost of Implementation Fee Regulation

Staff will present to the Board proposed amendments to the existing Assembly Bill 32 Cost of Implementation Fee Regulation that revise definitions and provisions to conform with the Regulation for the Mandatory Reporting of Greenhouse Gas Emissions. Modifications are also proposed to clarify requirements and/or regulatory language.

More Information

Staff Presentation

CLOSED SESSION

The Board will hold a closed session, as authorized by Government Code section 11126(e), to confer with, and receive advice from, its legal counsel regarding the following pending or potential litigation, and as authorized by Government Code section 11126(a):

POET, LLC, et al. v. Corey, et al., Superior Court of California (Fresno County), Case No. 09CECG04850; plaintiffs' appeal, California Court of Appeal, Fifth District, Case No. F064045; California Supreme Court, Case No. S213394.

Rocky Mountain Farmers Union, et al. v. Corey, U.S. District Court (E.D. Cal. Fresno), Case No. 1:09-CV-02234-LJO-DLB; ARB interlocutory appeal, U.S. Court of Appeals, Ninth Circuit, Case No. 09-CV-02234.

American Fuels and Petrochemical Manufacturing Associations, et al. v. Corey, et al., U.S. District Court (E.D. Cal. Fresno), Case No. 1:10-CV-00163-AWI-GSA; ARB's interlocutory appeal, U.S. Court of Appeals, Ninth Circuit, Case No. 10-CV-00163.

California Dump Truck Owners Association v. Nichols, U.S. District Court (E.D. Cal. Sacramento), Case No. 2:11-CV-00384-MCE-GGH; plaintiffs' appeal, U.S. Court of Appeals, Ninth Circuit, Case No. 13-15175.

Engine Manufacturers Association v. California Air Resources Board, Sacramento Superior Court, Case No. 34-2010-00082774; ARB's appeal, California Court of Appeal, Third District, Case No. C071891.

Truck and Engine Manufacturers Association v. California Air Resources Board, Sacramento Superior Court, Case No. 34-2013-00150733.

Alliance of Automobile Manufacturers v. California Air Resources Board; Sacramento Superior Court, Case No. 34-2013-00152974.

Citizens Climate Lobby and Our Children's Earth Foundation v. California Air Resources Board, San Francisco Superior Court, Case No. CGC-12-519554, plaintiffs' appeal, California Court of Appeal, First District, Case No. A138830.

California Chamber of Commerce et al. v. California Air Resources Board, Sacramento Superior Court, Case No. 34-2012-80001313; plaintiffs' appeal, California Court of Appeal, Third District, Case No. C075930.

Morning Star Packing Company, et al. v. California Air Resources Board, et al., Sacramento Superior Court, Case No. 34-2013-800001464; plaintiffs' appeal, California Court of Appeal, Third District; Case No. C075954.

Delta Construction Company, et al. v. United States Environmental Protection Agency, U.S. Court of Appeals, District of Columbia Circuit, Case No. 11-1428.

City of Los Angeles through Department of Water and Power v. California Air Resources Board, et al., Los Angeles Superior Court, Case No. BS140620 (transferred to Sacramento Superior Court, Case No. 34-2013-80001451-CU-WM-GDS).

Alliance for California Business v. Nichols et al., Glenn County Superior Court, Case No. 13CV01232.

Public Agenda Continued

September 18, 2014

Page 4

Dalton Trucking, Inc. v. United States Environmental Protection Agency, U.S. Court of Appeals, District of Columbia Circuit, Case No. 13-1283.

Owner-Operator Independent Drivers Association Inc. et al. v. Richard W. Corey et al., U.S. District Court, (E.D. Cal. Fresno) Case No. 1:13-CV-01998-LJO-SAB (transferred by court to E.D. Cal. Sacramento, Case No. 2:14-CV-00186-MCE-AC).

John R. Lawson Rock & Oil, Inc. et al. v. California Air Resources Board et al., Fresno County Superior Court, Case No. 14-CECG01494.

Transportation Solutions Defense and Education Fund v. California Air Resources Board, Fresno County Superior Court, Case No. 14CECG01788.

OPPORTUNITY FOR MEMBERS OF THE BOARD TO COMMENT ON MATTERS OF INTEREST

Board members may identify matters they would like to have noticed for consideration at future meetings and comment on topics of interest; no formal action on these topics will be taken without further notice.

OPEN SESSION TO PROVIDE AN OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO ADDRESS THE BOARD ON SUBJECT MATTERS WITHIN THE JURISDICTION OF THE BOARD

Although no formal Board action may be taken, the Board is allowing an opportunity to interested members of the public to address the Board on items of interest that are within the Board's jurisdiction, but that do not specifically appear on the agenda. Each person will be allowed a maximum of three minutes to ensure that everyone has a chance to speak.

TO ELECTRONICALLY SUBMIT WRITTEN COMMENTS ON AN AGENDA ITEM IN ADVANCE OF THE MEETING GO TO:

<http://www.arb.ca.gov/lispub/comm/bclist.php>

(Note: not all agenda items are available for electronic submittals of written comments.)

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT THE CLERK OF THE BOARD:

1001 I Street, 23rd Floor, Sacramento, California 95814
(916) 322-5594

ARB Homepage: www.arb.ca.gov

SPECIAL ACCOMMODATION REQUEST

Consistent with California Government Code Section 7296.2, special accommodation or language needs may be provided for any of the following:

- An interpreter to be available at the hearing;
- Documents made available in an alternate format or another language;
- A disability-related reasonable accommodation.

To request these special accommodations or language needs, please contact the Clerk of the Board at (916) 322-5594 or by facsimile at (916) 322-3928 as soon as possible, but no later than 7 business days before the scheduled Board hearing. TTY/TDD/Speech to Speech users may dial 711 for the California Relay Service.

Consecuente con la sección 7296.2 del Código de Gobierno de California, una acomodación especial o necesidades lingüísticas pueden ser suministradas para cualquiera de los siguientes:

- Un intérprete que esté disponible en la audiencia
- Documentos disponibles en un formato alterno u otro idioma
- Una acomodación razonable relacionados con una incapacidad

Para solicitar estas comodidades especiales o necesidades de otro idioma, por favor llame a la oficina del Consejo al (916) 322-5594 o envíe un fax a (916) 322-3928 lo más pronto posible, pero no menos de 7 días de trabajo antes del día programado para la audiencia del Consejo. TTY/TDD/Personas que necesiten este servicio pueden marcar el 711 para el Servicio de Retransmisión de Mensajes de California.



Matthew Rodriguez
Secretary for
Environmental Protection

Air Resources Board

Mary D. Nichols, Chairman
1001 I Street • P.O. Box 2815
Sacramento, California 95812 • www.arb.ca.gov



Edmund G. Brown Jr.
Governor

TO: Members of the Board of Directors

FROM: Supervisor John Gioia
Board Member

DATE: January 14, 2015

SUBJECT: **QUARTERLY REPORT OF MY ACTIVITIES AS AN AIR RESOURCES BOARD MEMBER**

The list below summarizes my activities as an Air Resources Board member from October 1, 2014, through December 31, 2014:

October Activities

- 3rd Meeting with Subaru – 2014 Zero Emissions Vehicles (ZEV) Regulation: Revisions for IVM's
- 6th Meeting with NGO's – 2014 ZEV Regulation
- 10th Call re: UN Climate Negotiations-Climate Change Conf in Peru
- 13th Air Resources Board Staff Briefing for October Agenda Items
- 14th Meeting with Toyota/Ford/Honda/GM – 2014 ZEV Regulation
- 15th Meeting with Tesla – 2014 ZEV Regulation
- Call with Steve Douglas of Auto Alliance – 2014 ZEV Regulation
- 20th Mtg. with Mitsubishi – 2014 ZEV Regulation
- 22nd Tony Andreoni, from CA Municipal Utilities Association, Bill Boyce from SMUD, and Scott Brisco from LADWP – 2014 ZEV Regulation
- 23rd Air Resources Board Meeting
- 24th Air Resources Board Meeting

November Activities

- 3rd Conference Call re: Cap & Trade event on 11/5
- 5th Speaking Engagement-SF Foundation re: Cap & Trade

December Activities

- 10th Air Resources Board Staff Briefing for December Agenda Items
- 15th Call with Cleaner Freight Coalition
- 18th Air Resources Board Meeting
California Cleaner Freight Coalition meeting with ARB Program Staff

Attachments: Public Agendas

The energy challenge facing California is real. Every Californian needs to take immediate action to reduce energy consumption. For a list of simple ways you can reduce demand and cut your energy costs, see our website: <http://www.arb.ca.gov>.

California Environmental Protection Agency

California Environmental Protection Agency

 **Air Resources Board**

LOCATION:

South Coast Air Quality Management District
Auditorium
21865 E. Copley Drive
Diamond Bar, California 91765-4182

PUBLIC MEETING AGENDA

**Thursday, October 23, 2014
and
Friday, October 24, 2014
(Diamond Bar, CA)**

This facility is accessible by public transit. For transit information, call: (800) 743-3463, <http://www.foothilltransit.org/> (This facility is accessible to persons with disabilities.)

**TO SUBMIT WRITTEN COMMENTS ON AN
AGENDA ITEM IN ADVANCE OF THE MEETING GO
TO: <http://www.arb.ca.gov/lispub/comm/bclist.php>**

Webcast

**Thursday
October 23, 2014
9:30 a.m.**

DISCUSSION ITEMS:

Note: The following agenda items may be heard in a different order at the Board meeting.

Agenda Item #

14-8-2: Update to the Board on the Advanced Clean Cars Program Mid-Term Review

Staff will present to the Board an update on on-going work related to the Advanced Clean Cars mid-term review, including updates on work with Federal agencies, research contracts related to consumers, and the feasibility of particulate matter measurement.

More Information

Staff Presentation

14-8-1: Public Hearing to Consider Proposed Amendments to the Low Emission Vehicle III Criteria Pollutant Requirements for Light- and Medium-Duty Vehicles, the Hybrid Electric Vehicle Test Procedures, and the Heavy-Duty Otto-Cycle and Heavy-Duty Diesel Test Procedures

Staff will present to the Board amendments to California's Low Emission Vehicle III (LEV III) regulations to control criteria pollutant emissions from new light- and medium-duty vehicles in order to ensure that emission reductions from the LEV III program are achieved while allowing vehicle manufacturers to continue to demonstrate compliance with both California and Federal regulations by using closely aligned test procedures. Staff will also propose modifications to the hybrid electric vehicle test procedures to facilitate the testing of today's commercially available vehicles. Finally, staff will present a number of conforming and editorial modifications to the non-methane organic gas test procedures, heavy-duty Otto-cycle test procedures, heavy-duty diesel test procedures, and Environmental Performance Label specifications.

More Information

Staff Presentation

14-8-3: Zero Emission Vehicle Showcase

Staff will present to the Board an informational item describing the Zero Emission Showcase that will be taking place concurrently outside the Board Hearing room. Staff will provide context for the Showcase as well as a brief description of the vehicles that will be on display.

Staff Presentation

14-8-4: Public Meeting on the Plug In Vehicle Infrastructure Evaluation

Staff will present to the Board a status report on plug in vehicle infrastructure in California.

More Information

Staff Presentation

14-8-5: Public Hearing to Consider 2014 Amendments to the Zero Emission Vehicle Regulation

Staff will present to the Board amendments to the Zero Emission Vehicle (ZEV) Regulation primarily focused on requirements for intermediate volume manufacturers. Prior to the introduction of this item, several Section 177 ZEV state representatives will be providing short presentations to the Board on the first year of implementation of the Multi-State ZEV Memorandum of Understanding in their respective states.

More Information

Staff Presentation

177 States' Presentation

14-8-6: CoolCalifornia City Challenge Awards

The Air Resources Board will announce the winner and two other finalist cities of the CoolCalifornia City Challenge, a statewide competition between California cities to reduce greenhouse gas emissions and earn the title of "Coolest California City."

More Information

Staff Presentation

Friday

October 24, 2014

8:30 a.m.

CONSENT CALENDAR:

The following items on the consent calendar will be presented to the Board immediately after the start of the public meeting, unless removed from the consent calendar either upon a Board member's request or if someone in the audience wishes to speak on it.

Consent Item #**14-8-7: Public Meeting to Consider Minor Updates to 1997 8-Hour Ozone Standard State Implementation Plans: Coachella Valley and Western Mojave Desert Ozone Nonattainment Areas**

Staff will present to the Board minor updates to the 1997 8-hour ozone State Implementation Plans (SIP) for Coachella Valley and Western Mojave Desert Nonattainment Areas. These updates incorporate revised emissions inventories that account for the implementation of recently adopted rules and regulations, the effects of the recession, and updated transportation

activity. The updates will be submitted to the United States Environmental Protection Agency for approval of the plans as revisions to the California SIP.

More Information

Proposed Resolution

14-8-8: Public Meeting to Consider the Supplemental Document for the San Joaquin Valley 24-hour PM_{2.5} State Implementation Plan

Staff will present to the Board the supplemental document showing that all of the elements in the existing 2012 San Joaquin Valley 24-hour PM_{2.5} State Implementation Plan (SIP) meet the requirements under the Subpart 4 provisions of the federal Clean Air Act. The document also includes the San Joaquin Valley Air Pollution Control District request for a serious classification consistent with the attainment demonstration in the SIP. The updated information will be submitted to the United States Environmental Protection Agency for approval of the plan as a revision to the California SIP.

More Information

Proposed Resolution

DISCUSSION ITEMS:

Note: The following agenda items may be heard in a different order at the Board meeting.

Agenda Item #

14-8-9: Update to the Board on California's Heavy-Duty Truck Program: Past, Present, and Future

Staff will provide an informational update to the Board on current efforts and future plans to reduce oxides of nitrogen (NO_x) and greenhouse gas (GHG) emissions from on-road heavy-duty vehicles. The update will include plans for strengthening the current NO_x certification standards, including addressing off-cycle emissions, improving engine durability, and addressing emissions from high emitters with malfunctioning aftertreatment systems. Staff will also discuss developing future lower NO_x standards, as well as current work to develop proposed federal Phase 2 heavy-duty vehicle GHG standards in cooperation with the United States Environmental Protection Agency and the National Highway Traffic Safety Administration.

Staff Presentation

14-8-10: Public Meeting to Consider a Report on Reductions Achieved from Incentive-Based Emission Reduction Measures in the San Joaquin Valley

Staff will present to the Board for its consideration a State Implementation Plan amendment documenting inventory updates and implementation of the San Joaquin Valley Annual Average PM_{2.5} Plan. The update will be submitted to the United States Environmental Protection Agency for approval as a revision to the California SIP.

More Information

Staff Presentation

14-8-11: Briefing on Process for Updating Senate Bill 375 Greenhouse Gas Emission Reduction Targets

Staff will present a report to the Board that identifies factors to be considered in a future update of the greenhouse gas (GHG) emission reduction targets pursuant to Senate Bill (SB) 375, the Sustainable Communities and Climate Protection Act of 2008. The Board adopted GHG emission reduction targets for passenger vehicle emissions in 2010, applicable to each of the

State's 18 Metropolitan Planning Organizations. SB 375 directs the Air Resources Board to update the targets every eight years, or every four years based on changes in factors such as vehicle emission standards, fuel composition, or other measures that are anticipated to reduce GHG emissions from the transportation sector. The staff presentation will focus on the policy, technical, and timing considerations in updating the SB 375 targets. Staff will seek direction from the Board on a preferred approach for a target update process.

More Information

Staff Presentation

CLOSED SESSION

The Board will hold a closed session, as authorized by Government Code section 11126(e), to confer with, and receive advice from, its legal counsel regarding the following pending or potential litigation, and as authorized by Government Code section 11126(a):

POET, LLC, et al. v. Corey, et al., Superior Court of California (Fresno County), Case No. 09CECG04850; plaintiffs' appeal, California Court of Appeal, Fifth District, Case No. F064045; California Supreme Court, Case No. S213394.

Rocky Mountain Farmers Union, et al. v. Corey, U.S. District Court (E.D. Cal. Fresno), Case No. 1:09-CV-02234-LJO-DLB; ARB interlocutory appeal, U.S. Court of Appeals, Ninth Circuit, Case No. 09-CV-02234.

American Fuels and Petrochemical Manufacturing Associations, et al. v. Corey, et al., U.S. District Court (E.D. Cal. Fresno), Case No. 1:10-CV-00163-AWI-GSA; ARB's interlocutory appeal, U.S. Court of Appeals, Ninth Circuit, Case No. 10-CV-00163.

California Dump Truck Owners Association v. Nichols, U.S. District Court (E.D. Cal. Sacramento), Case No. 2:11-CV-00384-MCE-GGH; plaintiffs' appeal, U.S. Court of Appeals, Ninth Circuit, Case No. 13-15175.

Engine Manufacturers Association v. California Air Resources Board, Sacramento Superior Court, Case No. 34-2010-00082774; ARB's appeal, California Court of Appeal, Third District, Case No. C071891.

Truck and Engine Manufacturers Association v. California Air Resources Board, Sacramento Superior Court, Case No. 34-2013-00150733.

Alliance of Automobile Manufacturers v. California Air Resources Board, Sacramento Superior Court, Case No. 34-2013-00152974.

Citizens Climate Lobby and Our Children's Earth Foundation v. California Air Resources Board, San Francisco Superior Court, Case No. CGC-12-519554; plaintiffs' appeal, California Court of Appeal, First District, Case No. A138830.

California Chamber of Commerce et al. v. California Air Resources Board, Sacramento Superior Court, Case No. 34-2012-80001313; plaintiffs' appeal, California Court of Appeal, Third District, Case No. C075930.

Morning Star Packing Company, et al. v. California Air Resources Board, et al., Sacramento Superior Court, Case No. 34-2013-800001464; plaintiffs' appeal, California Court of Appeal, Third District, Case No. C075954.

Delta Construction Company, et al. v. United States Environmental Protection Agency, U.S. Court of Appeals, District of Columbia Circuit, Case No. 11-1428.

City of Los Angeles through Department of Water and Power v. California Air Resources Board, et al., Los Angeles Superior Court, Case No. BS140620 (transferred to Sacramento Superior Court, Case No. 34-2013-80001451-CU-WM-GDS).

Alliance for California Business v. Nichols et al., Glenn County Superior Court, Case No. 13CV01232.

Dalton Trucking, Inc. v. United States Environmental Protection Agency, U.S. Court of Appeals, District of Columbia Circuit, Case No. 13-1283.

Owner-Operator Independent Drivers Association Inc. et al. v. Richard W. Corey et al., U.S. District Court, (E.D. Cal. Fresno) Case No. 1:13-CV-01998-LJO-SAB (transferred by court to E.D. Cal. Sacramento, Case No. 2:14-CV-00186-MCE-AC).

John R. Lawson Rock & Oil, Inc. et al. v. California Air Resources Board et al., Fresno County Superior Court, Case No. 14-CECG01494.

Transportation Solutions Defense and Education Fund v. California Air Resources Board, Fresno County Superior Court, Case No. 14CECG01788.

OPPORTUNITY FOR MEMBERS OF THE BOARD TO COMMENT ON MATTERS OF INTEREST

Board members may identify matters they would like to have noticed for consideration at future meetings and comment on topics of interest; no formal action on these topics will be taken without further notice.

OPEN SESSION TO PROVIDE AN OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO ADDRESS THE BOARD ON SUBJECT MATTERS WITHIN THE JURISDICTION OF THE BOARD

Although no formal Board action may be taken, the Board is allowing an opportunity to interested members of the public to address the Board on items of interest that are within the Board's jurisdiction, but that do not specifically appear on the agenda. Each person will be allowed a maximum of three minutes to ensure that everyone has a chance to speak.

TO ELECTRONICALLY SUBMIT WRITTEN COMMENTS ON AN AGENDA ITEM IN ADVANCE OF THE MEETING GO TO:

<http://www.arb.ca.gov/llspub/comm/bclist.php>

(Note: not all agenda items are available for electronic submittals of written comments.)

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT THE CLERK OF THE BOARD:

1001 I Street, 23rd Floor, Sacramento, California 95814
(916) 322-5594

ARB Homepage: www.arb.ca.gov

SPECIAL ACCOMMODATION REQUEST

Consistent with California Government Code Section 7296.2, special accommodation or language needs may be provided for any of the following:

- An interpreter to be available at the hearing;
- Documents made available in an alternate format or another language;
- A disability-related reasonable accommodation.

To request these special accommodations or language needs, please contact the Clerk of the Board at (916) 322-5594 or by facsimile at (916) 322-3928 as soon as possible, but no later than 7 business days before the scheduled Board hearing. TTY/TDD/Speech to Speech users may dial 711 for the California Relay Service.

Consecuente con la sección 7296.2 del Código de Gobierno de California, una acomodación especial o necesidades lingüísticas pueden ser suministradas para cualquiera de los siguientes:

- Un intérprete que esté disponible en la audiencia.
- Documentos disponibles en un formato alterno u otro idioma
- Una acomodación razonable relacionados con una incapacidad

Para solicitar estas comodidades especiales o necesidades de otro idioma, por favor llame a la oficina del Consejo al (916) 322-5594 o envíe un fax a (916) 322-3928 lo más pronto posible, pero no menos de 7 días de trabajo antes del día programado para la audiencia del Consejo. TTY/TDD/Personas que necesiten este servicio pueden marcar el 711 para el Servicio de Retransmisión de Mensajes de California.

California Environmental Protection Agency

 **Air Resources Board**

PUBLIC MEETING AGENDA

November 20, 2014

Webcast

LOCATION:

Air Resources Board
Byron Sher Auditorium, Second Floor
1001 I Street
Sacramento, California 95814
<http://www.calepa.ca.gov/EPABldg/location.htm>

This facility is accessible by public transit. For transit information, call (916) 321-BUSS, website:
<http://www.sacrt.com>

(This facility is accessible to persons with disabilities.)

TO SUBMIT WRITTEN COMMENTS ON AN
AGENDA ITEM IN ADVANCE OF THE MEETING GO
TO: <http://www.arb.ca.gov/lspub/comm/bclist.php>

Thursday
November 20, 2014
9:00 a.m.

CONSENT CALENDAR:

The following items on the consent calendar will be presented to the Board immediately after the start of the public meeting, unless removed from the consent calendar either upon a Board member's request or if someone in the audience wishes to speak on it.

Consent Item

14-9-1: Public Meeting to Consider One Research Proposal

Staff will seek Board approval of one research proposal that was developed based on the Board-approved Fiscal Year 2014-2015 Annual Research Plan: "Collection of Tractor-Trailer Activity Data," University of California, Riverside, Proposal No. 2782-281.

[More Information](#)

[Proposed Resolution](#)

14-9-2: Public Meeting to Consider Greenhouse Gas Quantification Determination for the Association of Monterey Bay Area Governments' Metropolitan Transportation Plan/Sustainable Communities Strategy

The Board will consider acceptance of the Association of Monterey Bay Area Governments' determination that implementation of its 2014 Sustainable Communities Strategy would achieve the region's per capita greenhouse gas emissions reduction targets set by the Air Resources Board for 2020 and 2035.

[More Information](#)

[Proposed Resolution](#)

14-9-3: Public Meeting to Consider Approval of Updates to Transportation Conformity Budgets for the San Joaquin Valley

The Board will consider updates to the transportation conformity budgets for the San Joaquin Valley.

[More Information](#)

[Proposed Resolution](#)

DISCUSSION ITEMS:

Note: The following agenda items may be heard in a different order at the Board meeting.

Agenda Item #**14-9-4: Update to the Board on Implementing the High Speed Rail Project**

The High Speed Rail Authority staff will provide an update to the Board on the progress of the High Speed Rail project.

More Information

Staff Presentation

14-9-5: Public Meeting to Hear a 2014 Legislative Update

The Air Resources Board Legislative Director will present a review of air quality and climate change legislation from the second year of the 2013-2014 Legislative Session.

More Information

Staff Presentation

14-9-6: Informational Report on Air Quality Field Studies

Staff will report to the Board on the results of air quality field studies that have provided valuable scientific information necessary to understand and reduce air pollution in California.

More Information

Staff Presentation

**14-9-7: Public Hearing to Adopt Amendments to the Regulation to Reduce Emissions of Diesel Particulate Matter, Oxides of Nitrogen and Other Criteria Pollutants From In-Use Heavy Duty Diesel-Fueled Vehicles
(This item will not be heard prior to 10:30 a.m.)**

Staff will present to the Board for adoption the amendments to the Truck and Bus Regulation approved by the Board in April 2014. Staff carried out the modifications to regulatory language directed by the Board at their April 24 and 25, 2014, hearing in two separate 15-day notice packages and is now presenting the Final Regulation Order to the Board. At this hearing, staff is not proposing any changes from previously noticed regulatory language.

More Information

Staff Presentation

CLOSED SESSION

The Board will hold a closed session, as authorized by Government Code section 11126(e), to confer with, and receive advice from, its legal counsel regarding the following pending or potential litigation, and as authorized by Government Code section 11126(a):

POET, LLC, et al. v. Corey, et al., Superior Court of California (Fresno County), Case No. 09CECG04850; plaintiffs' appeal, California Court of Appeal, Fifth District, Case No. F064045; California Supreme Court, Case No. S213394. [remanded to trial court].

Rocky Mountain Farmers Union, et al. v. Corey, U.S. District Court (E.D. Cal. Fresno), Case No. 1:09-CV-02234-LJO-DLB; ARB interlocutory appeal, U.S. Court of Appeals, Ninth Circuit, Case No. 09-CV-02234 [remanded to trial court].

American Fuels and Petrochemical Manufacturing Associations, et al. v. Corey, et al., U.S. District Court (E.D. Cal. Fresno), Case No. 1:10-CV-00163-AWI-GSA; ARB's interlocutory appeal, U.S. Court of Appeals, Ninth Circuit, Case No. 10-CV-00163 [remanded to trial court].

California Dump Truck Owners Association v. Nichols, U.S. District Court (E.D. Cal. Sacramento), Case No. 2:11-CV-00384-MCE-GGH; plaintiffs' appeal, U.S. Court of Appeals, Ninth Circuit, Case No. 13-15175.

Engine Manufacturers Association v. California Air Resources Board, Sacramento Superior Court, Case No. 34-2010-00082774; ARB's appeal, California Court of Appeal, Third District, Case No. C071891.

Truck and Engine Manufacturers Association v. California Air Resources Board, Sacramento Superior Court, Case No. 34-2013-00150733.

Alliance of Automobile Manufacturers v. California Air Resources Board; Sacramento Superior Court, Case No. 34-2013-00152974.

Citizens Climate Lobby and Our Children's Earth Foundation v. California Air Resources Board, San Francisco Superior Court, Case No. CGC-12-519554, plaintiffs' appeal, California Court of Appeal, First District, Case No. A138830.

California Chamber of Commerce et al. v. California Air Resources Board, Sacramento Superior Court, Case No. 34-2012-80001313; plaintiffs' appeal, California Court of Appeal, Third District, Case No. C075930.

Morning Star Packing Company, et al. v. California Air Resources Board, et al., Sacramento Superior Court, Case No. 34-2013-800001464; plaintiffs' appeal, California Court of Appeal, Third District, Case No. C075954.

Delta Construction Company, et al. v. United States Environmental Protection Agency, U.S. Court of Appeals, District of Columbia Circuit, Case No. 11-1428.

City of Los Angeles through Department of Water and Power v. California Air Resources Board, et al., Los Angeles Superior Court, Case No. BS140620 (transferred to Sacramento Superior Court, Case No. 34-2013-80001451-CU-WM-GDS).

Alliance for California Business v. Nichols et al., Glenn County Superior Court, Case No. 13CV01232.

Dalton Trucking, Inc. v. United States Environmental Protection Agency, U.S. Court of Appeals, District of Columbia Circuit, Case No. 13-1283.

Owner-Operator Independent Drivers Association Inc. et al. v. Richard W. Corey et al., U.S. District Court, (E.D. Cal. Fresno) Case No. 1:13-CV-01998-LJO-SAB (transferred by court to E.D. Cal. Sacramento, Case No. 2:14-CV-00186-MCE-AC).

John R. Lawson Rock & Oil, Inc. et al. v. California Air Resources Board et al., Fresno County Superior Court, Case No. 14-CECG01494.

Transportation Solutions Defense and Education Fund v. California Air Resources Board, Fresno County Superior Court, Case No. 14CECG01788 (plaintiff's transfer to Sacramento Superior).

OPPORTUNITY FOR MEMBERS OF THE BOARD TO COMMENT ON MATTERS OF INTEREST

Board members may identify matters they would like to have noticed for consideration at future meetings and comment on topics of interest; no formal action on these topics will be taken without further notice.

OPEN SESSION TO PROVIDE AN OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO ADDRESS THE BOARD ON SUBJECT MATTERS WITHIN THE JURISDICTION OF THE BOARD

Although no formal Board action may be taken, the Board is allowing an opportunity to interested members of the public to address the Board on items of interest that are within the Board's jurisdiction, but that do not specifically appear on the agenda. Each person will be allowed a maximum of three minutes to ensure that everyone has a chance to speak.

TO ELECTRONICALLY SUBMIT WRITTEN COMMENTS ON AN AGENDA ITEM IN ADVANCE OF THE MEETING GO TO:

<http://www.arb.ca.gov/llspub/comm/bclist.php>

(Note: not all agenda items are available for electronic submittals of written comments.)

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT THE CLERK OF THE BOARD:

1001 I Street, 23rd Floor, Sacramento, California 95814

(916) 322-5594

ARB Homepage: www.arb.ca.gov

SPECIAL ACCOMMODATION REQUEST

Consistent with California Government Code Section 7296.2, special accommodation or language needs may be provided for any of the following:

- An interpreter to be available at the hearing;
- Documents made available in an alternate format or another language;
- A disability-related reasonable accommodation.

To request these special accommodations or language needs, please contact the Clerk of the Board at (916) 322-5594 or by facsimile at (916) 322-3928 as soon as possible, but no later than 7 business days before the scheduled Board hearing. TTY/TDD/Speech to Speech users may dial 711 for the California Relay Service.

Consecuente con la sección 7296.2 del Código de Gobierno de California, una acomodación especial o necesidades lingüísticas pueden ser suministradas para cualquiera de los siguientes:

- Un intérprete que esté disponible en la audiencia
- Documentos disponibles en un formato alterno u otro idioma
- Una acomodación razonable relacionados con una incapacidad

Para solicitar estas comodidades especiales o necesidades de otro idioma, por favor llame a la oficina del Consejo al (916) 322-5594 o envíe un fax a (916) 322-3928 lo más pronto posible, pero no menos de 7 días de trabajo antes del día programado para la audiencia del Consejo. TTY/TDD/Personas que necesitan este servicio pueden marcar el 711 para el Servicio de Retransmisión de Mensajes de California.

SMOKING IS NOT PERMITTED AT MEETINGS OF THE CALIFORNIA AIR RESOURCES BOARD

California Environmental Protection Agency

 **Air Resources Board**

LOCATION:

Air Resources Board
Byron Sher Auditorium, Second Floor
1001 I Street
Sacramento, California 95814
<http://www.calepa.ca.gov/EPABldg/location.htm>

PUBLIC MEETING AGENDA

December 18, 2014

Webcast

This facility is accessible by public transit. For transit information, call (916) 321-BUSS, website: <http://www.sacrt.com>
(This facility is accessible to persons with disabilities.)

TO SUBMIT WRITTEN COMMENTS ON AN AGENDA ITEM IN ADVANCE OF THE MEETING GO TO: <http://www.arb.ca.gov/lispub/comm/bcllst.php>

Thursday
December 18, 2014
9:00 a.m.

DISCUSSION ITEMS:

Note: The following agenda items may be heard in a different order at the Board meeting.

Agenda Item #

14-10-1: Public Meeting to Consider Approval of Draft Report: Proposed Research Plan, Fiscal Year 2015-2016

Staff will present to the Board the proposed 2015-2016 Research Plan. This Research Plan reflects a concerted effort to identify the Air Resources Board's (ARB) highest priority research needs, and the research projects included in this Plan will support attainment of upcoming air quality and greenhouse gas targets. Research included in this plan will examine the extent and effects of air pollution exposure and associated mitigation strategies, enhance modeling techniques for criteria pollutants, inform future improvements to ARB's clean vehicle programs, improve estimates of emissions from heavy-duty vehicles, conduct economic assessments of ARB's climate programs, evaluate sustainable communities strategies, and investigate the potential to lower emissions of short-lived climate pollutants.

More Information

Staff Presentation

14-10-2: Public Meeting to Consider Approval of the Imperial County 2013 State Implementation Plan for the 2006 24-Hour PM2.5 Moderate Nonattainment Area

Staff will present to the Board the proposed Imperial County 2013 State Implementation Plan for the 35 µg/m³ 24-hour PM2.5 standard. The Plan shows Imperial County would have attained the standard but for transport of international emissions from Mexicali, Mexico and addresses all requirements under the federal Clean Air Act.

More Information

Staff Presentation

14-10-3: Update to the Board on International Coordination

Staff will update the Board on the Air Resources Board's climate and air quality collaborations with foreign jurisdictions.

More Information

Staff Presentation

14-10-4: Public Hearing to Consider Amendments to the California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms

Staff will present to the Board updates to the Cap and Trade Regulation to include a new Rice Cultivation Compliance Offset Protocol and an update to the United States Forest Compliance Offset Protocol that would include project eligibility in parts of Alaska.

More Information

Staff Presentation

14-10-5: Draft Overview and Status Update of the Technology and Fuels Assessment

Staff will update the Board on the current status, results, and conclusions from the Air Resources Board staff's Technology and Fuels Assessment being conducted to support development of the Sustainable Freight Strategy, future State Implementation Plan measures, incentive funding programs, and future climate change scoping plan updates. The Assessment includes trucks, buses, transport refrigerators, locomotives, ocean-going vessels, commercial harbor craft, cargo-handling equipment, aviation, and conventional and alternative fuels.

More Information

Staff Presentation

14-10-6: Update and Report to the Board on the Joint Air Resources Board/California Air Pollution Control Officers Association Assembly Bill 8 Carl Moyer Program Evaluation

Staff will update the Board on its joint Air Resources Board/California Air Pollution Control Officers Association report on the findings and recommendations of potential changes to the Carl Moyer Memorial Air Quality Standards Attainment Program designed to help the program better achieve State and local air quality and climate goals.

More Information

Staff Presentation

CLOSED SESSION

The Board will hold a closed session, as authorized by Government Code section 11126(e), to confer with, and receive advice from, its legal counsel regarding the following pending or potential litigation, and as authorized by Government Code section 11126(a):

POET, LLC, et al. v. Corey, et al., Superior Court of California (Fresno County), Case No. 09CECG04850; plaintiffs' appeal, California Court of Appeal, Fifth District, Case No. F064045; California Supreme Court, Case No. S213394. [remanded to trial court].

Rocky Mountain Farmers Union, et al. v. Corey, U.S. District Court (E.D. Cal. Fresno), Case No. 1:09-CV-02234-LJO-DLB; ARB interlocutory appeal, U.S. Court of Appeals, Ninth Circuit, Case No. 09-CV-02234 [remanded to trial court].

American Fuels and Petrochemical Manufacturing Associations, et al. v. Corey, et al., U.S. District Court (E.D. Cal. Fresno), Case No. 1:10-CV-00163-AWI-GSA; ARB's interlocutory appeal, U.S. Court of Appeals, Ninth Circuit, Case No. 10-CV-00163 [remanded to trial court].

California Dump Truck Owners Association v. Nichols, U.S. District Court (E.D. Cal. Sacramento), Case No. 2:11-CV-00384-MCE-GGH; plaintiffs' appeal, U.S. Court of Appeals, Ninth Circuit, Case No. 13-15175.

Engine Manufacturers Association v. California Air Resources Board, Sacramento Superior Court, Case No. 34-2010-00082774; ARB's appeal, California Court of Appeal, Third District, Case No. C071891.

Truck and Engine Manufacturers Association v. California Air Resources Board, Sacramento Superior Court, Case No. 34-2013-00150733.

Alliance of Automobile Manufacturers v. California Air Resources Board; Sacramento Superior Court, Case No. 34-2013-00152974.

Citizens Climate Lobby and Our Children's Earth Foundation v. California Air Resources Board, San Francisco Superior Court, Case No. CGC-12-519554, plaintiffs' appeal, California Court of Appeal, First District, Case No. A138830.

California Chamber of Commerce et al. v. California Air Resources Board, Sacramento Superior Court, Case No. 34-2012-80001313; plaintiffs' appeal, California Court of Appeal, Third District, Case No. C075930.

Morning Star Packing Company, et al. v. California Air Resources Board, et al., Sacramento Superior Court, Case No. 34-2013-800001464; plaintiffs' appeal, California Court of Appeal, Third District, Case No. C075954.

Delta Construction Company, et al. v. United States Environmental Protection Agency, U.S. Court of Appeals, District of Columbia Circuit, Case No. 11-1428.

City of Los Angeles through Department of Water and Power v. California Air Resources Board, et al., Los Angeles Superior Court, Case No. BS140620 (transferred to Sacramento Superior Court, Case No. 34-2013-80001451-CU-WM-GDS).

Alliance for California Business v. Nichols et al., Glenn County Superior Court, Case No. 13CV01232.

Dalton Trucking, Inc. v. United States Environmental Protection Agency, U.S. Court of Appeals, District of Columbia Circuit, Case No. 13-1283.

Owner-Operator Independent Drivers Association Inc. et al. v. Richard W. Corey et al., U.S. District Court, (E.D. Cal. Fresno) Case No. 1:13-CV-01998-LJO-SAB (transferred by court to E.D. Cal. Sacramento, Case No. 2:14-CV-00186-MCE-AC).

John R. Lawson Rock & Oil, Inc. et al. v. California Air Resources Board et al., Fresno County Superior Court, Case No. 14-CECG01494.

Transportation Solutions Defense and Education Fund v. California Air Resources Board, Fresno County Superior Court, Case No. 14CECG01788 (plaintiff's transfer to Sacramento Superior).

California Nozzle Specialists, Inc. v. California Air Resources Board, Los Angeles County Superior Court, Case No. BC564965.

Public Agenda Continued

December 18, 2014

Page 4

OPPORTUNITY FOR MEMBERS OF THE BOARD TO COMMENT ON MATTERS OF INTEREST

Board members may identify matters they would like to have noticed for consideration at future meetings and comment on topics of interest; no formal action on these topics will be taken without further notice.

OPEN SESSION TO PROVIDE AN OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO ADDRESS THE BOARD ON SUBJECT MATTERS WITHIN THE JURISDICTION OF THE BOARD

Although no formal Board action may be taken, the Board is allowing an opportunity to interested members of the public to address the Board on items of interest that are within the Board's jurisdiction, but that do not specifically appear on the agenda. Each person will be allowed a maximum of three minutes to ensure that everyone has a chance to speak.

TO ELECTRONICALLY SUBMIT WRITTEN COMMENTS ON AN AGENDA ITEM IN ADVANCE OF THE MEETING GO TO:

<http://www.arb.ca.gov/lispub/comm/bclist.php>

(Note: not all agenda items are available for electronic submittals of written comments.)

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT THE CLERK OF THE BOARD:

1001 I Street, 23rd Floor, Sacramento, California 95814

(916) 322-5594

ARB Homepage: www.arb.ca.gov

SPECIAL ACCOMMODATION REQUEST

Consistent with California Government Code Section 7296.2, special accommodation or language needs may be provided for any of the following:

- An interpreter to be available at the hearing;
- Documents made available in an alternate format or another language;
- A disability-related reasonable accommodation.

To request these special accommodations or language needs, please contact the Clerk of the Board at (916) 322-5594 or by facsimile at (916) 322-3928 as soon as possible, but no later than 7 business days before the scheduled Board hearing. TTY/TDD/Speech to Speech users may dial 711 for the California Relay Service.

Consecuente con la sección 7296.2 del Código de Gobierno de California, una acomodación especial o necesidades lingüísticas pueden ser suministradas para cualquiera de los siguientes:

- Un intérprete que esté disponible en la audiencia
- Documentos disponibles en un formato alterno u otro idioma
- Una acomodación razonable relacionados con una incapacidad

Para solicitar estas comodidades especiales o necesidades de otro idioma, por favor llámé a la oficina del Consejo al (916) 322-5594 o envíe un fax a (916) 322-3928 lo más pronto posible, pero no menos de 7 días de trabajo antes del día programado para la audiencia del Consejo. TTY/TDD/Personas que necesiten este servicio pueden marcar el 711 para el Servicio de Retransmisión de Mensajes de California.

SMOKING IS NOT PERMITTED AT MEETINGS OF THE CALIFORNIA AIR RESOURCES BOARD

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Carole Groom and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 7, 2015

Re: Consider Authorizing the Executive Officer/APCO to Execute a Contract with E4 Strategic Solutions, Inc. in an Amount not to exceed \$250,000

RECOMMENDATION

The Board of Directors will consider authorizing the Executive Officer/APCO to execute a contract with E4 Solutions, Inc., in an amount not to exceed \$250,000, for the purpose of assisting in the planning and production of the Air District Regional Climate Summit and provide expert organization and business consulting services to the Executive Officer.

BACKGROUND

The Air District's Climate Protection Program has had many achievements through collaboration with state and regional agencies, local governments, and community stakeholder groups. After eight years of implementing successful climate protection efforts, the Air District is evaluating challenges and opportunities to reassess the focus of the Climate Protection Program. Recent activities at the state and regional levels, combined with great interest among local stakeholder groups, make this an opportune time for regional climate action.

In response to these opportunities, staff prepared and the Board adopted a resolution that seeks to build on local, regional, and state climate protection efforts. This includes taking action to:

- Setting a goal for the Bay Area region of reducing GHG emissions to 80% below 1990 levels by 2050; and
- Developing a Regional Climate Protection Strategy to make progress toward achieving the 2050 goal for GHG emission reductions that complements existing planning efforts at the state, regional, and local levels, utilizing the Air District's 2015 Clean Air Plan to initiate the process; and
- Develop a work program to guide the Air District climate protection activities in the near-term

DISCUSSION

To enhance the Air District's climate work and in honor of the Air District's 60th Anniversary, the Air District is seeking to plan, coordinate, and produce a Regional Climate Summit to highlight its past, present, and future accomplishments and goals in *protecting and improving public health, air quality, and the global climate*.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None. Funding for this project is included in the Fiscal Year Ending 2016 budget.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Maricela Martinez
Reviewed by: Rex Sanders

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Carole Groom and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/Air Pollution Control Officer

Date: March 19, 2015

Re: Report of the Climate Protection Committee Meeting of March 19, 2015

RECOMMENDED ACTION

The Climate Protection Committee (Committee) received only informational items and has no recommendations of approval by the Board of Directors.

BACKGROUND

The Committee met on Thursday, March 19, 2015, and received the following reports:

- A) Air District Climate Protection Program Staffing and Activities; and
- B) Air Resources Board Climate Protection Program.

Chairperson John Avalos will give an oral report of the meeting.

BUDGET CONSIDERATION/FINANCIAL IMPACT

- A) Enhanced climate protection activities require additional resources that have been included in the Fiscal Year Ending (FYE) 2015 budget, with additional resources anticipated in the FYE 2016 budget.

- B) None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Sean Gallagher
Reviewed by: Maricela Martinez

Attachment A: 03/19/15 – Climate Protection Committee Meeting Agenda #4
Attachment B: 03/19/15 – Climate Protection Committee Meeting Agenda #5

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson John Avalos and Members
of the Climate Protection Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: March 11, 2015

Re: Air District Climate Protection Program Staffing and Activities

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

In 2005, the Air District Board of Directors adopted a resolution establishing the Climate Protection Program. Since 2005, the Air District has demonstrated leadership in climate protection through its role as a regional convener, funder, technical expert, and regulatory agency. Internally, the Air District has pursued a strategy of integrating climate protection into all agency functions.

In November, 2013, the Air District Board of Directors adopted a resolution establishing a goal of reducing regional greenhouse gas (GHG) emissions 80% below 1990 levels by 2050. The resolution also called on staff to develop a Regional Climate Protection Strategy that will guide and document the Air District's work toward achieving the 2050 GHG reduction goal.

DISCUSSION

Staff will provide the Committee with an overview of the Air District's Climate Protection Program, including key milestones and accomplishments over the past 10 years and current activities. Staff will also provide an update on recent organizational changes intended to provide additional resources to the Climate Protection Program.

BUDGET CONSIDERATION / FINANCIAL IMPACT

Enhanced climate protection activities require additional resources that have been included in the Fiscal Year Ending (FYE) 2015 budget, with additional resources anticipated in the FYE 2016 budget.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Abby Young
Reviewed by: Henry Hilken

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson John Avalos and Members
of the Climate Protection Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: March 11, 2015

Re: Air Resources Board Climate Protection Program

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

In 2006, the California State Legislature passed Assembly Bill 32 (AB 32), the Global Warming Solutions Act of 2006. This Act requires the State of California to reduce greenhouse gas (GHG) emissions to 1990 levels by 2020 and to maintain and continue reductions after 2020. AB 32 and calls upon the Air Resources Board (ARB) to develop a strategy for achieving that goal. In response, ARB adopted the AB 32 Scoping Plan in 2008 and updated the Scoping Plan in 2014. The Scoping Plan Update reports that California is on track to meet the state's 2020 GHG target and it is anticipated that these reductions will continue beyond 2020.

California is implementing a broad portfolio of programs to meet the AB 32 goals including energy efficiency, renewable energy, cleaner vehicle programs, and low-carbon fuel requirements. A cornerstone of the Scoping Plan's Strategy to meet the 2020 target is the Cap and Trade program. This program sets a declining cap on emissions from major stationary sources of GHGs in California, including electric power plants, refineries and other large industrial facilities, as well as emissions from the use of natural gas and transportation fuel. Together, these sources are responsible for approximately 85% of all GHG emissions in California. Under the Cap and Trade program, regulated entities are issued a limited number of allowances, representing approximately 90% of the entity's overall GHG emissions level. The percentage of free allowances allocated to each business under the cap declines over time requiring them to either reduce their emissions or to buy allowances at auction or from other entities.

DISCUSSION

Most large stationary sources of GHG emissions in the Bay Area are subject to the Cap and Trade regulation. Air District staff believes that Air District climate protection activities should complement, and be coordinated with, statewide programs. In addition, proceeds from the Cap and Trade allowance auctions are being used to fund a variety of GHG reduction programs being

implemented by different state agencies. Funding and financing opportunities available through these programs are relevant to many regional and local efforts to reduce GHG emissions in the Bay Area.

Edie Chang, Air Resources Board Deputy Executive Officer, will provide the Committee with an overview and update on the ARB's climate protection activities, including the statewide Cap and Trade program.

BUDGET CONSIDERATION / FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Abby Young
Reviewed by: Henry Hilken

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Carole Groom and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/Air Pollution Control Officer

Date: March 25, 2015

Re: Report of the Budget and Finance Committee Meeting of March 25, 2015

RECOMMENDED ACTION

The Budget and Finance Committee (Committee) received only informational items and has no recommendations of approval by the Board of Directors (Board).

BACKGROUND

The Committee met on Wednesday, March 25, 2015, and received the following reports and recommendations:

- A) Proposed Amendments to Regulation 3: Fees; and
- B) Discussion of Proposed Budget for Fiscal Year Ending (FYE) 2016.

Committee Chairperson David Hudson will give an oral report of the Committee meeting.

BUDGET CONSIDERATION/FINANCIAL IMPACT

- A) The draft fee amendments would increase fee revenue in FYE 2016 by an estimated \$2.3 million from revenue that would otherwise result without a fee increase.
- B) The proposed consolidated budget for FYE 2016 is a balanced budget.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Sean Gallagher
Reviewed by: Maricela Martinez

Attachment A: 03/25/15 – Budget and Finance Committee Meeting Agenda #4
Attachment B: 03/25/15 – Budget and Finance Committee Meeting Agenda #5

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Dave Hudson and Members
of the Budget and Finance Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: March 10, 2015

Re: Proposed Amendments to Regulation 3: Fees

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

Staff develops amendments to the Air District's fee regulation as a part of the budget preparation process. On March 7, 2012, the Board of Directors adopted a Cost Recovery Policy that established a goal of increasing fee revenue sufficient to achieve 85 percent recovery of regulatory program costs by the end of Fiscal Year Ending (FYE) 2016.

DISCUSSION

Consistent with the Cost Recovery Policy, draft amendments to specific fee schedules were made in consideration of cost recovery analyses conducted at the fee schedule-level, with larger increases being proposed for the schedules that have larger cost recovery gaps.

Existing fee schedules would be amended as follows:

- 2.6 percent increase for fee schedules that are recovering greater than 95 percent of costs;
- 7 percent increase for fee schedules that are recovering 85 to 95 percent of costs;
- 8 percent increase for fee schedules that are recovering 75 to 84 percent of costs; and
- 9 percent increase for fee schedules that are recovering less than 75 percent of costs.

A number of fees that are administrative in nature; permit application filing fees, alternative compliance plan fees, and permit to operate renewal processing fees would be increased by 2.6 percent. The annual Consumer Price Index for Bay Area Urban Wage Earners and Clerical Workers (CPI-W) increased 2.6% from 2013 to 2014.

The following additional amendments are proposed:

- Facility registration fees for boilers in Schedule R: Equipment Registration Fees would be deleted and replaced with a registration fee per device equal to \$100.

- Fees to alter a permitted source in Section 3-304 would be amended to be the same as the fees to modify a source found in Section 3-302.

Schedule T: Greenhouse Gas Fees will increase from \$0.07 to \$0.09 per metric ton of carbon dioxide equivalent (CDE) emissions. This fee rate was adopted last year as part of a two-year, phased increase (Board of Directors Resolution No. 2014-04).

Staff will provide the committee with additional details regarding the draft fee amendments at the committee meeting on March 25, 2015. A summary of public comments received to date, including those received at a public workshop held on February 17, 2015 will be provided.

BUDGET CONSIDERATION/FINANCIAL IMPACT

The draft fee amendments would increase fee revenue in FYE 2016 by an estimated \$2.3 million from revenue that would otherwise result without a fee increase.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Jim Karas
Reviewed by: Jeffrey McKay

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Dave Hudson and Members
of the Budget and Finance Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: March 11, 2015

Re: Discussion of Proposed Budget for Fiscal Year Ending (FYE) 2016

RECOMMENDED ACTION

The Budget and Finance Committee will review the Proposed Budget for FYE 2016, and make any recommendations for further discussions at its April 22, 2015 Budget and Finance Committee meeting.

BACKGROUND

At the March 18, 2015 Regular Board of Directors meeting, the FYE 2016 Proposed Budget document was referred to the Budget and Finance Committee for review at the Committee's March 25, 2015 meeting.

DISCUSSION

Air District staff will present the Proposed Budget for FYE 2016. The Proposed Budget is balanced with the use of reserves to pay for one-time costs.

Air District staff will publish, prior to April 22, 2015, a notice to the general public that the first of two public hearings on the budget will be conducted on May 20, 2015 and that the second hearing will be conducted on June 3, 2015. Staff requests that the Budget and Finance Committee complete its review and take action on the Proposed Budget at the April 22, 2015 Budget and Finance Committee meeting. This will allow staff the necessary time required to amend, if necessary, the budget for the first public hearing to be held on May 20, 2015.

BUDGET CONSIDERATION/FINANCIAL IMPACT

The proposed consolidated budget for FYE 2016 is a balanced budget.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Stephanie Osaze

Reviewed by: Jeff McKay

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Carole Groom and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/Air Pollution Control Officer

Date: March 30, 2015

Re: Report of the Legislative Committee Meeting of March 30, 2015

RECOMMENDED ACTION

The Legislative Committee (Committee) recommends Board of Directors' approval of the following items:

- 1) Assembly Bill (AB) 23 Patterson: Oppose
- 2) AB 280 Brown: Support
- 3) AB 720 Cooley: Oppose
- 4) AB 742 Gallagher: Oppose
- 5) AB 777 Harper: Oppose
- 6) AB 945 Ting: Support if amended
- 7) AB 1059 E. Garcia: Oppose unless amended
- 8) AB 1176 Perea: Oppose
- 9) Senate Bill (SB) 1 Gaines: Oppose
- 10) SB 5 Vidak: Oppose
- 11) SB 513 Beall: Support
- 12) Support bills equivalent to SB 32 Pavley and SB 350 De Leon and Leno, which would extend AB 32 and the Renewable Portfolio Standard beyond 2020, as they begin moving forward in the legislative process.

BACKGROUND

The Committee met on Monday, March 30, 2015 and considered the report *Consideration of New Bills and Legislative Update*.

Chairperson Tom Bates will give an oral report of the Committee meeting.

BUDGET CONSIDERATION/FINANCIAL IMPACTS

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Sean Gallagher
Reviewed by: Maricela Martinez

Attachment: 03/30/15 – Legislative Committee Meeting Agenda #4

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Tom Bates and Members
of the Legislative Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: March 23, 2015

Re: Consideration of New Bills and Legislative Update

RECOMMENDED ACTION

The Committee will discuss and review new bills, and consider recommending positions on them to the Board of Directors.

BACKGROUND

The Legislature responded to their February 27, 2015, bill introduction deadline with a host of bills about climate change and air quality. Generally, most of these measures will have an initial hearing in their relevant policy committee in the month of April. Staff has selected some of these measures for consideration by the Committee, and recommended positions as discussed below. A copy of the text of these bills is attached. Additionally, a much larger list of measures of air quality relevance is also attached. Finally, a copy of SB 773, authored by Senator Ben Allen is attached. This is the bill on vehicle registration fraud that the Air District is sponsoring this year.

BILL AND AUTHOR	SUBJECT	STAFF RECOMMENDATION
AB 23 Patterson	Exempts transportation fuel suppliers from AB 32 requirements until 2021	Oppose
AB 280 Brown	Increases the cap for small claims court for public agencies to \$10K, which is the cap for private parties	Support
AB 720 Cooley	Eliminates the holding limit on allowances, and has ARB cap the price of allowances they are offering	Oppose
AB 742 Gallagher	Prohibits ARB from enforcing heavy-duty diesel regulations until completing safety study on PM filters	Oppose

AB 777 Harper	Repeals AB 32 (California Global Warming Solutions Act of 2006)	Oppose
AB 945 Ting	Partial sales tax exemption for sale of clean vehicles	Support
AB 1059 E. Garcia	Requires updating CalEnviroscreen to reflect environmental data on communities in the California-Mexico border region	Support if amended
AB 1176 Perea	Directs half of AB 118 funding to CalEnviroscreen-identified areas, and establishes Advanced Low Carbon Diesel Fuels Access program	Oppose
SB 1 Gaines	Exempts transportation fuel suppliers from AB 32 requirements until 2025	Oppose
SB 5 Vidak	Exempts transportation fuel suppliers from AB 32 requirements until 2021	Oppose
SB 513 Beall	Updates Carl Moyer program, including increasing eligible project types and cost effectiveness	Support

ANALYSES

AB 23 is authored by Assembly Member Jim Patterson (R-Fresno), and is being called Affordable Gas for California’s Families Act. It would exempt suppliers of transportation fuels from ARB’s cap-and-trade system established under AB 32. The author believes that including gasoline, diesel fuel, and natural gas in the cap-and-trade program will increase fuel prices considerably more than ARB has estimated, and that this will constitute a hardship to working families. Specifically, the author believes “*it is irresponsible public policy for an unelected state board to impose a hidden gas tax upon the electorate.*” This issue came before the Legislature, and was defeated, last year (AB 69 – Perea). The bill is an urgency statute requiring a super-majority vote.

Staff recommends an ‘**Oppose**’ position. Changing the fundamental rules of a market-based climate program after participants have made financial decisions (buying and purchasing allowances) is inherently unfair to those entities that have complied and acted in good faith. The Air District supported AB 32 in 2006, and has consistently opposed later efforts to gut the program. Furthermore, AB 23 completely undermines the future reliability of the program, and ensures that the program would not achieve the emissions reductions mandated by law.

AB 280 is authored by Assembly Member Cheryl Brown (D-San Bernardino), and aligns the small claims court cap amount for public agencies to that for private parties. Small claims court is designed to provide a low-cost way to settle legal disputes, since neither party can be represented by attorneys. Today, the maximum amount that can be sued for by public agencies (\$5,000) is only half that for private parties (\$10,000).

The Air District routinely uses small claims court to get judgements against violators who ignore their Notices of Violation and refuse to settle or even acknowledge notice of their violations. Using small claims court cuts enforcement costs for the District, and also gives violators an affordable means of due process. However, where penalties in the range of \$5,000 to \$10,000 would be appropriate, the District's attorneys' fees can equal or exceed the amount of the judgement. By simply allowing public agencies such as the District the same small claims court ceiling allowed to private parties, our enforcement costs will go down. This saves public funds, but it also provides relief to an overburdened court system. Staff recommends a **'Support'** position.

AB 720, authored by Assembly Member Ken Cooley (D-Rancho Cordova), makes changes to the requirements of the cap-and-trade program established by ARB under AB 32 of 2006. This market-based program to cut greenhouse gas emissions from large emitters, sets a cap on total emissions that declines over time and requires emitters to acquire allowances to cover their emissions. It is designed to achieve the needed emissions reductions at the lowest total cost. In designing the program, ARB placed a holding limit on the number of allowances that a given entity can hold. The author believes that this limit jeopardizes liquidity in the market, thus increasing compliance costs. He also believes it is inappropriate to allow ARB to offer allowances it holds at the price the market will bear, rather than a price capped in advance.

Staff recommends an **'Oppose'** position on the measure, as both of the proposed changes are damaging to AB 32's goals. The second change would mean the needed emissions reductions might never be reached, and the first would allow increased opportunity for market manipulation by some of the largest emitters such as utilities or refineries. California decided to not put a price on carbon (a 'carbon tax'), but rather chose a cap-and-trade system. A price on carbon gives emitters fiscal certainty, but does not give environmental security or certainty. In other words, if the price of allowances is capped, we have no certainty that the emissions reductions goals set in statute will be achieved. Additionally, the cap-and-trade requirements the bill would change were exhaustively debated and discussed in an open and transparent public process, with a wide variety of interests weighing in. To amend the process legislatively at this point is both bad policy and a bad precedent. Lastly, the Governor always has the authority under AB 32 to step in and make changes such as these to the cap-and-trade program, if he feels they are warranted.

AB 742 is authored by Assembly Member James Gallagher (R-Chico), and would prohibit ARB from enforcing regulations such as the On-Road Truck and Bus Regulation until a safety study on particulate filter retrofit devices is completed. It is similar to SB 1230 of 2012, which the District opposed and was defeated.

In 2008, ARB adopted the On Road Regulation to cut toxic emissions from heavy-duty diesel engines. It was adopted in a public process with an exhaustive review of safety issues. Today, over 100,000 filters have been installed on a wide variety of trucks, buses, and other equipment. Provided that operators of the vehicles follow the manufacturers' instructions regarding maintenance, the retrofit devices have proven themselves to be both tremendously safe and effective. Because of the importance to public health of the ARB regulation, and the proven nature of the emissions control technology, Air District staff recommends an **'Oppose'** position.

AB 777 is authored by Assembly Member Matthew Harper (R-Huntington Beach), and would eliminate California's primary bill mandating reductions in greenhouse gas emissions (AB 32 of 2006). The Air District supported this bill, and has opposed multiple bills in the years since its enactment to eliminate it. Air District staff recommends an **'Oppose'** position.

AB 945 would cut the sales tax on the sale of clean vehicles. It is authored by Assembly Member Phil Ting (D-San Francisco), and is similar to AB 1077 of 2013, which the District supported. Clean vehicles today cost more than corresponding conventional, higher polluting vehicles, even after limited federal and state incentives are considered. Thus their penetration into the market is slower than needed to achieve their promise and our public health goals. This bill helps make clean technology more affordable for consumers, thereby driving the market for cleaner vehicles and reducing emissions. Given recent declines in the price of conventional fuels, and the state's improved financial situation compared to 2013, this issue is particularly timely. Air District staff recommends a **'Support'** position.

AB 1059 is authored by Assembly Member Eduardo Garcia (D-Coachella), whose district includes California's southern border with Mexico in Imperial County. The bill would require CalEPA to update CalEnviroscreen to reflect environmental data on communities near the Mexican border.

Air District staff notes that large sections of the Assembly Member's district are identified as disadvantaged communities under CalEnviroscreen, unlike the Bay Area. Additionally, CalEPA made adjustments for border communities to two CalEnviroscreen indicators (for diesel particulate matter and traffic density) just before finalizing the tool. The multiple changes to the tool requested by the Air District (and sister agencies and Bay Area legislators) were not made by CalEPA. Thus, Air District staff recommends a **'Support if amended'** position on this bill. The amendments sought are those requested in the last letter to CalEPA from the Joint Policy Committee.

AB 1176 is authored by Assembly Member Henry Perea (D-Fresno), and would extend the uses of CalEPA's CalEnviroscreen tool. CalEnviroscreen is currently used to identify 'disadvantaged communities' slated to receive at least 25% of cap-and-trade funds under existing law (SB 535 of 2012). While the Air District supported SB 535, we oppose CalEnviroscreen, which has substantial methodological flaws. These flaws mean that some of the most disadvantaged communities in the state, many of them in the Bay Area, are not identified as disadvantaged under the tool. This bill would exacerbate those inequities even further.

AB 118 of 2007 is a primary funding program for clean transportation, specifically the Air Quality Improvement Program and the Alternative and Renewable Fuel and Vehicle Technology Program. Funds come from registration and smog abatement fees collected primarily on motorists. This bill would direct at least 50% of these AB 118 funds to CalEnviroscreen communities. In turn, truly disadvantaged communities not identified under CalEnviroscreen would receive less funding. Air District staff recommends an **‘Oppose’** position.

SB 1 is authored by Senator Ted Gaines (R-Roseville), and is very similar to AB 23 discussed above. It would also exempt from AB 32 cap-and-trade obligations suppliers of transportation fuels. While there are very minor differences in the intent language of the two bills, the substantive difference is that SB 1 would offer an additional four-year exemption in comparison to AB 23. Air District staff recommends an **‘Oppose’** position for the reasons expressed under the discussion of AB 23 above.

SB 5, authored by Senator Andy Vidak (R-Hanford) is essentially identical to AB 23, and very similar to SB 1. It exempts from AB 32 cap-and-trade requirements those supplying transportation fuels. Like AB 23, the exemption would go until 2021. Air District staff recommends an **‘Oppose’** position.

SB 513, authored by Jim Beall (D-San Jose), makes important changes to the Carl Moyer Program and AB 923 programs, which both provide grant funding to cut diesel emissions. It is sponsored by the state association of air districts (CAPCOA), and has been worked on extensively by Air District staff. The Moyer program started in 1998, and was recently extended through 2024. Given the many changes since 1998, the grant programs need to be modernized to reflect our understanding of air issues and funding opportunities into the future. As part of the extension of the Moyer and AB 923 programs via AB 8 of 2013, ARB and air districts were required in a public process to evaluate the two programs. This bill would implement the statutory changes recommended through that evaluation process.

These include:

- Expanding project categories for both programs and allowing the Carl Moyer Program to adapt quickly and support future clean technologies;
- Establishing a process to adjust the cost-effectiveness limit in order to recognize increasing costs of technology and projects that provide co-benefits, such as: greenhouse gas and short-lived climate pollutants reductions, technology advancement, and air quality improvements in the most polluted communities;
- Encouraging leveraging with other funding sources to accomplish multiple goals; and
- Streamlining and updating program administration

Air District staff recommends a **‘Support’** position.

Lastly, the Air District previously adopted support positions on SB 32 (Pavley) and SB 350 (De Leon) that would respectively extend AB 32 and the Renewable Portfolio Standard beyond 2020. Now a number of bills have been introduced in the Assembly that would do the same thing

(including AB 197-E.Garcia, AB 645-Williams, and several others that will soon be amended such as AB 1288-Atkins and AB 1324-Williams). Not all of these measures will advance through the legislative process, as ultimately the legislature will consolidate them. Air District staff recommends a **‘Support’** position on other bills equivalent to SB 32 and SB 350 that also begin moving forward in the legislative process.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Thomas Addison

Attachments: BAAQMD Bill Discussion List
Assembly Bill No. 23
Assembly Bill No. 280
Assembly Bill No. 720
Assembly Bill No. 742
Assembly Bill No. 777
Assembly Bill No. 945
Assembly Bill No. 1059
Assembly Bill No. 1176
Senate Bill No. 1
Senate Bill No. 5
Senate Bill No. 513
Senate Bill No. 773

BAAQMD BILL DISCUSSION LIST

March 2015

BILL NO.	AUTHOR	SUBJECT	STATUS	POSITION (Positions in italics are staff recommendations)
AB 21	Perea	ARB to determine statewide GHG reductions target for 2030		
AB 23	Patterson	Exempts from AB 32 requirements certain entities until 2021		<i>Oppose</i>
AB 33	Quirk	ARB to recommend 2030, 2040, and 2050 targets for GHG reductions		
AB 156	Perea	Requires that communities identified as disadvantaged under CalEnviroScreen receive additional funds to help them prepare applications for cap-and-trade funds		Oppose
AB 175	Mathis	Low-emission vehicle spot bill		
AB 197	E. Garcia	Requires 50% renewable energy by 2030		Support
AB 239	Gallagher	Eliminates ARB's ability to adopt regulations to implement AB 32		Oppose
AB 280	Brown	Increases small claims court cap for government agencies to the same \$10,000 cap for private parties		<i>Support</i>
AB 335	Patterson	Requires air districts and ARB to implement a minor violations program, and avoid penalties for minor violations		Oppose
AB 450	McCarty	Allows cap-and-trade funding for Property Assessed Clean Energy (PACE) Reserve program		
AB 577	Bonilla	Limits biogas development to landfill diversion, ultralow carbon transportation fuel, and electrical generation		
AB 590	Dahle	Funds Biomass State Cost Share Account with cap-and-trade funds		

BILL NO.	AUTHOR	SUBJECT	STATUS	POSITION (Positions in italics are staff recommendations)
AB 642	Dahle	ARB spot bill		
AB 645	Williams	Extends Renewable Portfolio Standard to 50% renewable power by 2030		
AB 678	O'Donnell	ARB to develop Energy Efficient Ports Program		
AB 692	Quirk	Would require state agencies to buy increasing percentages of very low carbon transportation fuels		
AB 720	Cooley	Would have ARB cap the price of allowances under cap-and-trade		<i>Oppose</i>
AB 742	Gallagher	Prohibits ARB from enforcing heavy-duty diesel regulations until completing a study of the safety of PM retrofit filters		<i>Oppose</i>
AB 761	Levine	Establishes \$50M grant program for carbon sequestration farmland projects		
AB 777	Harper	Repeals AB 32 (California Global Warming Solutions Act of 2006)		<i>Oppose</i>
AB 802	Williams	Spot bill on CEC existing building energy efficiency program		
AB 857	Perea	Spot bill on Clean Truck, Bus, and Off-Road Vehicle Technology Program		
AB 876	McCarty	Requires CalRecycle, in coordination with ARB, to promote compostable organics for agricultural amendments and low carbon transportation fuels		
AB 904	Perea	Extends Air Quality Improvement Program new vehicle incentives to used		
AB 945	Ting	Partial sales tax exemption for sale of clean vehicles		<i>Support</i>
AB 946	Ting	Legislative intent to improve existing electric vehicle infrastructure		

BILL NO.	AUTHOR	SUBJECT	STATUS	POSITION (Positions in italics are staff recommendations)
AB 1008	Quirk	States that sellers of hydrogen for use as a transportation fuel are not automatically deemed to be public utilities		
AB 1030	Ridley-Thomas	Requires state agencies awarding cap-and-trade funds to prioritize projects with project labor agreements, community workforce agreements, etc		
AB 1045	Irwin	Requires CalRecycle to streamline permitting and regulation of composting		
AB 1059	E. Garcia	Requires updating of CalEnviroscreen to reflect environmental data on communities in the California-Mexico border region		<i>Support if amended</i>
AB 1062	Bonta	Expands CalEPA's Environmental Justice Small Grant Program to physical projects		
AB 1068	T. Allen	Allows each legislator to designate one project annually as a Priority Project for CEQA purposes, thereby reducing CEQA challenges to such projects		
AB 1071	Atkins	Requires CalEPA agencies to adopt policies on Supplemental Environmental Projects to benefit CalEnviroscreen- communities		
AB 1087	Grove	Affects the High Speed Rail project components that can be funded through the 25% of cap-and-trade funds set aside for them		
AB 1094	Williams	Requires CEC to study and then cut electricity used by plug-in equipment		
AB 1098	Bloom	Spot bill on congestion management programs		
AB 1176	Perea	Directs at least 50% of AB 118 funds to EJ areas identified by CalEnviroscreen; establishes Advanced Low Carbon Diesel Fuels Access program, and dire		<i>Oppose</i>

BILL NO.	AUTHOR	SUBJECT	STATUS	POSITION (Positions in italics are staff Recommendations)
AB 1236	Chiu	Requires local jurisdictions to expedite and streamline EV charging permitting		
AB 1288	Atkins	Allows cap-and-trade under AB 32 to continue beyond 2020		
AB 1324	Williams	States legislative intent to extend AB 32 beyond 2020		
AB 1330	Bloom	Energy Efficiency Resource Standard Act; CEC to mandate efficiency requirements for utilities, with at least 25% of savings in EJ areas		
AB 1332	Quirk	ARB required to create an offset protocol for renewable energy projects able to ramp up or down during times of peak demand		
AB 1336	Salas	Greenhouse gas voluntary reduction quantification spot bill		
AB 1345	Dahle	Puts \$100M of cap-and-trade funds into fighting wildfires		
AB 1367	Williams	Spot bill on greenhouse gas reporting		
AB 1398	Wilke	Sustainable Environmental Protection Act		
AB 1482	Gordon	Strategic Growth Council to oversee state agency climate change adaptation, and coordinate with federal and local agencies on the same issue		
AB 1496	Thurmond	ARB, in consultation with districts, to adopt methane reduction program		
AB 1501	Rendon	Requires air districts to establish a methane emission standard for well-stimulation treatment, via permitting, and monitor the well		
SB 1	Gaines	Delays to 2025 application of AB 32 requirements for certain sources subject to market-based compliance		<i>Oppose</i>

BILL NO.	AUTHOR	SUBJECT	STATUS	POSITION (Positions in italics are staff Recommendations)
SB 5	Vidak	Delays to 2020 application of AB 32 requirements for certain sources subject to market-based compliance		<i>Oppose</i>
SB 9	Beall	Makes changes to cap-and-trade funded Transit and Intercity Rail Capital Program favoring large capital projects costing over \$100M		
SB 32	Pavley	Establishes a GHG reductions target for 2050 of 80% below 1990 levels		Support
SB 39	Pavley	Increases by an unspecified amount the plug-in hybrids allowed HOV access		
SB 40	Gaines	Limits clean vehicle rebates to vehicles with an MSRP of under \$40K		
SB 122	Jackson	Requires CEQA lead agency to prepare record of proceedings concurrently with other environmental documents for projects		
SB 167	Gaines	AB 32 spot bill		
SB 185	De Leon	Public Divestiture of Thermal Coal Companies Act		
SB 189	Hueso	Establishes the Clean Energy and Low Carbon Economic and Jobs Growth Blue Ribbon Committee to advise state agencies		
SB 206	Gaines	Prohibits ARB from using on-board diagnostics data from vehicles		
SB 207	Wieckowski	Requires cap-and-trade 3-year investment plan adopted by Dept. of Finance to identify conflicting or overlapping strategies		
SB 231	Gaines	Allows certain water-borne transit to receive cap-and-trade funds		
SB 246	Wieckowski	Climate Action Team to head climate adaptation and resiliency programs		

BILL NO.	AUTHOR	SUBJECT	STATUS	POSITION (Positions in italics are staff Recommendations)
SB 350	De Leon and Leno	Clean Energy and Pollution Reduction Act of 2015; increases renewable energy to 50% by 2030		Support
SB 360	Cannella	PUC may allow utilities to invest in ratepayer-funded biomethane collection		
SB 367	Wolk	Enhances Environmental Farming Program to include new focus on GHGs		
SB 398	Leyva	Establishes Green Assistance Program, using cap-and-trade funds to assist small businesses and small cities in complying with air quality regulations, and to compete for cap-and-trade grants		
SB 400	Lara	AB 32 spot bill		
SB 491	Beall et al.	Transportation Omnibus; deletes AB 434 requirement that CMA's have annual public meeting adopting expenditure criteria, unless they change		
SB 506	Fuller	ARB required to consider benefits of renewable electric generation		
SB 513	Beall	Updates Carl Moyer program, including increasing eligible project types and cost-effectiveness, allows cofunding, and adds GHGs as co-benefit		<i>Support</i>
SB 544	Lara	AB 32 scoping plan spot bill		
SB 673	Lara	Spot bill on air district regulations		
SB 677	Mendoza	Spot bill on penalties for Smog Check violations		
SB 687	Allen	Requires ARB to adopt a carbon-based renewable natural gas standard		
SB 698	Cannella	Uses cap-and-trade funds for school zone safety transportation projects		

BILL NO.	AUTHOR	SUBJECT	STATUS	POSITION (Positions in italics are staff Recommendations)
SB 760	Mendoza	Disadvantaged Community Enhancement Act; uses cap-and-trade funds for enhancement of communities identified by CalEnviroscreen		
SB 773	Allen	Study of unregistered vehicles and registration fraud		Sponsor
SB 786	Allen	Requires progress report on implementation of advanced technology parking incentives by DGS and CalTrans		

ASSEMBLY BILL

No. 1059

Introduced by Assembly Member Eduardo Garcia

February 26, 2015

An act to add Part 2.1 (commencing with Section 71090) to Division 34 of the Public Resources Code, relating to environmental justice.

LEGISLATIVE COUNSEL'S DIGEST

AB 1059, as introduced, Eduardo Garcia. California Communities Environmental Health Screening.

Existing law requires the Secretary for Environmental Protection to convene a Working Group on Environmental Justice to assist the secretary in developing an agencywide strategy for identifying and addressing gaps in existing programs, policies, or activities of the agency's boards, departments, and offices that may impede the achievement of environmental justice.

Existing law requires the California Environmental Protection Agency to identify disadvantaged communities as part of a 3-year investment plan developed by the Department of Finance for the moneys collected by the State Air Resources Board resulting from a market-based compliance mechanism.

This bill would require the Office of Environmental Health Hazard Assessment to update the California Communities Environmental Health Screening, developed by the agency and the office to implement the above requirements, by using any relevant environmental data relating to known impacts on the environmental quality of the communities in the California-Mexico border region. The bill would require the office to make a report to the Legislature on any barriers to accessing that data.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Part 2.1 (commencing with Section 71090) is
2 added to Division 34 of the Public Resources Code, to read:

3

4 PART 2.1. CALIFORNIA COMMUNITIES ENVIRONMENTAL
5 HEALTH SCREENING

6

7 71090. (a) For purposes of this part, the following terms have
8 the following meanings:

9 (1) "Office" means the Office of Environmental Health Hazard
10 Assessment.

11 (2) "Tool" means the California Communities Environmental
12 Health Screening, also known as CalEnviroScreen, that is used to
13 identify disadvantaged communities pursuant to Section 39711 of
14 the Health and Safety Code.

15 (b) The office shall update the tool by using any relevant
16 environmental data relating to known impacts on the environmental
17 quality of the communities in the California-Mexico border region,
18 including, but not limited to, air pollution, water pollution, and
19 toxic sites.

20 (c) (1) The office shall report to the Legislature on any barriers
21 in accessing the data described in subdivision (b) in the next update
22 of the tool or by January 1, 2017, whichever is sooner.

23 (2) A report submitted pursuant to paragraph (1) shall be
24 submitted in compliance with Section 9795 of the Government
25 Code.

ASSEMBLY BILL

No. 1176

Introduced by Assembly Member Perea

February 27, 2015

An act to amend Section 44272 of, to add Section 44271.3 to, and to add Chapter 8.8 (commencing with Section 44269) to Part 5 of Division 26 of, the Health and Safety Code, relating to vehicular air pollution, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 1176, as introduced, Perea. Vehicular air pollution.

(1) Existing law establishes the California Alternative and Renewable Fuel, Vehicle Technology, Clean Air, and Carbon Reduction Act of 2007, which includes the Alternative and Renewable Fuel and Vehicle Technology Program, administered by the State Energy Resources Conservation and Development Commission, and the Air Quality Improvement Program, administered by the State Air Resources Board. Existing law requires the emphasis of the Alternative and Renewable Fuel and Vehicle Technology Program to be to develop and deploy technology and alternative and renewable fuels in the marketplace, without adopting any one preferred fuel or technology. Existing law requires the primary purpose of the Air Quality Improvement Program to be the funding of projects to reduce criteria air pollutants, to improve air quality, and to fund research to determine and improve the air quality impacts of alternative transportation fuels and vehicles, vessels, and equipment technologies.

This bill would establish the Advanced Low-Carbon Diesel Fuels Access Program, to be administered by the state board, for the purpose

of reducing greenhouse gas emissions of diesel motor vehicles by providing capital assistance for projects that expand advanced low-carbon diesel fueling infrastructure in communities that are disproportionately impacted by environmental hazards and additionally where the greatest air quality impacts can be identified.

This bill would require the commission and the state board to allocate no less than 50% of the available moneys under the Alternative and Renewable Fuel and Vehicle Technology Program and the Air Quality Improvement Program to projects that provide direct benefits to or serve or are located in disadvantaged communities.

This bill would authorize the commission as part of the Alternative and Renewable Fuel and Vehicle Technology Program, to amend a contract, grant, loan, or other agreement or award to extend the terms of that contract, grant, loan, or other agreement or award by 2 years if the moneys are reprioritized by the commission to apply toward a project that provides benefits to disadvantaged communities.

(2) The California Global Warming Solutions Act of 2006 designates the State Air Resources Board as the state agency charged with monitoring and regulating sources of emissions of greenhouse gases. The act authorizes the state board to include the use of market-based compliance mechanisms. Existing law requires all moneys, except for fines and penalties, collected by the state board from the auction or sale of allowances as part of a market-based compliance mechanism to be deposited in the Greenhouse Gas Reduction Fund and to be available upon appropriation by the Legislature. Existing law requires the Department of Finance, in consultation with the state board and any other relevant state agency, to develop, as specified, a 3-year investment plan for the moneys deposited in the Greenhouse Gas Reduction Fund.

This bill would appropriate \$35,000,000 from the fund to the state board to implement the Advanced Low-Carbon Diesel Fuels Access Program.

(3) This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. (a) It is the intent of the Legislature that the
2 California Alternative and Renewable Fuel, Vehicle Technology,

1 Clean Air, and Carbon Reduction Act of 2007 (Chapter 8.9
2 (commencing with Section 44270) of Part 5 of Division 26 of the
3 Health and Safety Code) continue the state’s implementation of
4 Assembly Bill 118 (Chapter 750, Statutes of 2007) by directing
5 resources to the state’s most impacted and disadvantaged
6 communities to ensure activities taken pursuant to that authority
7 will provide economic and health benefits to these communities
8 as well.

9 (b) The Legislature further finds and declares all of the
10 following:

11 (1) The California Communities Environmental Health
12 Screening Tool, also known as CalEnviroScreen, which was
13 developed by the Office of Environmental Health Hazard
14 Assessment at the request of the California Environmental
15 Protection Agency, is a science-based tool that identifies the
16 California communities most burdened by pollution from multiple
17 sources and most vulnerable to its effects.

18 (2) Using CalEnviroScreen, the California Environmental
19 Protection Agency has identified the top 25 percent highest-scoring
20 census tracts in the state based on geographic, socioeconomic,
21 public health, and environmental hazard criteria and has designated
22 these most impacted regions of the state as disadvantaged
23 communities.

24 (3) A significant number of the total identified top 25 percent
25 highest-scoring census tracts of disadvantaged communities are
26 located in the San Joaquin Valley, which is impacted by heavy
27 freight traffic moving along the Interstate 5 and Highway 99
28 corridors, and along Interstate 710, which runs 18 miles from the
29 Ports of Long Beach and Los Angeles to the Pomona Freeway
30 (SR-60) in east Los Angeles and encompasses 15 cities and
31 unincorporated areas in Los Angeles County adjacent to the
32 freeway corridor.

33 (4) Both regions consistently rate in the top 25 most polluted
34 locations in the United States and frequently exceed by significant
35 amounts the National Ambient Air Quality Standards for ozone
36 and fine particulate matter.

37 (5) Medium- and heavy-duty diesel vehicles operating on
38 petroleum diesel fuel and traveling along these heavy freight
39 corridors, which are located adjacent to or within many of the
40 state’s most environmentally impacted disadvantaged communities,

1 are a significant contributor to emissions from greenhouse gases
2 and criteria pollutants.

3 (6) However, the majority of diesel motor vehicles on the state’s
4 roads today can immediately reduce their emissions of greenhouse
5 gases, oxides of nitrogen, particulate matter, and other emissions
6 of concern by using low-carbon alternative and renewable
7 biomass-based diesel fuels, such as renewable hydrocarbon diesel
8 and low blends of biodiesel.

9 (7) The state’s policymakers can facilitate immediate and
10 tangible reductions of greenhouse gas emissions and criteria
11 pollution and amplify near-term health cobenefits to the state’s
12 most impacted and disadvantaged communities by funding the
13 development and deployment of alternative and renewable fueling
14 infrastructure to facilitate greater access to these advanced
15 low-carbon diesel fuels.

16 (8) It is the intent of the Legislature to provide the state’s most
17 impacted and disadvantaged communities with reasonable and
18 cost-effective opportunities to proactively participate in the state’s
19 greenhouse gas emissions reduction strategies, which can provide
20 immediate benefits in air quality, public health, the environment,
21 and the economy.

22 SEC. 2. Chapter 8.8 (commencing with Section 44269) is added
23 to Part 5 of Division 26 of the Health and Safety Code, to read:

24

25 CHAPTER 8.8. ADVANCED LOW-CARBON DIESEL FUELS ACCESS
26 PROGRAM

27

28 44269. For purposes of this chapter, the following terms have
29 the following meanings:

30 (a) “Biomass-based diesel fuel” means a diesel fuel that is an
31 “alternative fuel,” as defined in Section 43867.

32 (b) “Disproportionately impacted by environmental hazards”
33 means public health or environmental effects from the emission
34 or discharge of substances in a geographic area, including
35 environmental pollution for all sources whether in a single medium
36 or in multiple media, routinely, accidentally, or otherwise released
37 into the environment, taking into account sensitive populations
38 and socioeconomic factors, where applicable and to the extent data
39 is available.

1 (c) “Low-carbon diesel fueling infrastructure” means the
2 equipment used to store and dispense biomass-based diesel fuel
3 to motor vehicles according to industry codes and standards and
4 that is open to the public.

5 44269.2. (a) The Advanced Low-Carbon Diesel Fuels Access
6 Program is hereby established. The state board shall administer
7 the program for the purpose of reducing greenhouse gas emissions
8 of diesel motor vehicles by providing capital assistance for projects
9 that expand advanced low-carbon diesel fueling infrastructure in
10 communities that are disproportionately impacted by environmental
11 hazards and where additionally the greatest air quality impacts can
12 be identified.

13 (b) Moneys shall be available, upon appropriation by the
14 Legislature, from the Greenhouse Gas Reduction Fund, created
15 pursuant to Section 16428.8 of the Government Code, for the
16 purposes of carrying out this chapter.

17 44269.4. On or before March 1, 2016, the state board shall do
18 both of the following:

19 (a) Develop guidelines for the implementation of this chapter.
20 The guidelines shall ensure that the program is focused on
21 communities that are disproportionately impacted by environmental
22 hazards and where the greatest vehicular air pollution impact is
23 identified.

24 (b) Select, in consultation with the California Environmental
25 Protection Agency, the disadvantaged communities identified
26 pursuant to Section 39711.

27 44269.6. (a) In evaluating projects to be allocated moneys
28 pursuant to this chapter, the state board shall give priority to a
29 project with all of the following characteristics:

30 (1) Occurs in or near communities identified pursuant to Section
31 39711.

32 (2) Demonstrates the potential for cobenefits or multibenefit
33 attributes, including reducing significant emissions of criteria
34 pollutants or toxic air contaminants.

35 (3) Quantifies and measures cost-effectiveness and impacts on
36 disadvantaged and low-income populations.

37 (4) Demonstrates the ability to leverage additional public or
38 private funding.

39 (5) Demonstrates the ability to obtain immediate benefits.

1 (6) Includes marketing and education outreach strategies
2 designed to increase the effectiveness of the program's goals.

3 (b) A project required to be undertaken pursuant to state, federal,
4 or local laws shall not be allocated moneys pursuant to this chapter.

5 SEC. 3. Section 44271.3 is added to the Health and Safety
6 Code, to read:

7 44271.3. The commission and the state board shall allocate no
8 less than 50 percent of the moneys available pursuant to this
9 chapter to projects that meet either of the following criteria:

10 (a) Provide direct benefits to communities identified pursuant
11 to Section 39711.

12 (b) Serve or are located within communities described in Section
13 39711.

14 SEC. 4. Section 44272 of the Health and Safety Code is
15 amended to read:

16 44272. (a) The Alternative and Renewable Fuel and Vehicle
17 Technology Program is hereby created. The program shall be
18 administered by the commission. The commission shall implement
19 the program by regulation pursuant to the requirements of Chapter
20 3.5 (commencing with Section 11340) of Part 1 of Division 3 of
21 Title 2 of the Government Code. The program shall provide, upon
22 appropriation by the Legislature, competitive grants, revolving
23 loans, loan guarantees, loans, or other appropriate funding
24 measures, to public agencies, vehicle and technology entities,
25 businesses and projects, public-private partnerships, workforce
26 training partnerships and collaboratives, fleet owners, consumers,
27 recreational boaters, and academic institutions to develop and
28 deploy innovative technologies that transform California's fuel
29 and vehicle types to help attain the state's climate change policies.
30 The emphasis of this program shall be to develop and deploy
31 technology and alternative and renewable fuels in the marketplace,
32 without adopting any one preferred fuel or technology.

33 (b) A project that receives more than seventy-five thousand
34 dollars (\$75,000) in funds from the commission shall be approved
35 at a noticed public meeting of the commission and shall be
36 consistent with the priorities established by the investment plan
37 adopted pursuant to Section 44272.5. Under this article, the
38 commission may delegate to the commission's executive director,
39 or his or her designee, the authority to approve either of the
40 following:

1 (1) A contract, grant, loan, or other agreement or award that
2 receives seventy-five thousand dollars (\$75,000) or less in funds
3 from the commission.

4 (2) Amendments to a contract, grant, loan, or other agreement
5 or award as long as the amendments do not increase the amount
6 of the award, change the scope of the project, or modify the purpose
7 of the agreement.

8 (c) The commission shall provide preferences to those projects
9 that maximize the goals of the Alternative and Renewable Fuel
10 and Vehicle Technology Program, based on the following criteria,
11 as applicable:

12 (1) The project's ability to provide a measurable transition from
13 the nearly exclusive use of petroleum fuels to a diverse portfolio
14 of viable alternative fuels that meet petroleum reduction and
15 alternative fuel use goals.

16 (2) The project's consistency with existing and future state
17 climate change policy and low-carbon fuel standards.

18 (3) The project's ability to reduce criteria air pollutants and air
19 toxics and reduce or avoid multimedia environmental impacts.

20 (4) The project's ability to decrease, on a life-cycle basis, the
21 discharge of water pollutants or any other substances known to
22 damage human health or the environment, in comparison to the
23 production and use of California Phase 2 Reformulated Gasoline
24 or diesel fuel produced and sold pursuant to California diesel fuel
25 regulations set forth in Article 2 (commencing with Section 2280)
26 of Chapter 5 of Division 3 of Title 13 of the California Code of
27 Regulations.

28 (5) The project does not adversely impact the sustainability of
29 the state's natural resources, especially state and federal lands.

30 (6) The project provides nonstate matching funds. Costs incurred
31 from the date a proposed award is noticed may be counted as
32 nonstate matching funds. The commission may adopt further
33 requirements for the purposes of this paragraph. The commission
34 is not liable for costs incurred pursuant to this paragraph if the
35 commission does not give final approval for the project or the
36 proposed recipient does not meet requirements adopted by the
37 commission pursuant to this paragraph.

38 (7) The project provides economic benefits for California by
39 promoting California-based technology firms, jobs, and businesses.

- 1 (8) The project uses existing or proposed fueling infrastructure
2 to maximize the outcome of the project.
- 3 (9) The project's ability to reduce on a life-cycle assessment
4 greenhouse gas emissions by at least 10 percent, and higher
5 percentages in the future, from current reformulated gasoline and
6 diesel fuel standards established by the state board.
- 7 (10) The project's use of alternative fuel blends of at least 20
8 percent, and higher blend ratios in the future, with a preference
9 for projects with higher blends.
- 10 (11) The project drives new technology advancement for
11 vehicles, vessels, engines, and other equipment, and promotes the
12 deployment of that technology in the marketplace.
- 13 (d) The commission shall rank applications for projects proposed
14 for funding awards based on solicitation criteria developed in
15 accordance with subdivision (c), and shall give additional
16 preference to funding those projects with higher benefit-cost scores.
- 17 (e) Only the following shall be eligible for funding:
- 18 (1) Alternative and renewable fuel projects to develop and
19 improve alternative and renewable low-carbon fuels, including
20 electricity, ethanol, dimethyl ether, renewable diesel, natural gas,
21 hydrogen, and biomethane, among others, and their feedstocks
22 that have high potential for long-term or short-term
23 commercialization, including projects that lead to sustainable
24 feedstocks.
- 25 (2) Demonstration and deployment projects that optimize
26 alternative and renewable fuels for existing and developing engine
27 technologies.
- 28 (3) Projects to produce alternative and renewable low-carbon
29 fuels in California.
- 30 (4) Projects to decrease the overall impact of an alternative and
31 renewable fuel's life cycle carbon footprint and increase
32 sustainability.
- 33 (5) Alternative and renewable fuel infrastructure, fueling
34 stations, and equipment. The preference in paragraph (10) of
35 subdivision (c) shall not apply to renewable diesel or biodiesel
36 infrastructure, fueling stations, and equipment used solely for
37 renewable diesel or biodiesel fuel.
- 38 (6) Projects to develop and improve light-, medium-, and
39 heavy-duty vehicle technologies that provide for better fuel
40 efficiency and lower greenhouse gas emissions, alternative fuel

1 usage and storage, or emission reductions, including propulsion
2 systems, advanced internal combustion engines with a 40 percent
3 or better efficiency level over the current market standard,
4 lightweight materials, intelligent transportation systems, energy
5 storage, control systems and system integration, physical
6 measurement and metering systems and software, development of
7 design standards and testing and certification protocols, battery
8 recycling and reuse, engine and fuel optimization electronic and
9 electrified components, hybrid technology, plug-in hybrid
10 technology, battery electric vehicle technology, fuel cell
11 technology, and conversions of hybrid technology to plug-in
12 technology through the installation of safety certified supplemental
13 battery modules.

14 (7) Programs and projects that accelerate the commercialization
15 of vehicles and alternative and renewable fuels including buy-down
16 programs through near-market and market-path deployments,
17 advanced technology warranty or replacement insurance,
18 development of market niches, supply-chain development, and
19 research related to the pedestrian safety impacts of vehicle
20 technologies and alternative and renewable fuels.

21 (8) Programs and projects to retrofit medium- and heavy-duty
22 onroad and nonroad vehicle fleets with technologies that create
23 higher fuel efficiencies, including alternative and renewable fuel
24 vehicles and technologies, idle management technology, and
25 aerodynamic retrofits that decrease fuel consumption.

26 (9) Infrastructure projects that promote alternative and renewable
27 fuel infrastructure development connected with existing fleets,
28 public transit, and existing transportation corridors, including
29 physical measurement or metering equipment and truck stop
30 electrification.

31 (10) Workforce training programs related to alternative and
32 renewable fuel feedstock production and extraction, renewable
33 fuel production, distribution, transport, and storage,
34 high-performance and low-emission vehicle technology and high
35 tower electronics, automotive computer systems, mass transit fleet
36 conversion, servicing, and maintenance, and other sectors or
37 occupations related to the purposes of this chapter.

38 (11) Block grants or incentive programs administered by public
39 entities or not-for-profit technology entities for multiple projects,
40 education and program promotion within California, and

1 development of alternative and renewable fuel and vehicle
2 technology centers. The commission may adopt guidelines for
3 implementing the block grant or incentive program, which shall
4 be approved at a noticed public meeting of the commission.

5 (12) Life cycle and multimedia analyses, sustainability and
6 environmental impact evaluations, and market, financial, and
7 technology assessments performed by a state agency to determine
8 the impacts of increasing the use of low-carbon transportation fuels
9 and technologies, and to assist in the preparation of the investment
10 plan and program implementation.

11 (13) A program to provide funding for homeowners who
12 purchase a plug-in electric vehicle to offset costs associated with
13 modifying electrical sources to include a residential plug-in electric
14 vehicle charging station. In establishing this program, the
15 commission shall consider funding criteria to maximize the public
16 benefit of the program.

17 (f) The commission may make a single source or sole source
18 award pursuant to this section for applied research. The same
19 requirements set forth in Section 25620.5 of the Public Resources
20 Code shall apply to awards made on a single source basis or a sole
21 source basis. This subdivision does not authorize the commission
22 to make a single source or sole source award for a project or
23 activity other than for applied research.

24 (g) The commission may do all of the following:

25 (1) Contract with the Treasurer to expend funds through
26 programs implemented by the Treasurer, if the expenditure is
27 consistent with all of the requirements of this article and Article
28 1 (commencing with Section 44270).

29 (2) Contract with small business financial development
30 corporations established by the Governor’s Office of Business and
31 Economic Development to expend funds through the Small
32 Business Loan Guarantee Program if the expenditure is consistent
33 with all of the requirements of this article and Article 1
34 (commencing with Section 44270).

35 (3) Advance funds, pursuant to an agreement with the
36 commission, to any of the following:

37 (A) A public entity.

38 (B) A recipient to enable it to make advance payments to a
39 public entity that is a subrecipient of the funds and under a binding
40 and enforceable subagreement with the recipient.

1 (C) An administrator of a block grant program.
2 (4) *Amend a contract, grant, loan, or other agreement or award*
3 *to extend the terms of that contract, grant, loan, or other agreement*
4 *or award by two years if the moneys are reprioritized by the*
5 *commission to apply toward a project that complies with Section*
6 *44271.3.*

7 SEC. 5. Notwithstanding Section 39718 of the Health and
8 Safety Code, the sum of thirty-five million dollars (\$35,000,000)
9 is hereby appropriated from the Greenhouse Gas Reduction Fund,
10 created pursuant to Section 16428.8 of the Government Code, to
11 the State Air Resources Board for the purpose of implementing
12 the Advanced Low-Carbon Diesel Fuels Access Program (Chapter
13 8.8 (commencing with Section 44269) of Part 5 of Division 26 of
14 the Health and Safety Code).

15 SEC. 6. This act is an urgency statute necessary for the
16 immediate preservation of the public peace, health, or safety within
17 the meaning of Article IV of the Constitution and shall go into
18 immediate effect. The facts constituting the necessity are:

19 To ensure stable funding for programs to reduce vehicular air
20 pollution for the protection of the public health and safety, it is
21 necessary for this act to take effect immediately.

ASSEMBLY BILL

No. 23

Introduced by Assembly Member Patterson
(Principal coauthor: Assembly Member Olsen)
(Coauthors: Assembly Members Achadjian, Travis Allen, Bigelow,
Brough, Chang, Chávez, Beth Gaines, Gallagher, Grove, Harper,
Jones, Kim, Linder, Maienschein, Mathis, Mayes, Melendez,
Obernolte, Steinorth, Wagner, Waldron, and Wilk)
(Coauthors: Senators Berryhill, Huff, and Vidak)

December 1, 2014

An act to add Section 38576 to the Health and Safety Code, relating to greenhouse gases, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 23, as introduced, Patterson. California Global Warming Solutions Act of 2006: market-based compliance mechanisms: exemption.

The California Global Warming Solutions Act of 2006 designates the State Air Resources Board as the state agency charged with monitoring and regulating sources of emissions of greenhouse gases. The state board is required to adopt a statewide greenhouse gas emissions limit equivalent to the statewide greenhouse gas emissions level in 1990 to be achieved by 2020, and to adopt rules and regulations in an open public process to achieve the maximum, technologically feasible, and cost-effective greenhouse gas emissions reductions. The act authorizes the state board to include the use of market-based compliance mechanisms. Existing state board regulations require specified entities to comply with a market-based compliance mechanism beginning January 1, 2013, and require additional specified entities to

comply with that market-based compliance mechanism beginning January 1, 2015.

This bill would instead exempt those categories of persons or entities that did not have a compliance obligation, as defined, under a market-based compliance mechanism beginning January 1, 2013, from being subject to that market-based compliance mechanism through December 31, 2020.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: 2/3. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares all of the
2 following:

3 (a) The landmark California Global Warming Solutions Act of
4 2006 (Division 25.5 (commencing with Section 38500) of the
5 Health and Safety Code) set the goal of reducing greenhouse gas
6 emissions to 1990 levels by 2020. The act required the State Air
7 Resources Board to develop a scoping plan, including direct
8 regulations, performance-based standards, and market-based
9 mechanisms to achieve this level of greenhouse gas emissions
10 reductions.

11 (b) The State Air Resources Board has implemented a
12 market-based compliance mechanism under the California Global
13 Warming Solutions Act of 2006 (Division 25.5 (commencing with
14 Section 38500) of the Health and Safety Code).

15 (c) Beginning January 1, 2015, the State Air Resources Board's
16 market-based compliance mechanism expanded from covering
17 large industrial facilities to include carbon-based transportation
18 fuels used by the state's motorists as well as natural gas.

19 (d) Including transportation fuels in a market-based compliance
20 mechanism requires suppliers of transportation fuels to purchase
21 carbon allowances for gasoline and diesel sold and used in the
22 state, therefore, adding a carbon price to the cost of transportation
23 fuels.

24 (e) The State Air Resources Board's regulatory analysis for the
25 market-based compliance mechanism anticipates carbon allowance

1 costs ranging from \$15 to \$75, inclusive, per ton between 2015
2 and 2020.

3 (f) Many areas of the state continue to struggle from
4 disproportionately high unemployment rates and the state's
5 hard-working low-income and middle-income families will likely
6 suffer most from this additional cost burden.

7 SEC. 2. Section 38576 is added to the Health and Safety Code,
8 to read:

9 38576. (a) For purposes of this section, "compliance
10 obligation" means the quantity of greenhouse gas emissions for
11 which a person or entity is required to submit greenhouse gas
12 emissions allowances or offsets to the state board pursuant to a
13 market-based compliance mechanism.

14 (b) If the state board adopts a market-based compliance
15 mechanism pursuant to this part, only those categories of persons
16 or entities that had a compliance obligation beginning January 1,
17 2013, shall have a compliance obligation through December 31,
18 2020, consistent with subdivision (c) of Section 38562.

19 (c) This section applies retroactively from January 1, 2015.

20 SEC. 3. This act is an urgency statute necessary for the
21 immediate preservation of the public peace, health, or safety within
22 the meaning of Article IV of the Constitution and shall go into
23 immediate effect. The facts constituting the necessity are:

24 To minimize the negative economic effects resulting from
25 changes to compliance obligations under the market-based
26 compliance mechanism adopted by the State Air Resources Board
27 pursuant to the California Global Warming Solutions Act of 2006
28 that took effect January 1, 2015, it is necessary for this act to take
29 effect immediately.

ASSEMBLY BILL

No. 280

Introduced by Assembly Member Brown

February 11, 2015

An act to amend Sections 116.130, 116.220, and 116.231 of the Code of Civil Procedure, relating to small claims court.

LEGISLATIVE COUNSEL'S DIGEST

AB 280, as introduced, Brown. Small claims court: jurisdiction.

Existing law establishes a small claims division, known as a small claims court, in each superior court. Existing law provides that the small claims court has jurisdiction over actions seeking certain forms of relief, including money damages in specified amounts. Existing law prohibits a city, county, city and county, school district, county office of education, community college district, local district, or any other local public entity from filing a claim in the small claims division if the amount of the demand exceeds \$5,000. Existing law also provides that a small claims action filed by a city, county, city and county, school district, county office of education, community college district, local district, or any other local public entity must be transferred out of the small claims division if the opposing party is represented by legal counsel and properly informs the entity of this fact.

This bill would give the small claims court jurisdiction over an action filed by a city, county, city and county, school district, county office of education, community college district, local district, or any other local public entity if the amount of the demand does not exceed \$10,000. This bill would also eliminate the provision relating to the transfer of small claims actions where the opposing party is represented by counsel.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 116.130 of the Code of Civil Procedure
2 is amended to read:
3 116.130. In this chapter, unless the context indicates otherwise:
4 (a) “Plaintiff” means the party who has filed a small claims
5 action. The term includes a defendant who has filed a claim against
6 a plaintiff.
7 (b) “Defendant” means the party against whom the plaintiff has
8 filed a small claims action. The term includes a plaintiff against
9 whom a defendant has filed a claim.
10 (c) “Judgment creditor” means the party, whether plaintiff or
11 defendant, in whose favor a money judgment has been rendered.
12 (d) “Judgment debtor” means the party, whether plaintiff or
13 defendant, against whom a money judgment has been rendered.
14 (e) “Person” means an individual, corporation, partnership,
15 limited liability partnership, limited liability company, firm,
16 association, *city, county, city and county, school district, county*
17 *office of education, community college district, local district, or*
18 *any other entity.*
19 (f) “Individual” means a natural person.
20 (g) “Party” means a plaintiff or defendant.
21 (h) “Motion” means a party’s written request to the court for
22 an order or other action. The term includes an informal written
23 request to the court, such as a letter.
24 (i) “Declaration” means a written statement signed by an
25 individual which includes the date and place of signing, and a
26 statement under penalty of perjury under the laws of this state that
27 its contents are true and correct.
28 (j) “Good cause” means circumstances sufficient to justify the
29 requested order or other action, as determined by the judge.
30 (k) “Mail” means first-class mail with postage fully prepaid,
31 unless stated otherwise.
32 SEC. 2. Section 116.220 of the Code of Civil Procedure is
33 amended to read:
34 116.220. (a) The small claims court has jurisdiction in the
35 following actions:

1 (1) Except as provided in subdivisions (c), (e), and (f), for
2 recovery of money, if the amount of the demand does not exceed
3 five thousand dollars (\$5,000).

4 (2) Except as provided in subdivisions (c), (e), ~~and (f)~~, *and (h)*,
5 to enforce payment of delinquent unsecured personal property
6 taxes in an amount not to exceed five thousand dollars (\$5,000),
7 if the legality of the tax is not contested by the defendant.

8 (3) To issue the writ of possession authorized by Sections 1861.5
9 and 1861.10 of the Civil Code if the amount of the demand does
10 not exceed five thousand dollars (\$5,000).

11 (4) To confirm, correct, or vacate a fee arbitration award not
12 exceeding five thousand dollars (\$5,000) between an attorney and
13 client that is binding or has become binding, or to conduct a hearing
14 de novo between an attorney and client after nonbinding arbitration
15 of a fee dispute involving no more than five thousand dollars
16 (\$5,000) in controversy, pursuant to Article 13 (commencing with
17 Section 6200) of Chapter 4 of Division 3 of the Business and
18 Professions Code.

19 (5) For an injunction or other equitable relief only when a statute
20 expressly authorizes a small claims court to award that relief.

21 (b) In any action seeking relief authorized by paragraphs (1) to
22 (4), inclusive, of subdivision (a), the court may grant equitable
23 relief in the form of rescission, restitution, reformation, and specific
24 performance, in lieu of, or in addition to, money damages. The
25 court may issue a conditional judgment. The court shall retain
26 jurisdiction until full payment and performance of any judgment
27 or order.

28 (c) Notwithstanding subdivision (a), the small claims court has
29 jurisdiction over a defendant guarantor as follows:

30 (1) For any action brought by a natural person against the
31 Registrar of the Contractors' State License Board as the defendant
32 guarantor, the small claims jurisdictional limit stated in Section
33 116.221 shall apply.

34 (2) For any action against a defendant guarantor that does not
35 charge a fee for its guarantor or surety services, if the amount of
36 the demand does not exceed two thousand five hundred dollars
37 (\$2,500).

38 (3) For any action brought by a natural person against a
39 defendant guarantor that charges a fee for its guarantor or surety

1 services, if the amount of the demand does not exceed six thousand
 2 five hundred dollars (\$6,500).

3 (4) For any action brought by an entity other than a natural
 4 person against a defendant guarantor that charges a fee for its
 5 guarantor or surety services or against the Registrar of the
 6 Contractors’ State License Board as the defendant guarantor, if
 7 the amount of the demand does not exceed four thousand dollars
 8 (\$4,000).

9 (d) In any case in which the lack of jurisdiction is due solely to
 10 an excess in the amount of the demand, the excess may be waived,
 11 but any waiver is not operative until judgment.

12 (e) Notwithstanding subdivision (a), in any action filed by a
 13 plaintiff incarcerated in a Department of Corrections and
 14 Rehabilitation facility, the small claims court has jurisdiction over
 15 a defendant only if the plaintiff has alleged in the complaint that
 16 he or she has exhausted his or her administrative remedies against
 17 that department, including compliance with Sections 905.2 and
 18 905.4 of the Government Code. The final administrative
 19 adjudication or determination of the plaintiff’s administrative claim
 20 by the department may be attached to the complaint at the time of
 21 filing in lieu of that allegation.

22 (f) In any action governed by subdivision (e), if the plaintiff
 23 fails to provide proof of compliance with the requirements of
 24 subdivision (e) at the time of trial, the judicial officer shall, at his
 25 or her discretion, either dismiss the action or continue the action
 26 to give the plaintiff an opportunity to provide that proof.

27 (g) For purposes of this section, “department” includes an
 28 employee of a department against whom a claim has been filed
 29 under this chapter arising out of his or her duties as an employee
 30 of that department.

31 (h) *Notwithstanding subdivision (a), the small claims court has*
 32 *jurisdiction over an action brought by a city, county, city and*
 33 *county, school district, county office of education, community*
 34 *college district, local district, or any other local public entity if*
 35 *the amount of the demand does not exceed ten thousand dollars*
 36 *(\$10,000).*

37 SEC. 3. Section 116.231 of the Code of Civil Procedure is
 38 amended to read:

39 116.231. (a) Except as provided in subdivision (d), no person
 40 may file more than two small claims actions in which the amount

1 demanded exceeds two thousand five hundred dollars (\$2,500),
2 anywhere in the state in any calendar year.

3 (b) Except as provided in subdivision (d), if the amount
4 demanded in any small claims action exceeds two thousand five
5 hundred dollars (\$2,500), the party making the demand shall file
6 a declaration under penalty of perjury attesting to the fact that not
7 more than two small claims actions in which the amount of the
8 demand exceeded two thousand five hundred dollars (\$2,500) have
9 been filed by that party in this state within the calendar year.

10 (c) The Legislature finds and declares that the pilot project
11 conducted under the authority of Chapter 1196 of the Statutes of
12 1991 demonstrated the efficacy of the removal of the limitation
13 on the number of actions public entities may file in the small claims
14 courts on claims exceeding two thousand five hundred dollars
15 (\$2,500).

16 (d) The limitation on the number of filings exceeding two
17 thousand five hundred dollars (\$2,500) does not apply to filings
18 where the claim does not exceed ~~five~~ *ten* thousand dollars ~~(\$5,000)~~
19 ~~(\$10,000)~~ that are filed by a city, county, city and county, school
20 district, county office of education, community college district,
21 local district, or any other local public entity. ~~If any small claims~~
22 ~~action is filed by a city, county, city and county, school district,~~
23 ~~county office of education, community college district, local~~
24 ~~district, or any other local public entity pursuant to this section,~~
25 ~~and the defendant informs the court either in advance of the hearing~~
26 ~~by written notice or at the time of the hearing, that he or she is~~
27 ~~represented in the action by legal counsel, the action shall be~~
28 ~~transferred out of the small claims division. A city, county, city~~
29 ~~and county, school district, county office of education, community~~
30 ~~college district, local district, or any other local public entity may~~
31 ~~not file a claim within the small claims division if the amount of~~
32 ~~the demand exceeds five thousand dollars (\$5,000).~~

ASSEMBLY BILL

No. 720

Introduced by Assembly Member Cooley

February 25, 2015

An act to add Sections 38575 and 38576 to the Health and Safety Code, relating to greenhouse gases.

LEGISLATIVE COUNSEL'S DIGEST

AB 720, as introduced, Cooley. California Global Warming Solutions Act of 2006: market-based compliance mechanisms.

The California Global Warming Solutions Act of 2006 designates the State Air Resources Board as the state agency charged with monitoring and regulating sources of emissions of greenhouse gases. The state board is required to adopt a statewide greenhouse gas emissions limit equivalent to the statewide greenhouse gas emissions level in 1990 to be achieved by 2020, and to adopt rules and regulations in an open public process to achieve the maximum, technologically feasible, and cost-effective greenhouse gas emissions reductions. The act authorizes the state board to include the use of market-based compliance mechanisms.

This bill would require the state board, for any market-based compliance mechanism that the state board might adopt, to allow participating entities to freely sell or transfer greenhouse gas emissions allowances held in a holding account, as defined, or compliance account, as defined, except for allowances that have been expressly retired to meet a compliance obligation, as defined.

This bill would require the state board, for any market-based compliance mechanism that the state board might adopt, to set a price cap on any allowances offered for purchase through the state board.

This bill would exempt from the Administrative Procedure Act and the California Environmental Quality Act a regulation adopted by the state board pursuant to this act.

Vote: majority. Appropriation: no. Fiscal committee: yes.
 State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) The California Global Warming Solutions Act of 2006
- 4 (Division 25.5 (commencing with Section 38500) of the Health
- 5 and Safety Code) was adopted to reduce carbon emissions
- 6 associated with the state’s economy. Section 38560 of the Health
- 7 and Safety Code charges the State Air Resources Board with the
- 8 duty of adopting rules and regulations “to achieve the maximum
- 9 technologically feasible and cost-effective greenhouse gas
- 10 emissions reductions from sources or categories of sources.”
- 11 (b) One measure that the state board has implemented in
- 12 furtherance of the act is a market-based compliance mechanism,
- 13 known as the cap-and-trade regulation.
- 14 (c) For a market-based compliance mechanism to operate
- 15 effectively and allow entities covered by the market-based
- 16 compliance mechanism the efficiency and flexibility to achieve
- 17 emissions reductions at the lowest possible cost, the market for
- 18 emissions allowances must promote liquidity while also preventing
- 19 market manipulation.
- 20 (d) As part of the market-based compliance mechanism, the
- 21 state board has adopted a holding limit, placing a limitation on the
- 22 total number of allowances that any entity participating in the
- 23 program can hold at one time, subject to certain exceptions. The
- 24 current holding limit could adversely affect the liquidity and
- 25 efficiency of the emissions allowance market in that the holding
- 26 limit functions to require some entities participating in the
- 27 market-based compliance mechanism to surrender compliance
- 28 instruments for compliance prior to established regulatory
- 29 compliance deadlines, thus creating artificial scarcity in the market.
- 30 (e) Revising the holding limit to permit entities participating in
- 31 the market-based compliance mechanism to freely transfer
- 32 allowances from a compliance and holding account to meet their

1 obligations under the market-based compliance mechanism will
2 promote market efficiency and fairness while maintaining the state
3 board’s ability to preserve market integrity and prevent market
4 manipulation.

5 SEC. 2. Section 38575 is added to the Health and Safety Code,
6 to read:

7 38575. (a) For purposes of this section, the following terms
8 have the following meanings:

9 (1) “Compliance account” means an account, created by the
10 state board for an entity participating in a market-based compliance
11 mechanism that has a compliance obligation, to which the entity
12 transfers allowances and offsets to meet its compliance obligations.

13 (2) “Compliance obligation” means the quantity of verified
14 reported greenhouse gas emissions or assigned greenhouse gas
15 emissions for which an entity participating in a market-based
16 compliance mechanism is required to submit compliance
17 instruments to the state board.

18 (3) “Holding account” means an account created for each entity
19 participating in a market-based compliance mechanism, or a
20 voluntarily associated entity, to hold allowances or offsets.

21 (4) “Offset” means a greenhouse gas emissions reduction or
22 greenhouse gas emissions removal enhancement verified by the
23 state board that may be used by an entity participating in a
24 market-based compliance mechanism to satisfy a compliance
25 obligation.

26 (b) For any market-based compliance mechanism that the state
27 board might adopt pursuant to this part, the state board shall allow
28 participating entities to freely sell or transfer greenhouse gas
29 emissions allowances held in a holding account or compliance
30 account, except for allowances that have been expressly retired to
31 meet a compliance obligation. This subdivision also applies to
32 allowances held jointly by a group of entities with a direct
33 corporation association.

34 (c) No later than June 30, 2016, the state board shall promulgate
35 a regulation for the purposes of this section. A regulation adopted
36 pursuant to this section shall be exempt from the Administrative
37 Procedure Act (Chapter 3.5 (commencing with Section 11340) of
38 Part 1 of Division 3 of Title 2 of the Government Code) and the
39 California Environmental Quality Act (Division 13 (commencing
40 with Section 21000) of the Public Resources Code).

1 SEC. 3. Section 38576 is added to the Health and Safety Code,
2 to read:

3 38576. (a) For any market-based compliance mechanism that
4 the state board might adopt, the state board shall set a price cap
5 on any allowances offered for purchase through the state board.

6 (b) No later than June 30, 2016, the state board shall promulgate
7 a regulation for the purposes of this section. A regulation adopted
8 pursuant to this section shall be exempt from the Administrative
9 Procedure Act (Chapter 3.5 (commencing with Section 11340) of
10 Part 1 of Division 3 of Title 2 of the Government Code) and the
11 California Environmental Quality Act (Division 13 (commencing
12 with Section 21000) of the Public Resources Code).

ASSEMBLY BILL

No. 742

Introduced by Assembly Member Gallagher

February 25, 2015

An act to add Section 43018.3 to the Health and Safety Code, relating to vehicular air pollution.

LEGISLATIVE COUNSEL'S DIGEST

AB 742, as introduced, Gallagher. Heavy-duty diesel-fueled vehicles: safety review: filters.

Existing law imposes various limitations on emissions of air contaminants for the control of air pollution from vehicular and nonvehicular sources. Existing law generally designates the State Air Resources Board as the state agency with the primary responsibility for the control of vehicular air pollution. Existing law requires the state board to adopt and implement motor vehicle emission standards, in-use performance standards, and motor vehicle fuel specifications for the control of air contaminants, including standards for off-road and nonvehicle engine categories.

This bill would prohibit the state board from enforcing a certain regulation that restricts emissions from in-use, diesel-fueled vehicles until the state board completes a review of the safety of any particulate-matter filters required to be installed on affected vehicles.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 43018.3 is added to the Health and Safety
2 Code, to read:
3 43018.3. (a) (1) For a regulation for the reduction of emissions
4 of diesel particulate matter, oxides of nitrogen, and other criteria
5 pollutants from in-use diesel-fueled vehicles, applicable to any
6 person, business, federal government agency, school district, or
7 school transportation provider that owns or operates, leases, or
8 rents, affected vehicles that operate in California and to persons
9 that sell affected vehicles in California, the state board shall not
10 enforce that regulation until the state board completes a review of
11 the safety of any particulate-matter filters required to be installed
12 on those affected vehicles.
13 (2) The state board shall notify the Secretary of State of both
14 of the following:
15 (A) The suspension of the enforcement of a regulation pursuant
16 to paragraph (1).
17 (B) The resumed enforcement of a regulation following the
18 completion of the safety review required pursuant to paragraph
19 (1).
20 (b) As used in this section, “affected vehicles” means vehicles
21 that operate on diesel fuel, dual fuel, or alternative diesel fuel that
22 are registered to be driven on public highways, vehicles that were
23 originally designed to be driven on public highways whether or
24 not they are registered, yard trucks with on-road engines or yard
25 trucks with off-road engines used for agricultural operations, both
26 engines of two-engine sweepers, schoolbuses, and vehicles that
27 have a manufacturer’s gross vehicle weight rating greater than
28 14,000 pounds, except as exempted by the state board.

O

ASSEMBLY BILL

No. 777

Introduced by Assembly Member Harper

February 25, 2015

An act to repeal Division 25.5 (commencing with Section 38500) of the Health and Safety Code, relating to greenhouse gases.

LEGISLATIVE COUNSEL'S DIGEST

AB 777, as introduced, Harper. California Global Warming Solutions Act of 2006: repeal.

The California Global Warming Solutions Act of 2006 designates the State Air Resources Board as the state agency charged with monitoring and regulating sources of emissions of greenhouse gases. The state board is required to adopt a statewide greenhouse gas emissions limit equivalent to the statewide greenhouse gas emissions level in 1990 to be achieved by 2020 and to adopt rules and regulations in an open public process to achieve the maximum, technologically feasible, and cost-effective greenhouse gas emissions reductions.

This bill would repeal the act.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Division 25.5 (commencing with Section 38500)
- 2 of the Health and Safety Code is repealed.

O

ASSEMBLY BILL

No. 945

Introduced by Assembly Member Ting

February 26, 2015

An act to add and repeal Section 6377 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 945, as introduced, Ting. Sales and use taxes: exemption: low-emission vehicles.

Existing sales and use tax laws impose a tax on retailers measured by the gross receipts from the sale of tangible personal property sold at retail in this state, or on the storage, use, or other consumption in this state of tangible personal property purchased from a retailer for the storage, use, or other consumption in this state, and provides various exemptions from those taxes.

The bill would, until January 1, 2020, provide either a partial exemption or a partial exclusion from those taxes with respect to the sale of specified low-emission vehicles, as provided.

The Bradley-Burns Uniform Local Sales and Use Tax Law authorizes counties and cities to impose local sales and use taxes in conformity with the Sales and Use Tax Law, and existing law authorizes districts, as specified, to impose transactions and use taxes in accordance with the Transactions and Use Tax Law, which conforms to the Sales and Use Tax Law. Amendments to state sales and use taxes are incorporated into these laws.

Section 2230 of the Revenue and Taxation Code provides that the state will reimburse counties and cities for revenue losses caused by the enactment of sales and use tax exemptions.

This bill would provide that, notwithstanding Section 2230 of the Revenue and Taxation Code, no appropriation is made and the state shall not reimburse any local agencies for sales and use tax revenues lost by them pursuant to this bill.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 6377 is added to the Revenue and
2 Taxation Code, to read:

3 6377. (a) There are exempted from the taxes imposed by this
4 part the greater of either of the following:

5 (1) The gross receipts from the sale of, and the storage and use
6 of, or other consumption in this state of, any vehicle, as specified
7 in paragraphs (1) or (3) of subdivision (a) of Section 5205.5 of the
8 Vehicle Code, or any successor to those provisions, or advanced
9 technology medium and heavy duty vehicles that are eligible for
10 the California Hybrid and Zero-Emission Truck and Bus Voucher
11 Incentive Project funded under the Air Quality Improvement
12 Program at the State Air Resources Board or the Natural Gas and
13 Propane Vehicle Buydown program funded by the Alternative and
14 Renewable Fuel and Vehicle Technology Program at the California
15 Energy Commission, which exemption shall not include any tax
16 levied by a county, city, or district pursuant to, or in accordance
17 with, either the Bradley-Burns Uniform Local Sales and Use Tax
18 Law (Part 1.5 (commencing with Section 7200)) or the
19 Transactions and Use Tax Law (Part 1.6 (commencing with Section
20 7251)) of those laws.

21 (2) The gross receipts measured by the value of a motor vehicle
22 traded in for a vehicle described in paragraph (1) or (3) of
23 subdivision (a) of Section 5205.5 of the Vehicle Code, or any
24 successor to those provisions, or advanced technology medium
25 and heavy duty vehicles that are eligible for the California Hybrid
26 and Zero-Emission Truck and Bus Voucher Incentive Project
27 funded under the Air Quality Improvement Program at the State
28 Air Resources Board or the Natural Gas and Propane Vehicle
29 Buydown program funded by the Alternative and Renewable Fuel
30 and Vehicle Technology Program at the California Energy

1 Commission, if the value of the trade-in motor vehicle is separately
2 stated on the new motor vehicle invoice or bill of sale or similar
3 document provided to the purchaser.

4 (b) Notwithstanding subdivision (a), the exemption established
5 by this section shall not apply with respect to any tax levied
6 pursuant to Section 6051.2 or 6201.2, pursuant to Section 35 of
7 Article XIII of the California Constitution, or any tax levied
8 pursuant to Section 6051 or 6201 that is deposited in the State
9 Treasury to the credit of the Local Revenue Fund 2011 pursuant
10 to Section 6051.15 or 6201.15.

11 (c) This section shall remain in effect only until January 1,
12 2020, and as of that date is repealed, unless a later enacted statute,
13 that is enacted before January 1, 2020, deletes or extends that date.

14 SEC. 2. Notwithstanding Section 2230 of the Revenue and
15 Taxation Code, no appropriation is made by this act and the state
16 shall not reimburse any local agency for any sales and use tax
17 revenues lost by it under this act.

18 SEC. 3. This act provides for a tax levy within the meaning
19 of Article IV of the Constitution and shall go into immediate effect.

Introduced by Senator GainesDecember 1, 2014

An act to add Section 38576 to the Health and Safety Code, relating to greenhouse gases, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 1, as introduced, Gaines. California Global Warming Solutions Act of 2006: market-based compliance mechanisms: exemption.

The California Global Warming Solutions Act of 2006 designates the State Air Resources Board as the state agency charged with monitoring and regulating sources of emissions of greenhouse gases. The state board is required to adopt a statewide greenhouse gas emissions limit equivalent to the statewide greenhouse gas emissions level in 1990 to be achieved by 2020, and to adopt rules and regulations in an open, public process to achieve the maximum, technologically feasible, and cost-effective greenhouse gas emissions reductions. The act authorizes the state board to include the use of market-based compliance mechanisms. Existing state board regulations require specified entities to comply with a market-based compliance mechanism beginning January 1, 2013, and require additional specified entities to comply with that market-based compliance mechanism beginning January 1, 2015.

This bill instead would exempt categories of persons or entities that did not have a compliance obligation, as defined, under a market-based compliance mechanism beginning January 1, 2013, from being subject to that market-based compliance mechanism. The bill would require all participating categories of persons or entities to have a compliance obligation beginning January 1, 2025.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: 2/3. Appropriation: no. Fiscal committee: yes.

State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares all of the
2 following:

3 (a) The landmark California Global Warming Solutions Act of
4 2006 (Division 25.5 (commencing with Section 38500) of the
5 Health and Safety Code) set the goal of reducing greenhouse gas
6 emissions to 1990 levels by 2020. The act required the State Air
7 Resources Board to develop a scoping plan, including direct
8 regulations, performance-based standards, and market-based
9 mechanisms, to achieve this level of greenhouse gas emissions
10 reductions.

11 (b) The State Air Resources Board has implemented a
12 market-based compliance mechanism under the California Global
13 Warming Solutions Act of 2006 (Division 25.5 (commencing with
14 Section 38500) of the Health and Safety Code).

15 (c) Beginning January 1, 2015, the State Air Resources Board’s
16 market-based compliance mechanism expanded from covering
17 large industrial facilities to include carbon-based transportation
18 fuels used today by the state’s motorists.

19 (d) Including transportation fuels in a market-based compliance
20 mechanism requires suppliers of transportation fuels to purchase
21 carbon allowances for gasoline and diesel sold and used in the
22 state, therefore, adding a carbon price to the cost of transportation
23 fuels.

24 (e) The State Air Resources Board’s regulatory analysis for the
25 market-based compliance mechanism anticipates carbon allowance
26 costs ranging from \$15 to \$75, inclusive, per ton between 2015
27 and 2020.

28 (f) Including transportation fuels in a market-based compliance
29 mechanism links the cost of gasoline and diesel to potentially
30 volatile carbon markets placing the state’s motorists, families, and
31 small businesses at risk.

32 (g) Many areas of the state continue to struggle from
33 disproportionately high unemployment rates and the state’s

1 hard-working low-income and middle-income families will likely
2 suffer most from this sudden addition in addition to potentially
3 volatile carbon costs on transportation fuels.

4 SEC. 2. Section 38576 is added to the Health and Safety Code,
5 to read:

6 38576. (a) For purposes of this section, “compliance
7 obligation” means the quantity of greenhouse gas emissions for
8 which a person or entity is required to submit greenhouse gas
9 emissions allowances or offsets to the state board pursuant to a
10 market-based compliance mechanism.

11 (b) (1) If the state board adopts a market-based compliance
12 mechanism pursuant to this part, only those categories of persons
13 or entities that had a compliance obligation beginning January 1,
14 2013, shall have a compliance obligation on the effective date of
15 the act adding this section, until December 31, 2024.

16 (2) Beginning January 1, 2025, all categories of persons or
17 entities participating in a market-based compliance mechanism
18 shall have a compliance obligation.

19 SEC. 3. This act is an urgency statute necessary for the
20 immediate preservation of the public peace, health, or safety within
21 the meaning of Article IV of the Constitution and shall go into
22 immediate effect. The facts constituting the necessity are:

23 To protect California’s struggling economy from the harmful
24 effect of higher fuel costs, it is necessary for this act to take effect
25 immediately.

**Introduced by Senator Vidak
(Principal coauthor: Senator Huff)**

(Principal coauthors: Assembly Members Kim, Olsen, Patterson, and Wilk)

(Coauthors: Senators Anderson, Bates, Berryhill, Fuller, Morrell, Nielsen, and Stone)

(Coauthors: Assembly Members Achadjian, Travis Allen, Brough, Chang, Beth Gaines, Grove, Linder, Maienschein, Mathis, Mayes, Melendez, Obernolte, Steinorth, Wagner, and Waldron)

December 1, 2014

An act to add Section 38576 to the Health and Safety Code, relating to greenhouse gases, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 5, as introduced, Vidak. California Global Warming Solutions Act of 2006: market-based compliance mechanisms: exemption.

The California Global Warming Solutions Act of 2006 designates the State Air Resources Board as the state agency charged with monitoring and regulating sources of emissions of greenhouse gases. The state board is required to adopt a statewide greenhouse gas emissions limit equivalent to the statewide greenhouse gas emissions level in 1990 to be achieved by 2020, and to adopt rules and regulations in an open public process to achieve the maximum, technologically feasible, and cost-effective greenhouse gas emissions reductions. The act authorizes the state board to include the use of market-based compliance mechanisms. Existing state board regulations require specified entities to comply with a market-based compliance mechanism beginning January 1, 2013, and require additional specified entities to

comply with that market-based compliance mechanism beginning January 1, 2015.

This bill instead would exempt categories of persons or entities that did not have a compliance obligation, as defined, under a market-based compliance mechanism beginning January 1, 2013, from being subject to that market-based compliance mechanism through December 31, 2020.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares all of the
2 following:

3 (a) The landmark California Global Warming Solutions Act of
4 2006 (Division 25.5 (commencing with Section 38500) of the
5 Health and Safety Code) set the goal of reducing greenhouse gas
6 emissions to 1990 levels by 2020. The act required the State Air
7 Resources Board to develop a scoping plan, including direct
8 regulations, performance-based standards, and market-based
9 mechanisms, to achieve this level of greenhouse gas emissions
10 reductions.

11 (b) The State Air Resources Board has implemented a
12 market-based compliance mechanism under the California Global
13 Warming Solutions Act of 2006 (Division 25.5 (commencing with
14 Section 38500) of the Health and Safety Code).

15 (c) Beginning January 1, 2015, the State Air Resources Board's
16 market-based compliance mechanism will expand from covering
17 large industrial facilities to include carbon-based transportation
18 fuels, used today by the state's motorists, as well as natural gas.

19 (d) Including transportation fuels in a market-based compliance
20 mechanism will require suppliers of transportation fuels to purchase
21 carbon allowances for gasoline and diesel sold and used in the
22 state, therefore adding a carbon price to the cost of transportation
23 fuels.

24 (e) This market-based compliance mechanism may increase the
25 cost of transportation fuels by 15 to 76 cents a gallon.

1 (f) Many areas of the state continue to struggle from
2 disproportionately high unemployment rates and the state’s
3 hard-working low-income and middle-income families will likely
4 suffer most from this additional cost burden.

5 SEC. 2. Section 38576 is added to the Health and Safety Code,
6 to read:

7 38576. (a) For purposes of this section, “compliance
8 obligation” means the quantity of greenhouse gas emissions for
9 which a person or entity is required to submit greenhouse gas
10 emissions allowances or offsets to the state board pursuant to a
11 market-based compliance mechanism.

12 (b) If the state board adopts a market-based compliance
13 mechanism pursuant to this part, only those categories of persons
14 or entities that had a compliance obligation beginning January 1,
15 2013, and until December 31, 2014, shall have a compliance
16 obligation through December 31, 2020, consistent with subdivision
17 (c) of Section 38562.

18 (c) This Section applies retroactively from January 1, 2015.

19 SEC. 3. This act is an urgency statute necessary for the
20 immediate preservation of the public peace, health, or safety within
21 the meaning of Article IV of the Constitution and shall go into
22 immediate effect. The facts constituting the necessity are:

23 To reduce the cost impact on consumers, it is necessary for this
24 act to take effect immediately.

Introduced by Senator Beall

February 26, 2015

An act relating to vehicular air pollution.

LEGISLATIVE COUNSEL'S DIGEST

SB 513, as introduced, Beall. Carl Moyer Memorial Air Quality Standards Attainment Program.

Existing law establishes the Carl Moyer Memorial Air Quality Standards Attainment Program, which is administered by the State Air Resources Board, to provide grants to offset the incremental cost of eligible projects that reduce emissions of air pollutants from vehicular sources in the state and for funding a fueling infrastructure demonstration program and technology development efforts.

This bill would state the intent of the Legislature to enact legislation to amend the program to achieve even greater air quality benefits.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. It is the intent of the Legislature to enact
- 2 legislation to amend the Carl Moyer Memorial Air Quality
- 3 Standards Attainment Program (Chapter 9 (commencing with
- 4 Section 44275) of Part 5 of Division 26 of the Health and Safety
- 5 Code) to achieve even greater air quality benefits.

O

Introduced by Senator AllenFebruary 27, 2015

An act to add Section 4024 to the Vehicle Code, relating to vehicle registration.

LEGISLATIVE COUNSEL'S DIGEST

SB 773, as introduced, Allen. Vehicles: registration fraud: study.

Existing law prohibits a person from driving, moving, or leaving standing upon a highway, or in an offstreet public parking facility, any motor vehicle, trailer, semitrailer, pole or pipe dolly, or logging dolly, unless it is registered and the appropriate fees have been paid, except as specified. Existing law makes it a felony for a person who, with the intent to prejudice, damage, or defraud, alters, forges, counterfeit, or falsifies a registration card or who utters, publishes, passes, or attempts to pass, as true and genuine, a false, altered, forged, or counterfeited registration card knowing it to be false, altered, forged, or counterfeited.

This bill would request the University of California to conduct a study on motor vehicle registration fraud and failure to register a motor vehicle, and would require the study to include specified information, including, quantification of the magnitude of the problem, the costs to the state and local governments in lost revenues, and recommended strategies for increasing compliance with registration requirements. The bill would require the Department of Motor Vehicles, the Department of the California Highway Patrol, and other state agencies, as requested by the University of California, to fully cooperate with the University of California in conducting the study. The bill would request the University of California to post a report of the study on its Internet Web site no later than January 1, 2017.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. (a) The Legislature finds and declares all of the
- 2 following:
- 3 (1) Motor vehicle registration fraud and failure to register a
- 4 motor vehicle is both illegal and fundamentally unfair to the vast
- 5 majority of Californians who comply with registration
- 6 requirements. It robs the state and local governments of millions
- 7 of dollars of revenues needed for vital purposes, such as
- 8 transportation projects, supporting the Department of the California
- 9 Highway Patrol, deterring auto theft, enforcing laws prohibiting
- 10 driving under the influence of alcohol or drugs, removing
- 11 abandoned vehicles, and many other socially desirable programs.
- 12 (2) Motor vehicle registration fraud and failure to register a
- 13 motor vehicle also has significant public health consequences and
- 14 contributes disproportionately to motor vehicle emissions because
- 15 many individuals committing registration fraud have gross emitting
- 16 vehicles and are deliberately circumventing the inspection and
- 17 maintenance program.
- 18 (3) Motor vehicle registration fraud and failure to register a
- 19 motor vehicle also significantly increases insurance costs for
- 20 law-abiding citizens.
- 21 (4) It is in the public interest to have motor vehicle owners
- 22 comply with existing registration laws.
- 23 (b) Therefore, it is the intent of the Legislature to encourage
- 24 motorists to register their vehicles in accordance with existing law.
- 25 SEC. 2. Section 4024 is added to the Vehicle Code, to read:
- 26 4024. (a) The University of California is requested to conduct
- 27 a study on motor vehicle registration fraud and failure to register
- 28 a motor vehicle. The study shall include all of the following:
- 29 (1) Quantification of the magnitude of the problem.
- 30 (2) The strategies being used by motorists to commit motor
- 31 vehicle registration fraud.
- 32 (3) The reasons for the behaviors of motorists who commit fraud
- 33 in registrations of, or fail to register their, motor vehicles.
- 34 (4) The costs to the state and local governments in lost revenues.
- 35 (5) Increases in air pollution.

- 1 (6) Other costs, and consequences of these behaviors.
- 2 (7) Recommended strategies for increasing compliance with
- 3 registration requirements.
- 4 (b) The Department of Motor Vehicles, the Department of the
- 5 California Highway Patrol, and other state agencies, as requested
- 6 by the University of California, shall fully cooperate with the
- 7 University of California in conducting the study.
- 8 (c) The University of California is requested to post a report of
- 9 the study on its Internet Web site no later than January 1, 2017.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Carole Groom and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/Air Pollution Control Officer

Date: April 1, 2015

Re: Report of the Ad Hoc Building Oversight Committee Meeting of April 15, 2015

RECOMMENDED ACTION

The Ad Hoc Building Oversight Committee (Committee) will receive only informational items and have no recommendations of approval by the Board of Directors (Board).

BACKGROUND

The Committee will meet on Wednesday, April 15, 2015, and receive the following reports:

- A) 375 Beale Street – Project Status Report – April, 2015; and
- B) Update on Shared Services.

Chairperson Carole Groom will provide an oral report of the Committee meeting.

BUDGET CONSIDERATION/FINANCIAL IMPACT

- A) None.
- B) Costs for Shared Services Organization (SSO) have yet to be finalized. Staff will present these costs of the Committee for discussion when available. An SSO narrative has been included in the draft fiscal year ending 2016 budget.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Sean Gallagher
Reviewed by: Maricela Martinez

Attachment A: 04/15/15 – Ad Hoc Building Committee Meeting Agenda #4
Attachment B: 04/15/15 – Ad Hoc Building Committee Meeting Agenda #5

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Carole Groom and Members
of the Ad Hoc Building Oversight Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 1, 2015

Re: 375 Beale Street – Project Status Report – April 2015

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

The Air District is currently scheduled to relocate its operations to the new Regional Agency Headquarters (RAHQ) located at 375 Beale Street in December, 2015.

Construction at 375 Beale Street began in January, 2013, with excavation, foundation strengthening, and demolition of the interior of the building including the atrium demolition that concluded in January, 2014. The framing of offices and installation of utilities work began in July, 2014, and is continuing on Levels 1, 2, 6, 7 and 8.

DISCUSSION

Update on the Drug Enforcement Administration (DEA) Tenancy

The General Services Administration (GSA) completed decommissioning to remove residual hazardous materials from the DEA space on the 8th floor on March 9, 2015. The GSA provided a preliminary clearance letter to BAHA on hazardous materials on March 16, 2015; and a preliminary clearance letter on March 18, 2015. A final testing report is forthcoming.

Utilities in the building were cut in the former DEA space on March 17, 2015, and construction work began in the space on March 18, 2015. The Construction Manager at McCarthy Building Companies Inc. (McCarthy) is preparing a revised schedule that accounts for the DEA's actual departure date and is also studying ways to accelerate project completion, to maintain the December move in date. A copy of recent construction photos is included as Attachment A.

Furniture Selection

Agency representatives along with the design team of Tom Elliot Fish (TEF), and furniture contractor, Hogue, are working to finalize fabric, finishes and color options of agency furniture. Hogue is also refining the preliminary furniture installation schedule to align with construction activities. The next major effort is the evaluation and selection of approximately 2,000 chairs (board room dais, multi-purpose, conference, and task seating) throughout the new building.

For the Board Room, five (5) sample board member/dais chairs will be available for a “chair sit test” at the Air District on the April 15, 2015, before, during and after the board meeting in the lobby (Attachment B).

Move Coordination

The move coordinator consultant, Relocation Connection, Inc., (Relo), is completing its site visits to inventory exiting furniture and to develop a move schedule for each of the agencies. To prepare for the move, the first of three paperwork and work space clean-up events began at the Air District on March 27, 2015.

The Ad Hoc Building Oversight Committee will receive additional updates on the project at its April 15, 2015, meeting. The items to be covered will include an update on construction; furniture procurement; and move coordination.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Mary Ann Okpalaugo

Reviewed by: Damian Breen

Figure 1: Atrium Skylight Support



Figure 2: Atrium Skylight Glass in Place



Figure 3: Demolition on Level 8



Figure 4: Mock Office at 375 Beale Street

BOARD MEMBER

#1

Keilhauer
"Unity"



#2

Rouillard
"Classic"



#3

Coalesse
"Bindu"



#4

Vitra
"ID Series"



#5

Krug
"Dorso"



BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Carole Groom and Members
of the Ad Hoc Building Oversight Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 2, 2015

Re: Update on the Proposed Shared Services Organization

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

The Air District is currently scheduled to relocate its operations to the new Regional Agency Headquarters (RAHQ) located at 375 Beale Street in December, 2015.

The vision for the RAHQ includes the sharing of business operations and technology solutions among the Bay Area Air Quality Management District (Air District), Metropolitan Transportation Commission (MTC), and Association of Bay Area Governments (ABAG), at move in to improve co-operation and efficiency. In order to accomplish these and other goals in advance of the move into the RAHQ, the 375 Beale Committee was formed. This committee is comprised of the Executive Directors from the Air District, MTC, and ABAG, (the Agencies) and has been structured to be able to make binding decisions in advance of creating the 375 Beale Street Condominium Corporation.

The 375 Beale Committee identified approximately 30 business operations and technology solutions the Agencies were interested in sharing. It then engaged consultants, Accenture, to study models and principles for the Agencies to work together in these areas now and in the future. As part of this report, staff will update the Ad Hoc Building Oversight Committee on: the services targeted for sharing; the concept of a shared services organization; models for sharing services; and current plans for sharing among the agencies.

DISCUSSION

One of the key principles behind the move to the RAHQ is, that by co-locating, the Agencies will look to reduce costs, improve efficiency and co-operation by sharing equipment, operations, supplies, etc., where practical. In order to take the first steps towards this type of sharing, staff from the business and IT groups at the Agencies worked together to recommend 30 separate areas where it is believed that cooperation could lead to improved efficiencies and cost savings. These areas are split into business and IT functions (see Table 1).

Table 1 - Business and IT Operations identified for sharing by the Agencies

Business Operations	IT Operations
<p>General Services</p> <ol style="list-style-type: none"> 1) Receptionist/Visitor Management 2) Secured Card Access 3) Conference Room Scheduling 4) Conference Room Setup/Equipment 5) Copy/Print Services 6) Pantries and Supply Rooms 7) Shuttle Services 8) Fleet Management 9) Wellness Center 10) Agency Mail Distribution/Processing <p>Building Services</p> <ol style="list-style-type: none"> 1) Building Management with Agency Liaisons 2) Building Security with Agency Liaisons 3) Secured Mail Delivery Room 4) Bike Racks 5) Retail Food Vendors 	<p>Office Productivity</p> <ol style="list-style-type: none"> 1) Email 2) Calendaring/Meeting Scheduling 3) Conference Room Scheduling 4) Visitor Scheduling and Management 5) Video Conferencing 6) Webcasting 7) Conference Room Audio/Visual Support Systems 8) Printers/Copiers <p>IT Infrastructure</p> <ol style="list-style-type: none"> 1) Electronic File Storage and Information Collaboration Services 2) Telephone Systems 3) Converged Network, Cabling, and Components 4) Wireless (Wi-Fi) network 5) Internet Connectivity 6) Server Rooms 7) IDF Rooms

Having identified these services as being likely candidates for sharing, the following questions arose: how would these services actually operate in practice; how would they be organized and governed; and how would they be structured so that any model used for sharing now could be scaled to larger portions of the Agencies operations in future. In order to answer these questions, the 375 Beale Street Committee hired Accenture, a consultancy firm, with extensive experience in setting up shared services for both private and public entities.

The Shared Services Organization Concept

Based on its analysis, Accenture recommended that the Agencies explore the concept of a Shared Services Organization (SSO). The idea of an SSO is that it operates independently from the functions of the individual agencies, freeing them up to focus on their core missions. The SSO acts as a service provider to each agency, via agreements, that describe the levels of service required for each of the services being shared. While the concept is simple, the governance and rules around the levels of service and operation of the SSO take time to put in place and need to be well thought out to be effective.

Models for an SSO

In order to determine what SSO structure would work best for the Agencies, Accenture and staff examined a number of different organizational models for this type of entity including:

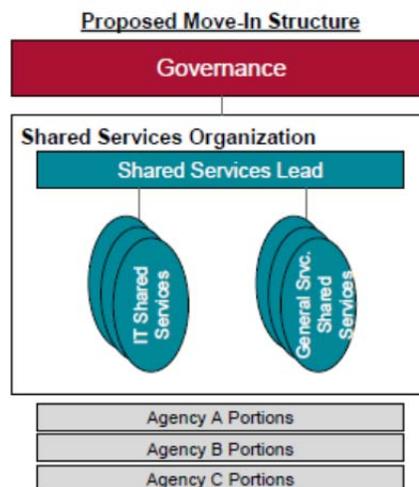
- A fully centralized SSO organization staffed with contractors to perform all of the shared services;
- A hybrid model that included the maximum number of Agency staff to perform SSO duties with limited contractor backup; and
- A hybrid model where individual Agencies are responsible for portions of the SSO functions with limited contractor back up and a small number of centralized functions.

Analysis of these models was further complicated by:

- The relationships each of the agencies have with their workforce, for example both the Air District and ABAG have bargaining units and labor contracts, where MTC has neither;
- Agency chains of command and reporting structures; and
- The fact that some of these functionalities are new and possibly represent new cost to the Agencies.

Staff determined that a hybrid model where individual Agencies are responsible for portions of the SSO functions with limited contractor back up and a small number of centralized functions was the best and most scalable model to begin the sharing process with.

Figure 1-Proposed Model for Shared Services Organization at Move In



This organization would be structured to report to the 375 Beale Street Condominium Corporation, with individual agencies performing services for the others based on agreements between the Agencies. Additionally, a small core of employees would work in a centralized SSO organization, outside of the Agencies, to run common condominium operations (building functions like security and elevator operation; the building wireless network; the core IT network; etc.) with the support of contract employees.

Current Plans for SSO

With the model for SSO in place, staff is now working with MTC and ABAG on:

- SSO costs;
- Agency responsibilities and service level agreements;
- Business rules for shared services; and
- Legal and contractual requirements for SSO structures.

Staff will update the Committee on the progress in each of these areas at the April 15, 2015, Committee meeting.

BUDGET CONSIDERATION/FINANCIAL IMPACT

Costs for SSO have yet to be finalized. Staff will present these costs to the Committee for discussion when available. An SSO narrative has been included in the draft fiscal year ending 2016 budget.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Damian Breen

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Carole Groom and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 7, 2015

Re: Public Hearing to Receive Testimony on Proposed Amendments to Air District
Regulation 3: Fees

RECOMMENDED ACTION

Air District staff recommends that the Board of Directors receive testimony on proposed amendments to Air District Regulation 3 that would apply in the upcoming Fiscal Year Ending (FYE) 2016. (A second public hearing, which has been scheduled for June 3, 2015, is required prior to adoption).

BACKGROUND

Staff develops amendments to the Air District's fee regulation as a part of the budget preparation process. On March 7, 2012, the Board of Directors adopted a Cost Recovery Policy that established a goal of increasing fee revenue sufficient to achieve 85 percent recovery of regulatory program costs by the end of Fiscal Year Ending (FYE) 2016.

DISCUSSION

Consistent with the Cost Recovery Policy, draft amendments to specific fee schedules were made in consideration of cost recovery analyses conducted at the fee schedule-level, with larger increases being proposed for the schedules that have larger cost recovery gaps.

Existing fee schedules would be amended as follows:

- 2.6 percent increase for fee schedules that are recovering greater than 95 percent of costs;
- 7 percent increase for fee schedules that are recovering 85 to 95 percent of costs;
- 8 percent increase for fee schedules that are recovering 75 to 84 percent of costs; and
- 9 percent increase for fee schedules that are recovering less than 75 percent of costs.

A number of fees that are administrative in nature; permit application filing fees, alternative compliance plan fees, and permit to operate renewal processing fees would be increased by 2.6 percent. The annual Consumer Price Index for Bay Area Urban Wage Earners and Clerical Workers (CPI-W) increased 2.6% from 2013 to 2014.

The following additional amendments are proposed:

- Facility registration fees for boilers in Schedule R: Equipment Registration Fees would be deleted and replaced with a registration fee per device equal to \$100.
- Fees to alter a permitted source in Section 3-304 would be amended to be the same as the fees to modify a source found in Section 3-302.

Schedule T: Greenhouse Gas Fees will increase from \$0.07 to \$0.09 per metric ton of carbon dioxide equivalent (CDE) emissions. This fee rate was adopted last year as part of a two-year, phased increase (Board of Directors Resolution No. 2014-04).

A draft Staff Report is attached which provides additional details regarding the proposed fee amendments.

BUDGET CONSIDERATION/FINANCIAL IMPACT

The draft fee amendments would increase fee revenue in FYE 2016 by an estimated \$2.3 million from revenue that would otherwise result without a fee increase.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Jim Karas
Reveiwed by: Jeffrey McKay

Attachment: Staff Report Proposed Amendments to BAAQMD Regulation 3: Fees,
Draft - March 26, 2015



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

STAFF REPORT

PROPOSED AMENDMENTS TO BAAQMD REGULATION 3: FEES

DRAFT

MARCH 26, 2015

TABLE OF CONTENTS

1.	EXECUTIVE SUMMARY.....	1
2.	BACKGROUND.....	2
3.	PROPOSED FEE AMENDMENTS FOR FYE 2016	
	3.1 OVERVIEW OF PROPOSED AMENDMENTS.....	4
	3.2 PROPOSED RULE AMENDMENTS.....	6
4.	FEE REVENUE AND COSTS OF PROGRAM ACTIVITIES	11
5.	STATUTORY AUTHORITY FOR PROPOSED FEE INCREASES.....	12
6.	ASSOCIATED IMPACTS/RULE DEVELOPMENT REQUIREMENTS	
	6.1 EMISSIONS IMPACTS.....	13
	6.2 ECONOMIC IMPACTS.....	14
	6.3 ENVIRONMENTAL IMPACTS.....	18
	6.4 STATUTORY FINDINGS.....	18
7.	RULE DEVELOPMENT PROCESS.....	18
8.	PUBLIC COMMENTS.....	19
9.	CONCLUSIONS.....	21
	Appendix A – Cost Recovery Policy.....	A-1
	Appendix B – Proposed Regulatory Language - Regulation 3: Fees.....	B-1

1. EXECUTIVE SUMMARY

District staff has prepared proposed amendments to District Regulation 3: Fees for Fiscal Year Ending (FYE) 2016 (i.e., July 1, 2015 to June 30, 2016) that would increase revenue to enable the Bay Area Air Quality Management District (District) to continue to effectively implement and enforce regulatory programs for stationary sources of air pollution. The proposed fee amendments for FYE 2016 are consistent with the District's Cost Recovery Policy, which was adopted on March 7, 2012 by the District's Board of Directors (see Appendix A). This policy states that the District should amend its fee regulation, in conjunction with the adoption of budgets for FYE 2013 through FYE 2016, in a manner sufficient to increase overall recovery of regulatory program activity costs to 85 percent. The policy also indicates that amendments to specific fee schedules should continue to be made in consideration of cost recovery analyses conducted at the fee schedule level, with larger increases being adopted for the schedules that have the larger cost recovery gaps. A recently completed 2015 Cost Recovery Study (a copy of which is available on request) shows that for the most recently completed fiscal year (FYE 2014), fee revenue recovered 80 percent of program activity costs.

The results of the 2015 Cost Recovery Study (a copy of which is available on request) were used to establish proposed fee amendments for each existing fee schedule based on the degree to which existing fee revenue recovers the regulatory program activity costs associated with the schedule. Based on this approach, the fee rates in certain fee schedules would be raised by the annual increase in the Bay Area Consumer Price Index (2.6%), while other fee schedules would be increased by 7, 8, or 9 percent. Several fees that are administrative in nature (e.g. permit application filing fees and permit renewal processing fees) would be increased by 2.6 percent. In addition, proposed amendments to Schedule R: Equipment Registration fees would delete the facility registration fee in Section 4a and replace it with a registration fee per device. Proposed amendments to Section 3-304, Alteration would increase the fee to alter an existing permitted source by an additional 50 percent of the initial fee for that source.

The proposed fee amendments would increase annual permit renewal fees for most small businesses that require District permits by less than \$100, with the exception of gas stations with more than four, three-product gasoline dispensing nozzles, which would have larger fee increases (e.g., a typical gas station with 10, three-product gasoline dispensing nozzles would have an increase of \$198 in annual permit renewal fees). For larger facilities, increases in annual permit renewal fees would range between 7 and 15 percent due to differences in the facility's size, type of emission sources, pollutant emission rates and applicable fee schedules. In accordance with State law, the District's amendments to Regulation 3 cannot cause an increase in overall permit fees by more than 15 percent in any calendar year. The proposed fee amendments would increase overall District fee revenue in FYE 2016 by approximately \$2.3 million relative to fee revenue that would be expected without the amendments.

District staff recommends that the Board of Directors adopt the proposed amendments to Regulation 3: Fees with an effective date of July 1, 2015, and approve the filing of a

CEQA Notice of Exemption following the 2nd public hearing scheduled to consider this matter on June 3, 2015.

2. BACKGROUND

State law authorizes the District to assess fees to generate revenue to recover the reasonable costs of regulatory program activities for stationary sources of air pollution. The largest portion of District fees is collected under provisions that allow the District to impose permit fees sufficient to recover the costs of program activities related to permitted sources. The District is also authorized to assess fees for: (1) area-wide or indirect sources of emissions which are regulated, but for which permits are not issued by the District, (2) sources subject to the requirements of the State Air Toxics Hot Spots Program (Assembly Bill 2588), and (3) activities related to the District's Hearing Board involving variances or appeals from District decisions on the issuance of permits. The District has established, and regularly updates, a fee regulation (District Regulation 3: Fees) under these authorities.

The District has analyzed whether fees result in the collection of a sufficient and appropriate amount of revenue in comparison to the costs of related program activities. In 1999, a comprehensive review of the District's fee structure and revenue was completed by the firm KPMG Peat Marwick LLP (*Bay Area Air Quality Management District Cost Recovery Study, Final Report: Phase One – Evaluation of Fee Revenues and Activity Costs*, KPMG Peat Marwick LLP, February 16, 1999). This 1999 Cost Recovery Study indicated that fee revenue did not nearly offset the full costs of program activities associated with sources subject to fees as authorized by State law. Property tax revenue (and in some years, reserve funds) had been used to close this cost recovery gap.

The District Board of Directors adopted an across-the-board fee increase of 15 percent, the maximum allowed by State law for permit fees, for FYE 2000 as a step toward more complete cost recovery. The District also implemented a detailed employee time accounting system to improve the ability to track costs by program activities moving forward. In each of the next five years, the District adjusted fees only to account for inflation (with the exception of FYE 2005, in which the District also approved further increases in Title V permit fees and a new permit renewal processing fee).

In 2004, the District funded an updated Cost Recovery Study. The accounting firm Stonefield Josephson, Inc. completed this study in March 2005 (*Bay Area Air Quality Management District Cost Recovery Study, Final Report*, Stonefield Josephson, Inc., March 30, 2005). This 2005 Cost Recovery Study indicated that a significant cost recovery gap continued to exist. The study also provided cost recovery results at the level of each individual fee schedule based on detailed time accounting data. Finally, the contractor provided a model that could be used by District staff to update the analysis of cost recovery on an annual basis using a consistent methodology.

For the five years following the completion of the 2005 Cost Recovery Study (i.e., FYE 2006 through 2010), the District adopted fee amendments that increased overall projected fee revenue by an average of 8.9 percent per year. In order to address fee equity issues, the various fees were not all increased in a uniform manner. Rather, individual fee schedules were amended based on the magnitude of the cost recovery gap for that schedule, with the schedules with the more significant cost recovery gaps receiving more significant fee increases. In FYE 2009, the District's fee amendments also included a new greenhouse gas (GHG) fee schedule. The GHG fee schedule recovers costs from stationary source activities related to the District's Climate Protection Program. In FYE 2011, the District adopted an across-the-board 5 percent fee increase, except for the Title V fee schedule (Schedule P) which was increased by 10 percent (the District's 2010 Cost Recovery Study indicated that Fee Schedule P recovered only 46 percent of program activity costs).

In September 2010, the District contracted with the firm Matrix Consulting Group to complete an updated analysis of cost recovery that could be used in developing fee amendments for FYE 2012 and beyond. This study also included a review of the District's current cost containment strategies, and provided recommendations to improve the management of the District's costs and the quality of services provided to stakeholders. The study was completed in March 2011 (*Cost Recovery and Containment Study, Bay Area Air Quality Management District, Final Report, Matrix Consulting Group, March 9, 2011*). The 2011 Cost Recovery and Containment Study concluded that, for FYE 2010, overall fee revenue recovered 64 percent of related program activity costs. The study also provided cost recovery results at the level of each individual fee schedule based on detailed time accounting data, and provided a methodology for District staff to update the analysis of cost recovery on an annual basis using a consistent methodology.

The results of the 2011 Cost Recovery and Containment Study were used to establish fee amendments for FYE 2012 that were designed to increase overall fee revenue by 10 percent (relative to fee revenue that would result without the fee amendments). In order to address fee equity issues, the various fees were not all increased in a uniform manner. Rather, existing fee schedules were amended based on the magnitude of the cost recovery gap for that schedule, with the schedules with the more significant cost recovery gaps receiving more significant fee increases. Based on this approach, the fee rates in several fee schedules were not increased, while the fee rates in other fee schedules were increased by 10, 12, or 14 percent.

One of the recommendations made by Matrix Consulting Group in their 2011 Cost Recovery and Containment Study indicated that the District should consider the adoption of a Cost Recovery Policy to guide future fee amendments. District staff initiated a process to develop such a Policy in May 2011, and a Stakeholder Advisory Group was convened to provide input in this regard. A Cost Recovery Policy was adopted by the District's Board of Directors on March 7, 2012 (see Appendix A). This policy specifies that the District should amend its fee regulation, in conjunction with the adoption of budgets for FYE 2013 through FYE 2016, in a manner sufficient to increase

overall recovery of regulatory program activity costs to 85 percent. The policy also indicates that amendments to specific fee schedules should continue to be made in consideration of cost recovery analyses conducted at the fee schedule-level, with larger increases being adopted for the schedules that have the larger cost recovery gaps.

Staff has updated the cost recovery analysis for the most recently completed fiscal year (FYE 2014) using the methodology established by Matrix Consulting Group. The 2015 Cost Recovery Study indicates that overall cost recovery rate in FYE 2014 was 80 percent.

3. PROPOSED FEE AMENDMENTS FOR FYE 2015

3.1 OVERVIEW OF PROPOSED AMENDMENTS

The results of the 2015 Cost Recovery Study (a copy of which is available on request) were used to establish proposed fee amendments for existing fee schedules based on the degree to which existing fee revenue recovers the activity costs associated with the schedule. Based on this approach, the fee rates in certain fee schedules would be increased by 7, 8, or 9 percent. Other fee schedules would be raised by 2.6%, the annual increase from 2013 to 2014 in the Bay Area Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) as reported by the United States Bureau of Labor Statistics. The specific basis for these proposed fee amendments is summarized in Table 1 as follows:

Table 1. Proposed Fee Changes Based on Cost Recovery by Fee Schedule

Revenue from Fee Schedule as a Percentage of Program Activity Costs	Fee Increase	Affected Fee Schedules
Revenue exceeds 95% of costs	2.6%	C, G-5, M, N, Q, U
Revenue is 85 to 95% of costs	7%	B, D, I, L
Revenue is 75 to 84% of costs	8%	F, G-3
Revenue is less than 75% of costs	9%	A, E, G-1, G-2, G-4, H, K, P, R, S, V

Cost recovery for Schedule D, Gasoline Transfer at Gasoline Dispensing Facilities and Schedule I, Dry Cleaners for was less than 75% (3-year average), however, a 7% fee increase is proposed for these schedules since the District's permitting and compliance costs in these areas continue to decrease in FYE 2015. The District's regulatory activities related to gasoline dispensing have trended lower due to the completed installation of enhanced vapor recovery and in-station diagnostics over the past several years as required by state law. Similarly, changes in state law prohibiting the use of perchloroethylene in dry cleaning operations have led to a shift in resources from permitted dry cleaning operations to non-halogenated solvent operations subject to the District's registration requirements. These trends are expected to continue into FYE 2016.

In addition to the proposed amendments to fee schedules, District staff is proposing to increase several administrative fees that appear in the Standards section of Regulation 3 by 2.6 percent. This includes permit application filing fees and permit renewal processing fees. Existing permit fees are well below the point of full cost recovery, and these fee increases are proposed to help the District reduce its cost recovery gap.

Schedule R: Equipment Registration Fees

The proposed amendments to Schedule R: Equipment Registration Fees would delete the \$590 facility registration fee in Section 4a and replace it with a registration fee per device equal to \$100. Owners and operators of smaller industrial, institutional, and commercial boilers are required to register them with the District in accordance with Regulation 9-7. These types of boilers are most commonly found in apartment and condominium complexes, schools, hospitals, police/fire stations, and other public buildings. The current facility registration fee in Schedule R is cost prohibitive to entities that operate multiple facilities. In addition, since boilers are currently renewed annually, a lower initial registration fee is appropriate and consistent with other registration fees found in Schedule R.

Section 304: Alteration

The proposed amendments to Section 304: Alteration would require that an applicant to alter an existing permitted source pay a filing fee and 50 percent of the initial fee for the source. The current fee for an application to alter a source is \$441.

A considerable level of effort is required by District staff to review alteration applications. These applications are multifaceted and may require an extensive review of upstream and downstream units, process flow and instrumentation diagrams, permitting records, material throughput data, and historical emission calculations. The purpose of the review is to ensure that the proposed alteration would not result in an increase in emissions, triggering New Source Review regulations. Most alteration applications received by the District are submitted by large, complex facilities such as oil refineries. The proposed fee is consistent with fees currently charged for the installation of abatement equipment.

Schedule T: Greenhouse Gas Fees

The purpose of Schedule T: Greenhouse Gas Fees is to recover the District's costs of its Climate Protection Program activities related to station sources. Schedule T fees are assessed to permitted facilities in proportion to the annual emissions of Greenhouse Gases (GHG) expressed on a carbon dioxide equivalent (CDE) basis, excluding any emitted biogenic carbon dioxide. The GHG emissions are calculated based on data reported to the District for the most recent 12-month period prior to billing.

In FYE 2016, Schedule T will increase from the current fee rate of \$0.07 to \$0.09 per metric ton of CDE emissions. This fee increase was adopted last year (FYE 2015) as part of a two-year, phased increase per Board of Directors Resolution No. 2014-04.

3.2 PROPOSED RULE AMENDMENTS

The complete text of the proposed changes to District Regulation 3: Fees, has been prepared in strikethrough (deletion of existing text) and underline (new text) format, and is included in Appendix B. Proposed fee increases have been rounded to the nearest whole dollar. Additional details on the proposed fee amendments follow.

- Section 3-225: Minor Modification

The proposed amendments to Regulation 3, Fees would delete Section 3-225 since minor modifications are proposed to be treated as alterations.

- Section 3-302: Fees for New and Modified Sources

The proposed amendment to Section 3-302 is a 2.6 percent increase in the filing fee for permit applications for new/modified sources and abatement devices, from \$441 to \$452.

- Section 3-302.5: Schedule G Fees

The proposed amendments to Regulation 3, Fees would delete Section 3-302.5 since minor modifications are proposed to be treated as alterations.

- Section 3-304: Alteration

The proposed amendment to Section 3-304 would require that an applicant to alter an existing permitted source pay a filing fee and 50 percent of the initial fee for the source.

- Section 3-309: Duplicate Permit or Registration

The proposed amendment to Section 3-309 is a 2.6 percent increase in the duplicate permit or registration fee, from \$74 to \$76.

- Section 3-311: Banking

The proposed amendment to Section 3-311 is a 2.6 percent increase in the filing fee for banking applications, from \$441 to \$452.

- Section 3-312: Emission Caps and Alternative Compliance Plans

No change in regulatory language is proposed for subsection 3-312.1, which requires an additional annual fee equal to fifteen percent of the facility's Permit to Operate fee for facilities that elect to use an Alternative Compliance Plan (ACP) for compliance with Regulation 8, or Regulation 2, Rule 2. These ACP fees would change along with the proposed changes in Permit to Operate renewal fees listed in Table 1 for sources in Schedules B, C, D, E, F, G-1, G-2, G-3, G-4, G-5, H, I, and K.

The proposed amendment to subsection 3-312.2 is a 2.6 percent increase in the annual fee for a facility that elects to use an ACP contained in Regulation 2, Rule 9: Interchangeable Emission Reduction Credits. The fee for each source included in the ACP would be increased from \$1,115 to \$1,144 and the maximum fee would be increased from \$11,155 to \$11,445.

- Section 3-315: Costs of Environmental Documentation

The proposed amendments to Section 3-315 addresses concerns that the existing language only applies to projects subject to review under the California Environmental Quality Act and not to exempt projects.

- Section 3-327: Permit to Operate, Renewal Fees

The processing fees for renewal of Permits to Operate specified in subsections 3-327.1 through 3-327.6 would be increased by 2.6 percent.

- Section 3-329: Fee for Risk Screening

No change in regulatory language is proposed for Section 3-329: Fee for Risk Screening. Increases in risk screening fees are instead specified in Schedules B, C, D, E, F, G-1, G-2, G-3, G-4, G-5, H, I, and K. For each applicable fee schedule, the base fee for each application that requires a Health Risk Screening Analysis would be increased by 2.6 percent from \$441 to \$452. The portion of the risk screening fee that is based on the type of source involved would be changed along with the proposed changes in Permit to Operate renewal fees listed in Table 1 for sources in Schedules B, C, D, E, F, G-1, G-2, G-3, G-4, G-5, H, I, and K.

- Section 3-337: Exemption Fee

The proposed amendment to Section 3-337 is a 2.6 percent increase in the filing fee for a certificate of exemption, from \$441 to \$452.

Fee Schedules:

Schedule A: Hearing Board Fees

Based on the cost recovery methodology listed in Table 1, the fees in Schedule A would be increased by 9 percent. The schedules of fees for excess emissions (Schedule A: Table I) and visible emissions (Schedule A: Table II) would also be increased by 9 percent.

Schedule B: Combustion of Fuel

Based on the cost recovery methodology listed in Table 1, the fees in Schedule B would be increased by 7 percent. The base fee for a health risk screening analysis for a source covered by Schedule B would be increased by 2.6 percent from \$441 to \$452.

Schedule C: Stationary Containers for the Storage of Organic Liquids

Based on the cost recovery methodology listed in Table 1, the fees in Schedule C would be increased by 2.6 percent. The base fee for a health risk screening analysis for a source covered by Schedule C would be increased by 2.6 percent from \$441 to \$452.

Schedule D: Gasoline Transfer at Gasoline Dispensing Facilities, Bulk Plants and Terminals

Based on the cost recovery methodology listed in Table 1, the fees in Schedule D would be increased by 7 percent, except for the base fee for a health risk screening analysis for a source covered by Schedule D, which would be increased by 2.6 percent from \$441 to \$452. For bulk plants, terminals or other facilities subject to Schedule D, Part B., the base fee for a health risk screening analysis is included in the Risk Screening Fee (RSF) for the first TAC source in the application.

Schedule E: Solvent Evaporating Sources

Based on the cost recovery methodology listed in Table 1, the fees in Schedule E would be increased by 9 percent, except for the base fee for a health risk screening analysis for a source covered by Schedule E, which would be increased by 2.6 percent from \$441 to \$452.

Schedule F: Miscellaneous Sources

Based on the cost recovery methodology listed in Table 1, the fees in Schedule F would be increased by 8 percent. The base fee for a health risk screening analysis for a source covered by Schedule F would be increased by 2.6 percent, from \$441 to \$452. The base fee for a health risk screening analysis in Schedule F is included in the RSF for the first TAC source in the application.

Schedule G-1: Miscellaneous Sources

Based on the cost recovery methodology listed in Table 1, the fees in Schedule G-1 would be increased by 9 percent, except for the base fee for a health risk screening analysis for a source covered by Schedule G-1, which would be increased by 2.6 percent from \$441 to \$452. The base fee for a health risk screening analysis in Schedule G-1 is included in the RSF for the first TAC source in the application.

Schedule G-2: Miscellaneous Sources

Based on the cost recovery methodology listed in Table 1, the fees in Schedule G-2 would be increased by 9 percent, except for the base fee for a health risk screening analysis for a source covered by Schedule G-2 which would be increased by 2.6 percent from \$441 to \$452. The base fee for a health risk screening analysis in Schedule G-2 is included in the RSF for the first TAC source in the application.

Schedule G-3: Miscellaneous Sources

Based on the cost recovery methodology listed in Table 1, the fees in Schedule G-3 would be increased by 8 percent, except for the base fee for a health risk screening analysis for a source covered by Schedule G-3, which would be increased by 2.6 percent from \$441 to \$452. The base fee for a health risk screening analysis in Schedule G-3 is included in the RSF for the first TAC source in the application.

Schedule G-4: Miscellaneous Sources

Based on the cost recovery methodology listed in Table 1, the fees in Schedule G-4 would be increased by 9 percent, except for the base fee for a health risk screening analysis for a source covered by Schedule G-4, which would be increased by 2.6 percent from \$441 to \$452. The base fee for a health risk screening analysis in Schedule G-4 is included in the RSF for the first TAC source in the application.

Schedule G-5: Miscellaneous Sources

Based on the cost recovery methodology listed in Table 1, the fees in Schedule G-5 would be increased by 2.6 percent. The base fee for a health risk screening analysis for a source covered by Schedule G-5 (included in the RSF for the first TAC source in the application), would be increased by 2.6 percent from \$441 to \$452. The base fee for a health risk screening analysis in Schedule G-5 is included in the RSF for the first TAC source in the application.

Schedule H: Semiconductor and Related Sources

Based on the cost recovery methodology listed in Table 1, the fees in Schedule H would be increased by 9 percent, except for the base fee for a health risk screening analysis

for a source covered by Schedule H, which would be increased by 2.6 percent from \$441 to \$452.

Schedule I: Dry Cleaners

Based on the cost recovery methodology listed in Table 1, the fees in Schedule I would be increased by 7 percent, except for the base fee for a health risk screening analysis for a source covered by Schedule I, which would be increased by 2.6 percent from \$441 to \$452.

Schedule K: Solid Waste Disposal Sites

Based on the cost recovery methodology listed in Table 1, the fees in Schedule K would be increased by 9 percent, except for the base fee for a health risk screening analysis for a source covered by Schedule K, which would be increased by 2.6 percent from \$441 to \$452.

Schedule L: Asbestos Operations

Based on the cost recovery methodology listed in Table 1, the fees in Schedule L would be increased by 7 percent.

Schedule M: Major Stationary Source Fees

Schedule M is an emissions-based fee schedule that applies to various permitted facilities emitting 50 tons per year or more of organic compounds, sulfur oxides, nitrogen oxides, and/or PM₁₀. District staff is proposing a 2.6 percent increase in the Schedule M fee rate based on the annual increase in the Bay Area Consumer Price Index.

Schedule N: Toxic Inventory Fees

Based on the cost recovery methodology listed in Table 1, the base fee in Sections 2 and 3 would be increased from \$84 to \$86. The value of the variable F_T , the total amount of fees to be collected, used to calculate fees for Schedule N is proposed to be remain unchanged for FYE 2016.

Schedule P: Major Facility Review Fees

Based on the cost recovery methodology listed in Table 1, the fees in Schedule P would be increased by 9 percent, except for the cap on the cost of a public hearing specified under Part 5.a., which would remain unchanged since the existing cap has never been exceeded.

Schedule Q: Excavation of Contaminated Soil and Removal of Underground Storage Tanks

Based on the cost recovery methodology listed in Table 1, the fees in Schedule T would be increased by 2.6 percent.

Schedule R: Equipment Registration Fees

Based on the cost recovery methodology listed in Table 1, the fees in Schedule R would be increased by 9 percent. In addition, the \$590 facility registration fee in Section 4a would be deleted and Section 4b amended to require a registration fee per device equal to \$100.

Schedule S: Naturally Occurring Asbestos Operations

Based on the cost recovery methodology listed in Table 1, the fees in Schedule S would be increased by 9 percent.

Schedule U: Indirect Source Review Fees

Based on the cost recovery methodology listed in Table 1, the fees in Schedule U would be increased by 2.6 percent.

Schedule V: Open Burning

Based on the cost recovery methodology listed in Table 1, the fees in Schedule V would be increased by 9 percent.

4. FEE REVENUE AND COSTS OF PROGRAM ACTIVITIES

On an overall basis, the 2015 Cost Recovery Study (a copy of which is available on request) concluded that, for FYE 2014, fee revenue recovered 80 percent of regulatory program activity costs, with revenue of \$32.6 million and costs of \$41 million. This resulted in a shortfall, or cost recovery gap, of \$8.4 million which was filled by county tax revenue. The cost recovery rate for FYE 2015 is projected to be 82%. The proposed fee amendments for FYE 2016 are projected to increase overall District fee revenue by approximately \$2.3 million relative to fee revenue levels that would be expected without the amendments. Revenue in FYE 2016 is expected to remain below the District's regulatory program costs for both permitted and non-permitted sources.

Over the past several years, the District has implemented aggressive cost containment measures including maintaining historically high vacancy rates and reducing capital expenditures. In FYE 2016, the District is proposing to fill some of these vacancies in order to support mandated stationary source programs, ensure that core functions will

be maintained at levels necessary to adequately service the regulated community, and address key policy initiatives such as the Refinery Emissions Reduction Strategy and the Climate Action Work Program. In order to improve program efficiency, the District has recently initiated an on-line permitting system for high-volume source categories including gas stations, dry cleaners, and auto-body shops. Staff will continue to identify and maintain a level of effort to achieve District mandates and continually monitor the pattern of revenues versus expenditures.

5. STATUTORY AUTHORITY FOR PROPOSED FEE INCREASES

The District is a regional regulatory agency, and its fees are used to recover the costs of issuing permits, performing inspections, and other associated regulatory activities. The District's fees fall into the category specified in Section 1(e) of Article XIII C of the California Constitution which specifies that charges of this type assessed to regulated entities to recover regulatory program activity costs are not taxes. The amount of fee revenue collected by the District has been clearly shown to be much less than the costs of the District's regulatory program activities both for permitted and non-permitted sources.

The District's fee regulation, with its various fee schedules, is used to allocate regulatory program costs to fee payers in a manner which bears a fair or reasonable relationship to the payer's burden on, or benefits received from, regulatory activities. Permit fees are based on the type and size of the source being regulated, with minimum and maximum fees being set in recognition of the practical limits to regulatory costs that exist based on source size. Add-on fees are used to allocate costs of specific regulatory requirements that apply to some sources but not others (e.g., health risk screening fees, public notification fees, alternative compliance plan fees). Emissions-based fees are used to allocate costs of regulatory activities not reasonably identifiable with specific fee payers.

Since 2006, the District has used annual analyses of cost recovery performed at the fee-schedule level, which is based on data collected from a labor-tracking system, to adjust fees. These adjustments are needed as the District's regulatory program activities change over time based on changes in statutes, rules and regulations, enforcement priorities, and other factors.

State law authorizes air districts to adopt fee schedules to cover the costs of various air pollution programs. California Health and Safety Code (H&S Code) section 42311(a) provides authority for an air district to collect permit fees to cover the costs of air district programs related to permitted stationary sources. H&S Code section 42311(f) further authorizes the District to assess additional permit fees to cover the costs of programs related to toxic air contaminants. H&S Code section 41512.7(b) limits the allowable percentage increase in fees for authorities to construct and permits to operate to 15 percent per year.

H&S Code section 44380(a) authorizes air districts to adopt a fee schedule that

recovers the costs to the air district and State agencies of the Air Toxics Hot Spots Program (AB 2588). The section provides the authority for the District to collect toxic inventory fees under Schedule N.

H&S Code section 42311(h) authorizes air districts to adopt a schedule of fees to cover the reasonable costs of the Hearing Board incurred as a result of appeals from air district decisions on the issuance of permits. Section 42364(a) provides similar authority to collect fees for the filing of applications for variances or to revoke or modify variances. These sections provide the authority for the District to collect Hearing Board fees under Schedule A.

H&S Code section 42311(g) authorizes air districts to adopt a schedule of fees to be assessed on area-wide or indirect sources of emissions, which are regulated but for which permits are not issued by the air district, to recover the costs of air district programs related to these sources. This section provides the authority for the District to collect asbestos fees (including fees for Naturally Occurring Asbestos operations), soil excavation reporting fees, registration fees for various types of regulated equipment, for Indirect Source Review, and fees for open burning.

The proposed fee amendments are in accordance with all applicable authorities. Based on the results of the 2015 Cost Recovery Study (a copy of which is available on request), the District fees subject to this rulemaking are in amounts no more than necessary to cover the reasonable costs of the District's regulatory activities, and the manner in which the District fees allocate those costs to a payer bear a fair and reasonable relationship to the payer's burdens on the District regulatory activities and benefits received from those activities. Permit fee revenue (after adoption of the proposed amendments) would still be well below the District's regulatory program activity costs associated with permitted sources. Similarly, fee revenue for non-permitted area wide sources would be below the District's costs of regulatory programs related to these sources. Hearing Board fee revenue would be below the District's costs associated with Hearing Board activities related to variances and permit appeals. Fee increases for authorities to construct and permits to operate would be less than 15 percent per year.

6. ASSOCIATED IMPACTS AND OTHER RULE DEVELOPMENT REQUIREMENTS

6.1 EMISSIONS IMPACTS

There will be no direct change in air emissions as a result of the proposed amendments.

6.2 ECONOMIC IMPACTS

The District must, in some cases, consider the socioeconomic impacts and incremental costs of proposed rules or amendments. Section 40728.5(a) of the California H&S Code requires that socioeconomic impacts be analyzed whenever a district proposes the adoption, amendment, or repeal of a rule or regulation that will significantly affect air quality or emissions limitations. The proposed fee amendments will not significantly affect air quality or emissions limitations, and so a socioeconomic impact analysis is not required.

Section 40920.6 of the H&S Code specifies that an air district is required to perform an incremental cost analysis for a proposed rule, if the purpose of the rule is to meet the requirement for best available retrofit control technology or for a feasible measure. The proposed fee amendments are not best available retrofit control technology requirements, nor are they a feasible measure required under the California Clean Air Act; therefore, an incremental cost analysis is not required.

The financial impact of the proposed fee amendments on small businesses is expected to be minor. Many small businesses operate only one or two permitted sources, and generally pay only the minimum permit renewal fees. For the facilities shown in Table 2, increases in annual permit and registration renewal fees would be under \$100, with the exception of a typical service station with ten, multiproduct gasoline nozzles.

Table 2. Changes in Annual Permit/Registration Renewal Fees for Typical Small Businesses

Facility Type	Facility Description	Fee Increase	Total Fee
Gas Station	10 multi-product gasoline nozzles	\$198	\$3,130
Dry Cleaner (permitted)	One machine: 1,400 lb/yr Perc emissions	\$29	\$585
Dry Cleaner (registered)	One machine: 800 lb/yr VOC emissions	\$16	\$189
Auto Body Shop	one spray booth: 400 gal/yr paint 100 gal/yr cleanup solvent	\$39	\$535
Back-up Generator	One 365 hp engine	\$17	\$323

For reference, District permit fees are generally well below that of the South Coast AQMD, the other major metropolitan air district in the state with a cost of living similar to that of the Bay Area. South Coast AQMD staff have indicated that their fee revenue recovers a much higher percentage of associated program activity costs (i.e., over 90 percent) relative to the Bay Area AQMD. A comparison of permit renewal fees recently completed by District staff for twelve different categories of small and medium-sized sources are provided in Figures 1 and 2 as follows:

Figure 1. Comparison of FYE 2015 Bay Area AQMD and South Coast AQMD Permit Renewal Fees for Various Small Sources

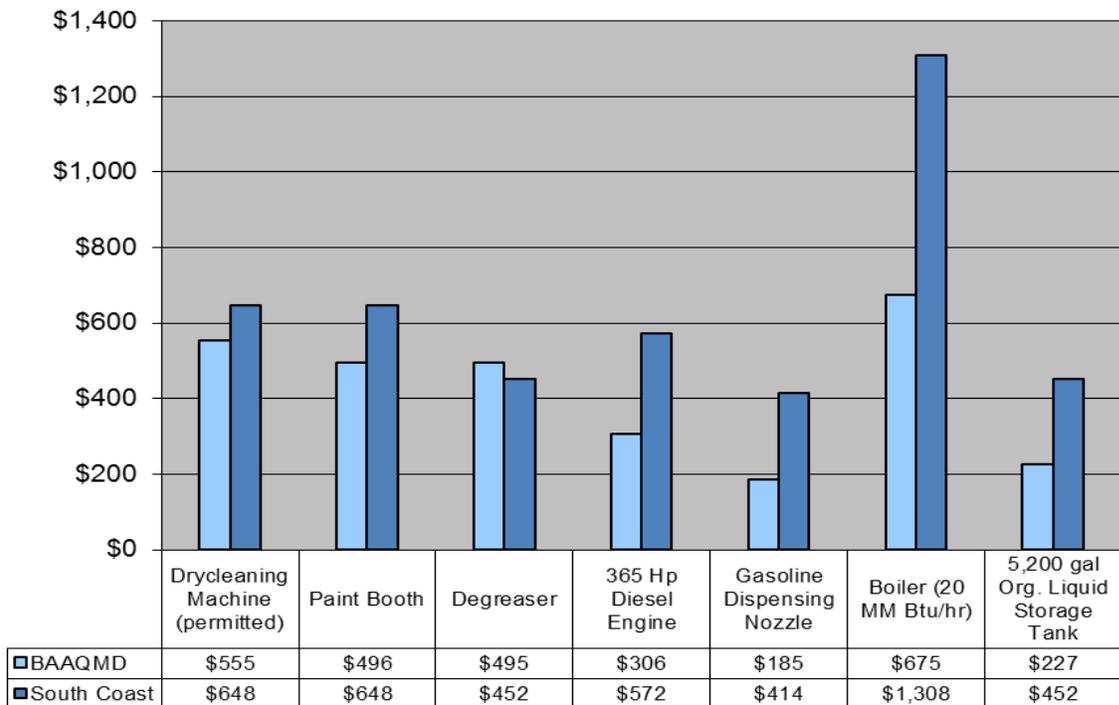
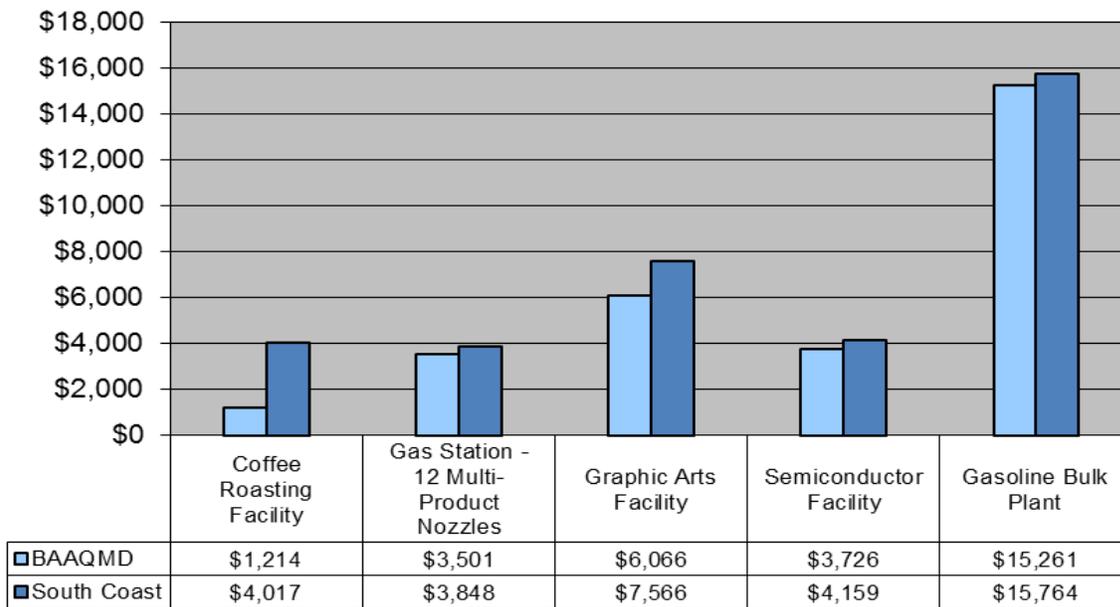


Figure 2. Comparison of FYE 2015 Bay Area AQMD and South Coast AQMD Permit Renewal Fees for Various Medium Sources



For larger facilities such as refineries and power plants, increases in annual permit renewal fees would cover a considerable range due to differences in the facility's size, mix of emission sources, pollutant emission rates and applicable fee schedules. As shown in Table 3, the FYE 2016 annual permit fee increase for the five Bay Area refineries would range from approximately 7 to 9 percent. The annual permit fee increase for the power generating facilities shown in Table 4 would range from approximately 13 to 15 percent. Projected FYE 2016 fee increases are based on FYE 2015 material throughput data. Tables 3 and 4 also include current Permit to Operate fees paid and historical annual fee increases.

Table 3. Refinery Permit to Operate Fee Comparison

	Annual % Fee Increase (Fiscal Year Ending)				Current Permit to Operate Fee (million)
	2013	2014	2015	2016 <i>Projected</i>	
Chevron	5.8	3.4	12.6	8.0	\$2.91
Shell	3.9	1.2	12.6	8.5	\$2.51
Phillips 66	1.6	1.2	10.9	7.5	\$1.36
Valero	-32*	7.2	11.4	8.5	\$1.42
Tesoro	1.8	5.5	8.3	7.1	\$1.77

*Note: Decrease due to significant reduction in emissions

Table 4. Power Plant Permit to Operate Fee Comparison

	Annual % Fee Increase (Fiscal Year Ending)				Current Permit to Operate Fee
	2013	2014	2015	2016 <i>Projected</i>	
Delta Energy	4.3	13.5	16.9	14.9	\$ 310,000
Los Medanos	-0.4	11.3	15.0	14.0	\$ 236,000
Gateway	-0.5	3.3	15.0	13.8	\$ 207,000
Crockett Cogen	1.6	2.1	15.0	12.9	\$ 196,811

ENVIRONMENTAL IMPACTS

The California Environmental Quality Act (CEQA), Public Resources Code section 21000 et seq., and the CEQA Guidelines, 14 CCR 15000 et seq., require a government agency that undertakes or approves a discretionary project to prepare documentation addressing the potential impacts of that project on all environmental media. Certain types of agency actions are, however, exempt from CEQA requirements. The proposed fee amendments are exempt from the requirements of the CEQA under Section 15273 of the CEQA Guidelines, which state: "CEQA does not apply to the establishment, modification, structuring, restructuring, or approval of rates, tolls, fares, and other charges by public agencies...." (See also Public Resources Code Section 21080(b)(8)).

Section 40727.2 of the H&S Code imposes requirements on the adoption, amendment, or repeal of air district regulations. It requires an air district to identify existing federal and air district air pollution control requirements for the equipment or source type affected by the proposed change in air district rules. The air district must then note any differences between these existing requirements and the requirements imposed by the proposed change. This fee proposal does not impose a new standard, make an existing standard more stringent, or impose new or more stringent administrative requirements. Therefore, section 40727.2 of the H&S Code does not apply.

6.4 STATUTORY FINDINGS

Pursuant to H&S Code section 40727, regulatory amendments must meet findings of necessity, authority, clarity, consistency, non-duplication, and reference. The proposed amendments to Regulation 3:

- Are necessary to fund the District's efforts to attain and maintain federal and state air quality standards, and to reduce public exposure to toxic air contaminants;
- Are authorized by H&S Code sections 42311, 42311.2, 41512.7, 42364, 44380 and 40 CFR Part 70.9;
- Are clear, in that the amendments are written so that the meaning can be understood by the affected parties;
- Are consistent with other District rules, and not in conflict with any state or federal law;
- Are not duplicative of other statutes, rules or regulations; and
- Reference H&S Code sections 42311, 42311.2, 41512.7, 42364, 44380 and 40 CFR Part 70.9.

7. RULE DEVELOPMENT PROCESS

On January 22, 2015, the District issued a notice for a public workshop to discuss with interested parties an initial proposal to amend Regulation 3, Fees. Distribution of this notice included all District-permitted and registered facilities, asbestos contractors, and a number of other potentially interested stakeholders. The notice was also posted on the District website. A public workshop and simultaneous webcast was held on February 17, 2015 to discuss the initial Regulation 3 fee proposal.

On March 25, 2015 District staff provided a briefing on the proposed fee amendments to the District Board of Directors' Budget and Finance Committee.

Under H&S Code section 41512.5, the adoption or revision of fees for non-permitted sources requires two public hearings that are held at least 30 days apart from one another. This provision applies to Schedule L: Asbestos Operations, Schedule Q: Excavation of Contaminated Soil and Removal of Underground Storage Tanks, Schedule R: Equipment Registration Fees, Schedule S: Naturally Occurring Asbestos Operations and Schedule V: Open Burning. A Public Hearing Notice for the proposed Regulation 3 was published on March 13, 2015. An initial public hearing to consider testimony on the proposed amendments has been scheduled for April 15, 2015. A second public hearing, to consider adoption of the proposed fee amendments, has been scheduled for June 3, 2015. If adopted, the amendments would be made effective on July 1, 2015.

8. PUBLIC COMMENTS

To date, the District has received two letters in response to the draft amendments to Regulation 3 presented at the fee workshops. Written comments were received on the staff fee proposal as follows: 1) William Quinn of the California Council for Environmental and Economic Balance (CCEEB), and 2) Susan Gustofson of Valero Refining Company (Valero).

CCEEB/Valero Comment: The fees proposed for an application to alter an existing permitted source are significantly greater than the services expended to process those applications. Alteration applications by definition are reasonably straightforward consuming less time to review than modifications or new source review applications.

Response: The District's need to raise the current \$441 alteration fee is based on the level of effort consumed reviewing alteration applications from large, complex facilities such as oil refineries. These applications are multifaceted and often require an extensive review of upstream and downstream units, process flow and instrumentation diagrams, permitting records, material throughput data, and historical criteria/toxics emission calculations. The purpose of the review is to ensure that the proposed change would not be considered a modification subject to New Source Review regulations.

Valero Comment: Minor administrative changes to a Permit to Operate would be subjected to the District's proposed alteration fee.

Response: An application for minor administrative changes to an existing Permit to Operate are currently assessed a filing fee only (Section 3-306). The District is not proposing to amend this section of Regulation 3, Fees.

CCEEB Comment: The commenter questions how Greenhouse Gas (GHG) fees from Schedule T are used to regulate stationary sources and whether District GHG fees are

related to, or duplicative of, the California Air Resources Board's (CARB) AB 32 GHG program.

Response: Greenhouse gas fees are intended to recover District costs for Climate Protection Program activities related to stationary sources including the implementation of District Board directives and regulations, and federal/state regulatory requirements. Other District Climate Change mitigation efforts are funded by non-Schedule T sources such as General Fund county revenues.

Specific District GHG activities include the development of GHG emissions factors and inventory, rule development, CEQA analyses, offset protocols, emissions banking, sources testing, and inspection of GHG emitting sources. In addition, the District engages in permitting and enforcement activities related to AB 32 Early Action Measures such as Semiconductor Operations, Municipal Solid Waste Landfills, and Refrigerants.

District staff is working closely with CARB to coordinate and complement climate protection efforts, and is tracking the implementation of AB 32, in order to avoid any conflicts, duplication, or inconsistencies in program requirements. For example, If CARB provides a specific source of funding to the air districts for the purpose of recovering costs of activities related to AB 32 implementation, District staff will re-examine the fee rate in Schedule T to avoid over-collection of fee revenue.

Valero Comment: Regulation 3, Section 315, Costs of Environmental Documentation should be amended to include the noticing costs for CEQA-exempt projects, with applicable references to CEQA Guidelines Section 15062, Notice of Exemption (NOE), and the County Clerk Processing Fee.

Response: New language has been proposed to clarify that all CEQA related costs are to be recovered including recouping costs for filing NOEs.

CCEEB/Valero Comment: The District should include in the Staff Report a historical cost increase analysis for larger facilities such as power plants and refineries.

Response: See Section 6.2, Economic Impacts of the Staff Report.

CCEEB/Valero Comment: The District should provide an update on cost containment efforts.

Response: The District has implemented a number of cost containment measures that have improved the quality and consistency of permits. We have completed up-front analyses for high volume source categories in order to reduce the level of effort needed. This eliminates unique efforts on many of these applications, freeing up resources to handle projects with higher emission impacts.

Engineering staff recently completed an extensive permit review training program

designed to improve the accuracy, consistency, timeliness, and transparency of the permitting process. These efforts have reduced the backlog of New Source Review applications by approximately 90 percent over the past three years.

In addition, the District has been judicious in filling staff vacancies. Approximately 70% of District expenditures are related to personnel costs. Between FYE 2010 and FTE 2014 the number of filled positions decreased from 340 to 314, representing a substantial cost savings. Costs for services and supplies were also reduced during this period. The District is re-evaluating the level of service it provides to ensure stakeholder needs and expectations are met.

9. CONCLUSIONS

District staff finds that the proposed fee amendments meet the findings of necessity, authority, clarity, consistency, non-duplication and reference specified in H&S Code section 40727. The proposed amendments:

- Are necessary to fund the District's efforts to attain and maintain federal and state air quality standards, and to reduce public exposure to toxic air contaminants;
- Are authorized by H&S Code sections 42311, 42311.2, 41512.7, 42364, 44380 and 40 CFR Part 70.9;
- Are clear, in that the amendments are written so that the meaning can be understood by the affected parties;
- Are consistent with other District rules, and not in conflict with any state or federal law;
- Are not duplicative of other statutes, rules or regulations; and
- Reference H&S Code sections 42311, 42311.2, 41512.7, 42364, 44380 and 40 CFR Part 70.9.

The proposed fee amendments will be used by the District to recover the costs of issuing permits, performing inspections, and other associated regulatory activities. Based on the results of the 2015 Cost Recovery Study (a copy of which is available on request), the District fees subject to this rulemaking are in amounts no more than necessary to cover the reasonable costs of the District's regulatory activities, and the manner in which the District fees allocate those costs to a payer bear a fair and reasonable relationship to the payer's burdens on the District regulatory activities and benefits received from those activities. Permit fee revenue (after adoption of the proposed amendments) would still be well below the District's regulatory program activity costs associated with permitted sources. Similarly, fee revenue for non-permitted sources would be below the District's costs of regulatory programs related to these sources. Fee increases for authorities to construct and permits to operate would not exceed 15 percent per year as required under H&S Code section 41512.7.

The proposed amendments to Regulation 3 are exempt from the requirements of the

CEQA under Section 15273 of the CEQA Guidelines.

District staff recommends that the Board of Directors adopt the proposed amendments to Regulation 3: Fees with an effective date of July 1, 2015, and approve the filing of a CEQA Notice of Exemption, following the 2nd public hearing scheduled to consider this matter on June 3, 2015.



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

STAFF REPORT

PROPOSED AMENDMENTS TO BAAQMD REGULATION 3: FEES

APPENDIX A COST RECOVERY POLICY (Adopted March 7, 2012)

DRAFT

MARCH 26, 2015

COST RECOVERY POLICY FOR BAY AREA AIR QUALITY MANAGEMENT DISTRICT REGULATORY PROGRAMS

PURPOSE

WHEREAS, the District has the primary authority for the control of air pollution from all sources of air emissions located in the San Francisco Bay Area, other than emissions from motor vehicles, in accordance with the provisions of Health & Safety Code sections 39002 and 40000.

WHEREAS, the District is responsible for implementing and enforcing various District, State, and federal air quality regulatory requirements that apply to non-vehicular sources.

WHEREAS, the District's regulatory programs involve issuing permits, performing inspections, and other associated activities.

WHEREAS, the District is authorized to assess fees to regulated entities for the purpose of recovering the reasonable costs of regulatory program activities, and these authorities include those provided for in California Health and Safety Code sections 42311, 42364, and 44380.

WHEREAS, the District's fees fall within the categories provided in Section 1(e) of Article XIII C of the California Constitution, which indicates that charges assessed to regulated entities to recover regulatory program activity costs, and charges assessed to cover the cost of conferring a privilege or providing a service, are not taxes.

WHEREAS, the District has adopted, and periodically amends, a fee regulation for the purpose of recovering regulatory program activity costs, and this regulation with its various fee schedules, is used to allocate costs to fee payers in a manner which bears a fair or reasonable relationship to the payer's burden on, or benefits received from, regulatory activities.

WHEREAS, the District analyzes whether assessed fees result in the collection of sufficient revenue to recover the costs of related program activities; these analyses have included contractor-conducted fee studies completed in 1999, 2005, and 2011, and annual District staff-conducted cost recovery updates completed in 2006 through 2010. Each fee study and cost recovery update completed revealed that District fee revenue falls significantly short of recovering the costs of related program activities.

WHEREAS, the District's most recently completed fee study (*Cost Recovery and Containment Study, Bay Area Air Quality Management District*, Final Report, Matrix Consulting Group, March 9, 2011) concluded that in Fiscal Year Ending (FYE) 2010, the District recovered approximately 62 percent of its fee-related activity costs, resulting in an under-recovery of costs (i.e., a cost recovery gap), and a subsidy to fee payers, of

approximately \$16.8 million, and that this cost recovery gap resulted despite the implementation of a number of strategies to contain costs.

WHEREAS, cost recovery analyses have indicated that the District's Fee Schedule P: Major Facility Review Fees, which establishes fees for program activities associated with the Title V permit program, has under-recovered costs by an average of \$3.4 million per year over the period FYE 2004 through FYE 2010.

WHEREAS, the District's Board of Directors has recognized since 1999 that the District's cost recovery gap has been an issue that needs to be addressed, and since that time has adopted annual fee amendments in order to increase fee revenue.

WHEREAS, in addition to fee revenue, the District receives revenue from Bay Area counties that is derived from property taxes, and a large portion of this tax revenue has historically been used on an annual basis to fill the cost recovery gap.

WHEREAS, the tax revenue that the District receives varies on a year-to-year basis, and cannot necessarily be relied on to fill the cost recovery gap and also cover other District expenses necessitating, in certain years, the use of reserve funds.

WHEREAS, tax revenue that the District receives, to the extent that it is not needed to fill the cost recovery gap, can be used to fund initiatives or programs that may further the District's mission but that lack a dedicated funding source.

WHEREAS, it may be appropriate as a matter of policy to establish specific fee discounts for small businesses, green businesses, or other regulated entities or members of the public, where tax revenue is used to cover a portion of regulatory program activity costs, and the District's existing fee regulation contains several fee discounts of this type.

POLICY

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Bay Area Air Quality Management District that:

(1) Cost Containment –In order to ensure that the costs of its regulatory programs remain reasonable, the District should continue to implement feasible cost containment measures, including the use of appropriate best management practices, without compromising the District's effective implementation and enforcement of applicable regulatory requirements. The District's annual budget documents should include a summary of cost containment measures that are being implemented.

(2) Analysis of Cost Recovery – The District should continue to analyze the extent to which fees recover regulatory program activity costs, both on an overall basis, and at the level of individual fee schedules. These cost recovery analyses should be periodically completed by a qualified District contactor, and should be updated on an

annual basis by District staff using a consistent methodology.

(3) Cost Recovery Goals – It is the general policy of the District, except as otherwise noted below, that the costs of regulatory program activities be fully recovered by assessing fees to regulated entities. In order to move towards this goal, the District should amend its fee regulation over the next four years, in conjunction with the adoption of budgets for Fiscal Year Ending (FYE) 2013 through FYE 2016, in a manner sufficient to increase overall recovery of regulatory program activity costs to 85 percent. Amendments to specific fee schedules should also be made in consideration of cost recovery analyses conducted at the fee schedule-level, with larger increases being adopted for the schedules that have the larger cost recovery gaps. This includes Fee Schedule P: Major Facility Review Fees, which has been determined to under-recover costs by a significant amount. Newly adopted regulatory measures should include fees that are designed to recover increased regulatory program activity costs associated with the measure, unless the Board of Directors determines that a portion of those costs should be covered by tax revenue. Tax revenue should also continue to be used to subsidize existing fee discounts that the District provides (e.g., for small businesses, green businesses, and third-party permit appeals), and to cover the cost of the District's wood smoke enforcement program.

BE IT FURTHER RESOLVED that this resolution is non-binding in the case of unforeseen financial circumstances, and may also be reconsidered or updated by the District's Board of Directors.



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

STAFF REPORT

PROPOSED AMENDMENTS TO BAAQMD REGULATION 3: FEES

APPENDIX B PROPOSED REGULATORY LANGUAGE REGULATION 3: FEES

DRAFT
MARCH 26, 2015

REGULATION 3 FEES

INDEX

3-100 GENERAL

- 3-101 Description
- 3-102 Deleted July 12, 1989
- 3-103 Exemption, Abatement Devices
- 3-104 Deleted August 2, 1995
- 3-105 Exemption, Excavation of Contaminated Soil and Removal of Underground Storage Tank Operation Fees
- 3-106 Deleted December 2, 1998
- 3-107 Exemption, Sources Exempt from Permit Requirements

3-200 DEFINITIONS

- 3-201 Cancelled Application
- 3-202 Gasoline Dispensing Facility
- 3-203 Filing Fee
- 3-204 Initial Fee
- 3-205 Authority to Construct
- 3-206 Modification
- 3-207 Permit to Operate Fee
- 3-208 Deleted June 4, 1986
- 3-209 Small Business
- 3-210 Solvent Evaporating Source
- 3-211 Source
- 3-212 Deleted August 2, 1995
- 3-213 Major Stationary Source
- 3-214 Deleted effective March 1, 2000
- 3-215 Deleted effective March 1, 2000
- 3-216 Deleted effective March 1, 2000
- 3-217 Deleted effective March 1, 2000
- 3-218 Deleted effective March 1, 2000
- 3-219 Deleted effective March 1, 2000
- 3-220 Deleted effective March 1, 2000
- 3-321 Deleted effective March 1, 2000
- 3-222 Deleted effective March 1, 2000
- 3-223 Start-up Date
- 3-224 Permit to Operate
- 3-225 [Minor Modification](#)
- 3-226 Air Toxics "Hot Spots" Information and Assessment Act of 1987
- 3-227 Toxic Air Contaminant, or TAC
- 3-228 Deleted December 2, 1998
- 3-229 Deleted December 2, 1998
- 3-230 Deleted December 2, 1998
- 3-231 Deleted December 2, 1998
- 3-232 Deleted December 2, 1998
- 3-233 Deleted December 2, 1998
- 3-234 Deleted December 2, 1998

3-235 Deleted December 2, 1998
3-236 Deleted December 2, 1998
3-237 PM₁₀
3-238 Risk Screening Fee
3-239 Toxic Surcharge
3-240 Biogenic Carbon Dioxide
3-241 Green Business
3-242 Incident
3-243 Incident Response
3-244 Permit to Operate Renewal Date
3-245 Permit Renewal Period

3-300 STANDARDS

3-301 Hearing Board Fees
3-302 Fees for New and Modified Sources
3-303 Back Fees
3-304 Alteration
3-305 Cancellation or Withdrawal
3-306 Change in Conditions
3-307 Transfers
3-308 Change of Location
3-309 Duplicate Permit
3-310 Fee for Constructing Without a Permit
3-311 Banking
3-312 Emission Caps and Alternative Compliance Plans
3-313 Deleted May 19, 1999
3-314 Deleted August 2, 1995
3-315 Costs of Environmental Documentation
3-316 Deleted June 6, 1990
3-317 Asbestos Operation Fee
3-318 Public Notice Fee, Schools
3-319 Major Stationary Source Fees
3-320 Toxic Inventory Fees
3-321 Deleted December 2, 1998
3-322 Excavation of Contaminated Soil and Removal of Underground Storage Tank Operation Fees
3-323 Pre-Certification Fees
3-324 Deleted June 7, 2000
3-325 Deleted December 2, 1998
3-326 Deleted December 2, 1998
3-327 Permit to Operate, Renewal Fees
3-328 Fee for OEHHA Risk Assessment Reviews
3-329 Fee for Risk Screening
3-330 Fee for Renewing an Authority to Construct
3-331 Registration Fees
3-332 Naturally Occurring Asbestos Fees
3-333 Major Facility Review (MFR) and Synthetic Minor Application Fees
3-334 Greenhouse Gas Fees
3-335 Indirect Source Review Fees
3-336 Open Burning Operation Fees
3-337 Exemption Fees
3-338 Incident Response Fees

3-400 ADMINISTRATIVE REQUIREMENTS

- 3-401 Permits
- 3-402 Single Anniversary Date
- 3-403 Change in Operating Parameters
- 3-404 Deleted June 7, 2000
- 3-405 Fees Not Paid
- 3-406 Deleted June 4, 1986
- 3-407 Deleted August 2, 1995
- 3-408 Permit to Operate Valid for 12 Months
- 3-409 Deleted June 7, 2000
- 3-410 Deleted August 2, 1995
- 3-411 Advance Deposit of Funds
- 3-412 Deleted December 2, 1998
- 3-413 Toxic "Hot Spots" Information and Assessment Act Revenues
- 3-414 Deleted December 2, 1998
- 3-415 Failure to Pay - Further Actions
- 3-416 Adjustment of Fees
- 3-417 Temporary Amnesty for Unpermitted and Unregistered Sources

3-500 MONITORING AND RECORDS (None Included)

3-600 MANUAL OF PROCEDURES (None Included)

FEE SCHEDULES

- SCHEDULE A HEARING BOARD FEES
- SCHEDULE B COMBUSTION OF FUEL
- SCHEDULE C STATIONARY CONTAINERS FOR THE STORAGE OF ORGANIC LIQUIDS
- SCHEDULE D GASOLINE TRANSFER AT GASOLINE DISPENSING FACILITIES, BULK PLANTS AND TERMINALS
- SCHEDULE E SOLVENT EVAPORATING SOURCES
- SCHEDULE F MISCELLANEOUS SOURCES
- SCHEDULE H SEMICONDUCTOR AND RELATED OPERATIONS
- SCHEDULE I DRY CLEANERS
- SCHEDULE J DELETED February 19, 1992
- SCHEDULE K SOLID WASTE DISPOSAL SITES
- SCHEDULE L ASBESTOS OPERATIONS
- SCHEDULE M MAJOR STATIONARY SOURCE FEES
- SCHEDULE N TOXIC INVENTORY FEES
- SCHEDULE O DELETED May 19, 1999
- SCHEDULE P MAJOR FACILITY REVIEW FEES
- SCHEDULE Q EXCAVATION OF CONTAMINATED SOIL AND REMOVAL OF UNDERGROUND STORAGE TANKS
- SCHEDULE R EQUIPMENT REGISTRATION FEES
- SCHEDULE S NATURALLY OCCURRING ASBESTOS OPERATIONS
- SCHEDULE T GREENHOUSE GAS FEES
- SCHEDULE U INDIRECT SOURCE REVIEW FEES
- SCHEDULE V OPEN BURNING

REGULATION 3 FEES

(Adopted June 18, 1980)

3-100 GENERAL

3-101 Description: This regulation establishes the regulatory fees charged by the District.

(Amended 7/6/83; 11/2/83; 2/21/90; 12/16/92; 8/2/95; 12/2/98; 5/21/03; 5/21/08; 5/20/09; 6/19/13)

3-102 Deleted July 12, 1989

3-103 Exemption, Abatement Devices: Installation, modification, or replacement of abatement devices on existing sources are subject to fees pursuant to Section 3-302.3. All abatement devices are exempt from annual permit renewal fees. However, emissions from abatement devices, including any secondary emissions, shall be included in facility-wide emissions calculations when determining the applicability of and the fees associated with Schedules M, N, P, and T.

(Amended 6/4/86; 7/1/98; 6/7/00; 5/21/08)

3-104 Deleted August 2, 1995

3-105 Exemption, Excavation of Contaminated Soil and Removal of Underground Storage Tank Operation Fees: Fees shall not be required, pursuant to Section 3-322, for operations associated with the excavation of contaminated soil and the removal of underground storage tanks if one of the following is met:

105.1 The tank removal operation is being conducted within a jurisdiction where the APCO has determined that a public authority has a program equivalent to the District program and persons conducting the operations have met all the requirements of the public authority.

105.2 Persons submitting a written notification for a given site have obtained an Authority to Construct or Permit to Operate in accordance with Regulation 2, Rule 1, Section 301 or 302. Evidence of the Authority to Construct or the Permit to Operate must be provided with any notification required by Regulation 8, Rule 40.

(Adopted 1/5/94; Amended 5/21/03)

3-106 Deleted December 2, 1998

3-107 Exemption, Sources Exempt from Permit Requirements: Any source that is exempt from permit requirements pursuant to Regulation 2, Rule 1, Sections 103 through 128 is exempt from permit fees. However, emissions from exempt sources shall be included in facility-wide emissions calculations when determining the applicability of and the fees associated with Schedules M, N, and P.

(Adopted June 7, 2000)

3-200 DEFINITIONS

3-201 Cancelled Application: Any application which has been withdrawn by the applicant or cancelled by the APCO for failure to pay fees or to provide the information requested to make an application complete.

(Amended 6/4/86; 4/6/88)

3-202 Gasoline Dispensing Facility: Any stationary facility which dispenses gasoline directly into the fuel tanks of vehicles, such as motor vehicles, aircraft or boats. The facility shall be treated as a single source which includes all necessary equipment for the exclusive use of the facility, such as nozzles, dispensers, pumps, vapor return lines, plumbing and storage tanks.

(Amended February 20, 1985)

3-203 Filing Fee: A fixed fee for each source in an authority to construct.

(Amended June 4, 1986)

- 3-204 Initial Fee:** The fee required for each new or modified source based on the type and size of the source. The fee is applicable to new and modified sources seeking to obtain an authority to construct. Operation of a new or modified source is not allowed until the permit to operate fee is paid.
(Amended June 4, 1986)
- 3-205 Authority to Construct:** Written authorization from the APCO, pursuant to Section 2-1-301, for a source to be constructed or modified or for a source whose emissions will be reduced by the construction or modification of an abatement device.
(Amended June 4, 1986)
- 3-206 Modification:** See Section 1-217 of Regulation 1.
- 3-207 Permit to Operate Fee:** The fee required for the annual renewal of a permit to operate or for the first year of operation (or prorated portion thereof) of a new or modified source which received an authority to construct.
(Amended 6/4/86; 7/15/87; 12/2/98; 6/7/00)
- 3-208 Deleted June 4, 1986**
- 3-209 Small Business:** A business with no more than 10 employees and gross annual income of no more than \$750,000 that is not an affiliate of a non-small business.
(Amended 6/4/86; 6/6/90; 6/7/00; 6/15/05; 6/16/10)
- 3-210 Solvent Evaporating Source:** Any source utilizing organic solvent, as part of a process in which evaporation of the solvent is a necessary step. Such processes include, but are not limited to, solvent cleaning operations, painting and surface coating, rotogravure coating and printing, flexographic printing, adhesive laminating, etc. Manufacture or mixing of solvents or surface coatings is not included.
(Amended July 3, 1991)
- 3-211 Source:** See Section 1-227 of Regulation 1.
- 3-212 Deleted August 2, 1995**
- 3-213 Major Stationary Source:** For the purpose of Schedule M, a major stationary source shall be any District permitted plant, building, structure, stationary facility or group of facilities under the same ownership, leasehold, or operator which, in the base calendar year, emitted to the atmosphere organic compounds, oxides of nitrogen (expressed as nitrogen dioxide), oxides of sulfur (expressed as sulfur dioxide), or PM₁₀ in an amount calculated by the APCO equal to or exceeding 50 tons per year.
(Adopted 11/2/83; Amended 2/21/90; 6/6/90; 8/2/95; 6/7/00)
- 3-214 Deleted October 20, 1999, effective March 1, 2000**
- 3-215 Deleted October 20, 1999, effective March 1, 2000**
- 3-216 Deleted October 20, 1999, effective March 1, 2000**
- 3-217 Deleted October 20, 1999, effective March 1, 2000**
- 3-218 Deleted October 20, 1999, effective March 1, 2000**
- 3-219 Deleted October 20, 1999, effective March 1, 2000**
- 3-220 Deleted October 20, 1999, effective March 1, 2000**
- 3-221 Deleted October 20, 1999, effective March 1, 2000**
- 3-222 Deleted October 20, 1999, effective March 1, 2000**
- 3-223 Start-up Date:** Date when new or modified equipment under an authority to construct begins operating. The holder of an authority to construct is required to notify the APCO of this date at least 3 days in advance. For new sources, or modified sources whose authorities to construct have expired, operating fees are charged from the startup date.
(Adopted 6/4/86; Amended 6/6/90)
- 3-224 Permit to Operate:** Written authorization from the APCO pursuant to Section 2-1-302.
(Adopted 6/4/86; Amended 6/7/00)
- ~~**3-225 Minor Modification:** Any physical change or alteration to a source listed on Schedules G-3, G-4, or G-5 that will not increase emissions of any air contaminant. Such modifications may include alterations to improve energy and operational efficiency and those that reduce emissions. Alterations to increase actual or maximum production capacity shall not be~~

~~considered minor modifications. Final determination of the applicability of this section shall be made by the APCO.~~

(Adopted 6/6/90; Amended 5/4/11)

3-226 Air Toxics "Hot Spots" Information and Assessment Act of 1987: The Air Toxics "Hot Spots" Information and Assessment Act of 1987 directs the California Air Resources Board and the Air Quality Management Districts to collect information from industry on emissions of potentially toxic air contaminants and to inform the public about such emissions and their impact on public health. It also directs the Air Quality Management District to collect fees sufficient to cover the necessary state and District costs of implementing the program.

(Adopted 10/21/92; Amended 6/15/05)

3-227 Toxic Air Contaminant, or TAC: An air pollutant that may cause or contribute to an increase in mortality or in serious illness or that may pose a present or potential hazard to human health. For the purposes of this rule, TACs consist of the substances listed in Table 2-5-1 of Regulation 2, Rule 5.

(Adopted 10/21/92; Amended 6/15/05)

3-228 Deleted December 2, 1998

3-229 Deleted December 2, 1998

3-230 Deleted December 2, 1998

3-231 Deleted December 2, 1998

3-232 Deleted December 2, 1998

3-233 Deleted December 2, 1998

3-234 Deleted December 2, 1998

3-235 Deleted December 2, 1998

3-236 Deleted December 2, 1998

3-237 PM₁₀: See Section 2-1-229 of Regulation 2, Rule 1.

(Adopted June 7, 2000)

3-238 Risk Screening Fee: Fee for a new or modified source of toxic air contaminants for which a health risk screening analysis (HRSA) is required under Regulation 2-5-401, or for an HRSA prepared for other purposes (e.g., for determination of permit exemption in accordance with Regulations 2-1-316, 2-5-301 and 2-5-302; or for determination of exemption from emission control requirements pursuant to Regulation 8-47-113 and 8-47-402).

(Adopted June 15, 2005)

3-239 Toxic Surcharge: Fee paid in addition to the permit to operate fee for a source that emits one or more toxic air contaminants at a rate which exceeds a chronic trigger level listed in Table 2-5-1.

(Adopted June 15, 2005)

3-240 Biogenic Carbon Dioxide: Carbon dioxide emissions resulting from materials that are derived from living cells, excluding fossil fuels, limestone and other materials that have been transformed by geological processes. Biogenic carbon dioxide originates from carbon (released in the form of emissions) that is present in materials that include, but are not limited to, wood, paper, vegetable oils, animal fat, and food, animal and yard waste.

(Adopted May 21, 2008)

3-241 Green Business: A business or government agency that has been certified under the Bay Area Green Business Program coordinated by the Association of Bay Area Governments and implemented by participating counties.

(Adopted June 16, 2010)

3-242 Incident: A non-routine release of an air contaminant that may cause adverse health consequences to the public or to emergency personnel responding to the release, or that may cause a public nuisance or off-site environmental damage.

(Adopted June 19, 2013)

3-243 Incident Response: The District's response to an incident. The District's incident response may include the following activities: i) inspection of the incident-emitting equipment and facility records associated with operation of the equipment; ii) identification and analysis of air quality impacts, including without limitation, identifying areas impacted by the incident, modeling, air monitoring, and source sampling; iii) engineering analysis of the specifications

or operation of the equipment; and iv) administrative tasks associated with processing complaints and reports.

(Adopted June 19, 2013)

3-244 Permit to Operate Renewal Date: The first day of a Permit to Operate's Permit Renewal Period.

(Adopted June 19, 2013)

3-245 Permit Renewal Period: The length of time the source is authorized to operate pursuant to a Permit to Operate.

(Adopted June 19, 2013)

3-300 STANDARDS

3-301 Hearing Board Fees: Applicants for variances or appeals or those seeking to revoke or modify variances or abatement orders or to rehear a Hearing Board decision shall pay the applicable fees, including excess emission fees, set forth in Schedule A.

(Amended June 7, 2000)

3-302 Fees for New and Modified Sources: Applicants for authorities to construct and permits to operate new sources shall pay for each new source: a filing fee of ~~\$441452~~, the initial fee, the risk screening fee, the permit to operate fee, and toxic surcharge (given in Schedules B, C, D, E, F, H, I or K). Applicants for authorities to construct and permits to operate modified sources shall pay for each modified source, a filing fee of ~~\$441452~~, the initial fee, the risk screening fee, and any incremental increase in permit to operate and toxic surcharge fees. Where more than one of the schedules is applicable to a source, the fee paid shall be the highest of the applicable schedules. Except for gasoline dispensing facilities (Schedule D) and semiconductor facilities (Schedule H), the size to be used for a source when applying the schedules shall be the maximum size the source will have after the construction or modification. Where applicable, fees for new or modified sources shall be based on maximum permitted usage levels or maximum potential to emit including any secondary emissions from abatement equipment. The APCO may reduce the fees for new and modified sources by an amount deemed appropriate if the owner or operator of the source attends an Industry Compliance School sponsored by the District.

302.1 Small Business Discount: If an applicant qualifies as a small business and the source falls under schedules B, C, D (excluding gasoline dispensing facilities), E, F, H, I or K, the filing fee, initial fee, and risk screening fee shall be reduced by 50%. All other applicable fees shall be paid in full.

302.2 Deleted July 3, 1991

302.3 Fees for Abatement Devices: Applicants for an authority to construct and permit to operate abatement devices where there is no other modification to the source shall pay a ~~\$441452~~ filing fee and initial and risk screening fees that are equivalent to 50% of the initial and risk screening fees for the source being abated. For abatement devices abating more than one source, the initial fee shall be 50% of the initial fee for the source having the highest initial fee.

302.4 Fees for Reactivated Sources: Applicants for a Permit to Operate reactivated, previously permitted equipment shall pay the full filing, initial, risk screening, permit, and toxic surcharge fees.

~~302.5 Schedule G Fees: Applicants for minor modifications to permitted sources subject to Schedules G-3, G-4, or G-5 shall pay filing, initial, risk screening, permit to operate, and toxic surcharge fees specified under Schedule G-2. Permit renewal fees will continue to be charged under Schedules G-3, G-4, and G-5.~~

302.6 Green Business Discount: If an applicant qualifies as a green business, the filing fee, initial fee, and risk screening fee shall be reduced by 10%. All other applicable fees shall be paid in full.

(Amended 5/19/82; 7/6/83; 6/4/86; 7/15/87; 6/6/90; 7/3/91; 6/15/94; 10/8/97; 7/1/98; 5/19/99; 6/7/00; 6/6/01; 5/1/02; 5/21/03; 6/2/04; 6/15/05; 6/7/06; 5/2/07; 5/21/08; 5/20/09; 6/16/10; 5/4/11; 6/6/12; 6/19/13; 6/4/14)

- 3-303 Back Fees:** An applicant required to obtain a permit to operate existing equipment in accordance with District regulations shall pay back fees equal to the permit to operate fees and toxic surcharges given in the appropriate Schedule (B, C, D, E, F, H, I or K) prorated from the effective date of permit requirements. Where more than one of these schedules is applicable to a source, the fee paid shall be the highest of the applicable schedules. The applicant shall also pay back fees equal to toxic inventory fees pursuant to Section 3-320 and Schedule N. The maximum back fee shall not exceed a total of five years' permit, toxic surcharge, and toxic inventory fees. An owner/operator required to register existing equipment in accordance with District regulations shall pay back fees equal to the annual renewal fee given in Schedule R prorated from the effective date of registration requirements, up to a maximum of five years.
(Amended 5/19/82; 7/6/83; 6/4/86; 7/15/87, 6/6/90; 7/3/91; 10/8/97; 6/15/05; 5/20/09)
- 3-304 Alteration:** An applicant to alter an existing permitted source shall pay ~~only~~ the filing fee and 50% of the initial fee for the source, provided that the alteration does not result in an increase in emissions of any regulated air pollutant.
(Amended 6/4/86; 11/15/00; 6/2/04)
- 3-305 Cancellation or Withdrawal:** There will be no refund of initial, risk screening, and filing fees if an application is cancelled or withdrawn. However, if an application for identical equipment is submitted within six months of the date of cancellation or withdrawal, the initial fee will be credited in full against the fee for the new application.
(Amended 7/6/83; 4/6/88; 10/8/97; 6/15/05)
- 3-306 Change in Conditions:** If an applicant applies to change the conditions on an existing authority to construct or permit to operate, the applicant will pay the following fees. There will be no change in anniversary date.
- 306.1 Administrative Condition Changes: An applicant applying for an administrative change in permit conditions shall pay a fee equal to the filing fee for a single source, provided the following criteria are met:
- 1.1 The condition change applies to a single source or a group of sources with shared permit conditions.
 - 1.2 The condition change does not subject the source(s) to any District Regulations or requirements that were not previously applicable.
 - 1.3 The condition change does not result in any increase in emissions of POC, NPOC, NO_x, CO, SO₂, or PM₁₀ at any source or the emission of a toxic air contaminant above the trigger levels identified in Table 2-5-1
 - 1.4 The condition change does not require a public notice.
- 306.2 Other Condition Changes: Applicant shall pay the filing, initial, and risk screening fees required for new and modified equipment under Section 3-302. If the condition change will result in higher permit to operate fees, the applicant shall also pay any incremental increases in permit to operate fees and toxic surcharges.
(Amended 7/6/83; 6/4/86; 6/6/90; 10/8/97; 6/7/00; 6/15/05)
- 3-307 Transfers:** The owner/operator of record is the person to whom a permit is issued or, if no permit has yet been issued to a facility, the person who applied for a permit. Permits are valid only for the owner/operator of record. Upon submittal of a \$100 transfer of ownership fee, permits are re-issued to the new owner/operator of record with no change in expiration dates.
(Amended 2/20/85; 6/4/86; 11/5/86; 4/6/88; 10/8/97, 5/1/02; 5/21/03; 6/02/04; 6/19/13; 6/4/14)
- 3-308 Change of Location:** An applicant who wishes to move an existing source, which has a permit to operate, shall pay no fee if the move is on the same facility. If the move is not on the same facility, the source shall be considered a new source and subject to Section 3-302. This section does not apply to portable permits meeting the requirements of Regulation 2-1-220 and 413.
(Amended 7/6/83; 6/4/86; 6/15/05)
- 3-309 Duplicate Permit or Registration:** An applicant for a duplicate permit to operate or registration shall pay a fee of \$7476 per permit or registration.

(Amended 5/19/99; 5/1/02; 5/21/03; 6/02/04; 6/15/05; 6/7/06; 5/2/07; 5/21/08; 5/20/09; 6/16/10; 6/19/13; 6/4/14)

3-310

Fee for Constructing Without a Permit: An applicant for an authority to construct and a permit to operate a source, which has been constructed or modified without an authority to construct, shall pay the following fees:

- 310.1 Sources subject to permit requirements on the date of initial operation shall pay fees for new construction pursuant to Section 3-302, any back fees pursuant to Section 3-303, and a late fee equal to 100% of the initial fee. A modified gasoline dispensing facility subject to Schedule D that is not required to pay an initial fee shall pay fees for a modified source pursuant to Section 3-302, back fees, and a late fee equal to 100% of the filing fee.
- 310.2 Sources previously exempt from permit requirements that lose their exemption due to changes in District, state, or federal regulations shall pay a permit to operate fee and toxic surcharge for the coming year and any back fees pursuant to Section 3-303.
- 310.3 Sources previously exempt from permit requirements that lose their exemption due to a change in the manner or mode of operation, such as an increased throughput, shall pay fees for new construction pursuant to Section 3-302. In addition, sources applying for permits after commencing operation in a non-exempt mode shall also pay a late fee equal to 100% of the initial fee and any back fees pursuant to Section 3-303.
- 310.4 Sources modified without a required authority to construct shall pay fees for modification pursuant to Section 3-302 and a late fee equal to 100% of the initial fee.

(Amended 7/6/83; 4/18/84; 6/4/86; 6/6/90; 7/3/91; 8/2/95; 10/8/97; 6/02/04; 6/15/05; 6/6/12)

3-311

Banking: Any applicant who wishes to bank emissions for future use, or convert an ERC into an IERC, shall pay a filing fee of [\\$441452](#) per source plus the initial fee given in Schedules B, C, D, E, F, H, I or K. Where more than one of these schedules is applicable to a source, the fee paid shall be the highest of the applicable schedules. Any applicant for the withdrawal of banked emissions shall pay a fee of [\\$441452](#).

(Amended 7/6/83; 6/4/86; 7/15/87; 7/3/91; 6/15/94; 7/1/98; 5/19/99; 6/7/00; 6/6/01; 5/1/02; 5/21/03; 6/02/04; 6/15/05; 6/7/06; 5/2/07; 5/21/08; 5/20/09; 6/16/10; 5/4/11; 6/6/12; 6/19/13; 6/4/14)

3-312

Emission Caps and Alternative Compliance Plans: Any facility which elects to use an alternative compliance plan contained in:

- 312.1 Regulation 8 ("bubble") to comply with a District emission limitation or to use an annual or monthly emission limit to acquire a permit in accordance with the provisions of Regulation 2, Rule 2, shall pay an additional annual fee equal to fifteen percent of the total plant permit to operate fee.
- 312.2 Regulation 2, Rule 9, or Regulation 9, Rule 10 shall pay an annual fee of [\\$1,1151,144](#) for each source included in the alternative compliance plan, not to exceed [\\$11,15511,445](#).

(Adopted 5/19/82; Amended 6/4/86; 5/19/99; 6/7/00; 6/6/01; 5/1/02; 5/23/03; 6/2/04; 6/15/05; 6/7/06; 5/2/07; 5/21/08; 5/20/09; 6/16/10; 5/4/11; 6/6/12; 6/19/13; 6/4/14)

3-313

Deleted May 19, 1999

3-314

Deleted August 2, 1995

3-315

Costs of Environmental Documentation: An applicant for an Authority to Construct ~~a project which is subject to review under the California Environmental Quality Act (Public Resources Code, Section 21000, et seq.)~~ shall pay, in addition to the fees required under Section 3-302 and in any applicable schedule, the District's costs of performing ~~all any~~ environmental evaluation ~~required and preparing and filing any documents~~ pursuant to the California Environmental Quality Act (Public Resources Code, Section 21000, et seq.), ~~the District's costs in preparing any environmental study or Environmental Impact Report~~ (including the costs of any outside consulting assistance which the District may employ in connection with the preparation of any such ~~study or report~~ ~~evaluation or documentation~~), as well as the District's reasonable internal costs (including overhead) of processing, ~~and reviewing, or filing the any required~~ environmental ~~evaluation or~~ documentation.

(Adopted 12/18/85; Amended 5/1/02)

- 3-316 Deleted June 6, 1990**
- 3-317 Asbestos Operation Fees:** After July 1, 1988, persons submitting a written plan, as required by Regulation 11, Rule 2, Section 401, to conduct an asbestos operation shall pay the fee given in Schedule L.
(Adopted 7/6/88; Renumbered 9/7/88; Amended 8/2/95)
- 3-318 Public Notice Fee, Schools:** Pursuant to Section 42301.6(b) of the Health and Safety Code, an applicant for an authority to construct or permit to operate subject to the public notice requirements of Regulation 2-1-412 shall pay, in addition to the fees required under Section 3-302 and in any applicable schedule, a fee to cover the expense of preparing and distributing the public notices to the affected persons specified in Regulation 2-1-412 as follows:
- 318.1 A fee of \$2,100 per application, and
 - 318.2 The District's cost exceeding \$2,100 of preparing and distributing the public notice.
 - 318.3 The District shall refund to the applicant the portion of any fee paid under this Section that exceeds the District's cost of preparing and distributing the public notice.
(Adopted 11/1/89; Amended 10/8/97; 7/1/98; 5/19/99; 6/7/00; 5/21/03; 6/2/04; 6/16/10)
- 3-319 Major Stationary Source Fees:** Any major stationary source emitting 50 tons per year of organic compounds, sulfur oxides, nitrogen oxides, or PM₁₀ shall pay a fee based on Schedule M. This fee is in addition to permit and other fees otherwise authorized to be collected from such facilities and shall be included as part of the annual permit renewal fees.
(Adopted 6/6/90; Amended 8/2/95; 6/7/00)
- 3-320 Toxic Inventory Fees:** Any facility that emits one or more toxic air contaminants in quantities above a minimum threshold level shall pay an annual fee based on Schedule N. This fee will be in addition to permit to operate, toxic surcharge, and other fees otherwise authorized to be collected from such facilities.
- 320.1 An applicant who qualifies as a small business under Regulation 3-209 shall pay a Toxic Inventory Fee as set out in Schedule N up to a maximum fee of \$8,944 per year.
(Adopted 10/21/92; Amended 5/19/99; 5/21/03; 6/2/04; 6/15/05; 6/7/06; 5/2/07; 5/20/09; 6/16/10; 5/4/11)
- 3-321 Deleted December 2, 1998**
- 3-322 Excavation of Contaminated Soil and Removal of Underground Storage Tank Operation Fees:** Persons submitting a written notification for a given site to conduct either excavation of contaminated soil or removal of underground storage tanks as required by Regulation 8, Rule 40, Section 401, 402, 403 or 405 shall pay a fee based on Schedule Q.
(Adopted 1/5/94; Amended 8/2/95; 5/21/03)
- 3-323 Pre-Certification Fees:** An applicant seeking to pre-certify a source, in accordance with Regulation 2, Rule 1, Section 415, shall pay the filing fee, initial fee and permit to operate fee given in the appropriate schedule.
(Adopted June 7, 1995)
- 3-324 Deleted June 7, 2000**
- 3-325 Deleted December 2, 1998**
- 3-326 Deleted December 2, 1998**
- 3-327 Permit to Operate, Renewal Fees:** After the expiration of the initial permit to operate, the permit to operate shall be renewed on an annual basis or other time period as approved by the APCO. The fee required for the renewal of a permit to operate is the permit to operate fee and toxic surcharge listed in Schedules B, C, D, E, F, H, I, and K, prorated for the period of coverage. When more than one of the schedules is applicable to a source, the fee paid shall be the highest of the applicable schedules. This renewal fee is applicable to all sources required to obtain permits to operate in accordance with District regulations. The permit renewal invoice shall also specify any applicable major stationary source fees based on Schedule M, toxic inventory fees based on Schedule N, major facility review fees based on Schedule P, and greenhouse gas fees based on Schedule T. Where applicable, renewal fees shall be based on actual usage or emission levels that have been reported to or calculated by the District. In addition to these renewal fees for the sources at a facility, the

facility shall also pay a processing fee at the time of renewal that covers each Permit Renewal Period as follows:

- 327.1 \$~~8789~~ for facilities with one permitted source, including gasoline dispensing facilities,
- 327.2 \$~~172176~~ for facilities with 2 to 5 permitted sources,
- 327.3 \$~~342351~~ for facilities with 6 to 10 permitted sources,
- 327.4 \$~~514527~~ for facilities with 11 to 15 permitted sources,
- 327.5 \$~~682700~~ for facilities with 16 to 20 permitted sources,
- 327.6 \$~~854876~~ for facilities with more than 20 permitted sources.

(Adopted 6/7/00; Amended 6/2/04; 6/16/04; 6/15/05; 6/7/06; 5/2/07; 5/21/08; 5/20/09; 6/16/10; 5/4/11; 6/6/12; 6/19/13; 6/4/14)

3-328 Fee for OEHHA Risk Assessment Reviews: Any facility that submits a health risk assessment to the District in accordance with Section 44361 of the California Health and Safety Code shall pay any fee requested by the State Office of Environmental Health Hazard Assessment (OEHHA) for reimbursement of that agency's costs incurred in reviewing the risk assessment.

(Adopted June 7, 2000)

3-329 Fee for Risk Screening: A health risk screening analysis (HRSA) required pursuant to Regulation 2, Rule 5 shall be subject to an appropriate Risk Screening Fee pursuant to Regulation 3-302 and Schedules B, C, D, E, F, H, I or K. In addition, any person that requests that the District prepare or review an HRSA (e.g., for determination of permit exemption in accordance with Regulations 2-1-316, 2-5-301 and 2-5-302; or for determination of exemption from emission control requirements pursuant to Regulation 8-47-113 and 8-47-402) shall pay a Risk Screening Fee.

(Adopted June 15, 2005)

3-330 Fee for Renewing an Authority to Construct: An applicant seeking to renew an authority to construct in accordance with Regulation 2-1-407 shall pay a fee of 50% of the initial fee in effect at the time of the renewal. If the District determines that an authority to construct cannot be renewed, any fees paid under this section shall be credited in full against the fee for a new authority to construct for functionally equivalent equipment submitted within six months of the date the original authority to construct expires.

(Adopted June 15, 2005)

3-331 Registration Fees: Any person who is required to register equipment under District rules shall submit a registration fee, and any annual fee thereafter, as set out in Schedule R. The APCO may reduce registration fees by an amount deemed appropriate if the owner or operator of the equipment attends an Industry Compliance School sponsored by the District.

(Adopted June 6, 2007; Amended 6/16/10)

3-332 Naturally Occurring Asbestos Fees: After July 1, 2007, any person required to submit an Asbestos Dust Mitigation Plan (ADMP) pursuant to Title 17 of the California Code of Regulations, Section 93105, Asbestos Air Toxic Control Measure for Construction, Grading, Quarrying, and Surface Mining Operations shall pay the fee(s) set out in Schedule S.

(Adopted June 6, 2007)

3-333 Major Facility Review (MFR) and Synthetic Minor Application Fees: Any facility that applies for, or is required to undergo, an initial MFR permit, an amendment to an MFR permit, a minor or significant revision to an MFR permit, a reopening of an MFR permit, a renewal of an MFR permit, an initial synthetic minor operating permit, or a revision to a synthetic minor operating permit, shall pay the applicable fees set forth in Schedule P.

(Adopted May 21, 2008)

3-334 Greenhouse Gas Fees: Any permitted facility with greenhouse gas emissions shall pay a fee based on Schedule T. This fee is in addition to permit and other fees otherwise authorized to be collected from such facilities, and shall be included as part of the annual permit renewal fees.

(Adopted May 21, 2008)

3-335 Indirect Source Review Fees: Applicants that must file an Air Quality Impact Assessment pursuant to District rules for a project that is deemed to be an indirect source shall pay a fee based on Schedule U.

(Adopted May 20, 2009)

3-336 Open Burning Operation Fees: Effective July 1, 2013, any person required to provide notification to the District prior to burning; submit a petition to conduct a Filmmaking or Public Exhibition fire; receive an acreage burning allocation to conduct a Stubble fire; or submit a smoke management plan and receive an acreage burning allocation to conduct a Wildland Vegetation Management fire or Marsh Management fire shall pay the fee given in Schedule V.

(Adopted June 19, 2013)

3-337 Exemption Fee: An applicant who wishes to receive a certificate of exemption shall pay a filing fee of \$~~441~~452 per exempt source.

(Adopted June 19, 2013; Amended 6/4/14)

3-338 Incident Response Fee: Any facility required to obtain a District permit, and any District-regulated area-wide or indirect source, that is the site where an incident occurs to which the District responds, shall pay a fee equal to the District's actual costs in conducting the incident response as defined in Section 3-243, including without limitation, the actual time and salaries, plus overhead, of the District staff involved in conducting the incident response and the cost of any materials.

(Adopted June 19, 2013)

3-400 ADMINISTRATIVE REQUIREMENTS

3-401 Permits: Definitions, standards, and conditions contained in Regulation 2, Permits, are applicable to this regulation.

3-402 Single Anniversary Date: The APCO may assign a single anniversary date to a facility on which all its renewable permits to operate expire and will require renewal. Fees will be prorated to compensate for different time periods resulting from change in anniversary date.

3-403 Change in Operating Parameters: See Section 2-1-404 of Regulation 2, Rule 1.

3-404 Deleted June 7, 2000

3-405 Fees Not Paid: If an applicant or owner/operator fails to pay the fees specified on the invoice by the due date, the following procedure(s) shall apply:

- 405.1 Authority to Construct: The application will be cancelled, but can be reactivated upon payment of fees.
- 405.2 New Permit to Operate: The Permit to Operate shall not be issued, and the facility will be notified that operation, including startup, is not authorized.
 - 2.1 Fees received during the first 30 days following the due date must include a late fee equal to 10 percent of all fees specified on the invoice.
 - 2.2 Fees received more than 30 days after the due date must include a late fee equal to 50 percent of all fees specified on the invoice.
- 405.3 Renewal of Permit to Operate: The owner or operator of a facility must renew the Permit to Operate in order to continue to be authorized to operate the source. Permit to Operate Fees for the Permit Renewal Period shall be calculated using fee schedules in effect on the Permit to Operate Renewal Date. The permit renewal invoice will include all fees to be paid in order to renew the Permit to Operate, as specified in Section 3-327. If not renewed as of the date of the next Permit Renewal Period, a Permit to Operate lapses and further operation is no longer authorized. The District will notify the facility that the permit has lapsed. Reinstatement of lapsed Permits to Operate will require the payment of all unpaid prior Permit to Operate fees and associated reinstatement fees for each unpaid prior Permit Renewal Period, in addition to all fees specified on the permit renewal invoice.
- 405.4 Reinstatement of Lapsed Permit to Operate: To reinstate a Permit to Operate, the owner or operator must pay all of the following fees:
 - 4.1 The applicable Permit to Operate Fees for the current year, as specified in Regulation 3-327, and the applicable reinstatement fee, if any, calculated as follows:

- 4.1.1 Fees received during the first 30 days following the due date must include all fees specified on the permit renewal invoice plus a reinstatement fee equal to 10 percent of all fees specified on the invoice.
- 4.1.2 Fees received more than 30 days after the due date, but less than one year after the due date, must include all fees specified on the permit renewal invoice plus a reinstatement fee equal to 50 percent of all fees specified on the invoice.
- 4.2 The applicable Permit to Operate Fees specified in Regulation 3-327 for each prior Permit Renewal Period for which all Permit to Operate Fees and associated reinstatement fees have not been paid. Each year's Permit to Operate Fee shall be calculated at the fee rates in effect on that year's Permit to Operate Renewal Date. The reinstatement fee for each associated previously-unpaid Permit to Operate Fee shall be calculated in accordance with Regulation 3-405.4.1 and 4.1.2.

Each year or period of the lapsed Permit to Operate is deemed a separate Permit Renewal Period. The oldest outstanding Permit to Operate Fee and reinstatement fees shall be paid first.

405.5 **Registration and Other Fees:** Persons who have not paid the fee by the invoice due date, shall pay the following late fee in addition to the original invoiced fee. Fees shall be calculated using fee schedules in effect at the time of the fees' original determination.

5.1 Fees received during the first 30 days following the due date must include an additional late fee equal to 10 percent of all fees specified on the invoice.

5.2 Fees received more than 30 days after the due date must include an additional late fee equal to 50 percent of all fees specified on the invoice.

(Amended 7/6/83; 6/4/86; 11/5/86; 2/15/89; 6/6/90; 7/3/91; 8/2/95; 12/2/98; 6/15/05; 6/7/06; 6/6/12; 6/19/13; 6/4/14)

3-406 Deleted June 4, 1986

3-407 Deleted August 2, 1995

3-408 Permit to Operate Valid for 12 Months: A Permit to Operate is valid for 12 months from the date of issuance or other time period as approved by the APCO.

(Amended 6/4/86; Amended 6/7/00)

3-409 Deleted June 7, 2000

3-410 Deleted August 2, 1995

3-411 Advance Deposit of Funds: The APCO may require that at the time of the filing of an application for an Authority to Construct for a project for which the District is a lead agency under the California Environmental Quality Act (Public Resources Code, Section 21000, et seq.), the applicant shall make an advance deposit of funds, in an amount to be specified by the APCO, to cover the costs which the District estimates to incur in connection with the District's performance of its environmental evaluation and the preparation of any required environmental documentation. In the event the APCO requires such an estimated advance payment to be made, the applicant will be provided with a full accounting of the costs actually incurred by the District in connection with the District's performance of its environmental evaluation and the preparation of any required environmental documentation.

(Adopted 12/18/85; Amended 8/2/95)

3-412 Deleted December 2, 1998

3-413 Toxic "Hot Spots" Information and Assessment Act Revenues: No later than 120 days after the adoption of this regulation, the APCO shall transmit to the California Air Resources Board, for deposit into the Air Toxics "Hot Spots" Information and Assessment Fund, the revenues determined by the ARB to be the District's share of statewide Air Toxics "Hot Spot" Information and Assessment Act expenses.

(Adopted October 21, 1992)

3-414 Deleted December 2, 1998

3-415 Failure to Pay - Further Actions: When an applicant or owner/operator fails to pay the fees

specified on the invoice by the due date, the APCO may take the following actions against the applicant or owner/operator:

- 415.1 Issuance of a Notice to Comply.
- 415.2 Issuance of a Notice of Violation.
- 415.3 Revocation of an existing Permit to Operate. The APCO shall initiate proceedings to revoke permits to operate for any person who is delinquent for more than one month. The revocation process shall continue until payment in full is made or until permits are revoked.
- 415.4 The withholding of any other District services as deemed appropriate until payment in full is made.

(Adopted 8/2/95; Amended 12/2/98; 6/15/05)

3-416 Adjustment of Fees: The APCO or designees may, upon finding administrative error by District staff in the calculation, imposition, noticing, invoicing, and/or collection of any fee set forth in this rule, rescind, reduce, increase, or modify the fee. A request for such relief from an administrative error, accompanied by a statement of why such relief should be granted, must be received within two years from the date of payment.

(Adopted October 8, 1997)

3-417 Temporary Amnesty for Unpermitted and Unregistered Sources: The APCO has the authority to declare an amnesty period, during which the District may waive all or part of the back fees and/or late fees for sources that are currently operating without valid Permits to Operate and/or equipment registrations.

(Adopted June 16, 2010)

**SCHEDULE A
HEARING BOARD FEES¹**

Established by the Board of Directors December 7, 1977 Resolution No. 1046
(Code section references are to the California Health & Safety Code, unless otherwise indicated)

		Large Companies	Small Business	Third Party
1.	For each application for variance exceeding 90 days, in accordance with §42350, including applications on behalf of a class of applicants, which meet the requirements of the Hearing Board Rules for a valid and proper class action for variance..... Plus, for each hearing in addition to the first hearing necessary to dispose of said variance application in accordance with §42350, the additional sum of.....	<u>\$3,5533</u> <u>.873</u> <u>\$1,7791</u> <u>.939</u>	<u>\$5345</u> <u>79</u> <u>\$1791</u> <u>95</u>	
2.	For each application for variance not exceeding 90 days, in accordance with §42350, including applications on behalf of a class of applicants, which meet the requirements of the Hearing Board Rules for a valid and proper class action for variance..... Plus, for each hearing in addition to the first hearing necessary to dispose of said variance application, in accordance with §42350, the additional sum of.....	<u>\$2,1342</u> <u>.326</u> <u>\$1,0651</u> <u>.161</u>	<u>\$5345</u> <u>79</u> <u>\$1791</u> <u>95</u>	
3.	For each application to modify a variance in accordance with §42356.... Plus, for each hearing in addition to the first hearing on said application to modify a variance, in accordance with §42345, necessary to dispose of the application, the additional sum of	<u>\$1,4161</u> <u>.543</u> <u>\$1,0651</u> <u>.161</u>	<u>\$1791</u> <u>95</u> <u>\$1791</u> <u>95</u>	
4.	For each application to extend a variance, in accordance with §42357... Plus, for each hearing in addition to the first hearing on an application to extend a variance, in accordance with §42357, necessary to dispose of the application, the additional sum of	<u>\$1,4161</u> <u>.543</u> <u>\$1,0651</u> <u>.161</u>	<u>\$1791</u> <u>95</u> <u>\$1791</u> <u>95</u>	
5.	For each application to revoke a variance.....	<u>\$2,1342</u> <u>.326</u>	<u>\$1791</u> <u>95</u>	
6.	For each application for approval of a Schedule of Increments of Progress in accordance with §41703	<u>\$1,4161</u> <u>.543</u>	<u>\$1791</u> <u>95</u>	
7.	For each application for variance in accordance with §41703, which exceeds 90 days..... Plus, for each hearing in addition to the first hearing on said application for variance in accordance with §41703, the additional sum of	<u>\$3,5533</u> <u>.873</u> <u>\$1,7791</u> <u>.939</u>	<u>\$5345</u> <u>79</u> <u>\$1791</u> <u>95</u>	

		Large Companies	Small Business	Third Party
8.	For each application for variance in accordance with §41703, not to exceed 90 days..... Plus, for each hearing in addition to the hearing on said application for a variance in accordance with §41703, the additional sum of	<u>\$2,1342</u> <u>,326</u> <u>\$1,0651</u> <u>,161</u>	<u>\$5345</u> <u>79</u> <u>\$1791</u> <u>95</u>	
9.	For each Appeal (Permit, Banking, Title V)	<u>\$3,5533,8</u> <u>73</u> per hearing day	<u>\$1,77919</u> <u>39</u> per hearing day	<u>\$1,7791,9</u> <u>39</u> for entire appeal period
10.	For each application for intervention in accordance with Hearing Board Rules §§2.3, 3.6 & 4.6	<u>\$1,7791</u> <u>,939</u>	<u>\$3583</u> <u>90</u>	
11.	For each application to Modify or Terminate an abatement order	<u>\$3,5533,8</u> <u>73</u> per hearing day	<u>\$1,779</u> <u>1,939</u> per hearing day	
12.	For each application for an interim variance in accordance with §42351	<u>\$1,7791</u> <u>,939</u>	<u>\$3583</u> <u>90</u>	
13.	For each application for an emergency variance in accordance with §42359.5	<u>\$88796</u> <u>7</u>	<u>\$1791</u> <u>95</u>	
14.	For each application to rehear a Hearing Board decision in accordance with §40861	100% of previous fee charged	100% of previous fee charged	
15.	Excess emission fees	See Attachment I	See Attachment I	
16.	Miscellaneous filing fee for any hearing not covered above	<u>\$1,7791</u> <u>,939</u>	<u>\$5345</u> <u>79</u>	<u>\$53457</u> <u>9</u>
17.	For each published Notice of Public Hearing	Cost of Publication	\$0	\$0
18.	Court Reporter Fee (to be paid only if Court Reporter required for hearing).....	Actual Appearance and Transcript costs per hearing solely dedicated to one Docket	\$0	Actual Appearance and Transcript costs per hearing solely dedicated to one Docket

NOTE 1 Any applicant who believes they have a hardship for payment of fees may request a fee waiver from the Hearing Board pursuant to Hearing Board Rules.

(Amended 10/8/97; 5/19/99; 6/7/00; 6/6/01, 5/1/02; 5/21/03; 6/2/04; 6/15/05; 6/7/06; 5/2/07; 5/21/08; 5/20/09; 6/16/10; 5/4/11; 6/6/12; 6/19/13; 6/4/14)

**SCHEDULE A
ATTACHMENT I
EXCESS EMISSION FEE**

A. General

- (1) Each applicant or petitioner for a variance from these Rules and Regulations shall pay to the Clerk or Deputy Clerk of the Hearing Board, in addition to the other filing fees required in Schedule A, an emission fee based on the total weight of emissions discharged, per source or product, other than those described in division (B) below, during the variance period in excess of that allowed by these rules in accordance with the schedule set forth in Table I.
- (2) Where the total weight of emission discharged cannot be easily calculated, the petitioner shall work in concert with District staff to establish the amount of excess emissions to be paid.
- (3) In the event that more than one rule limiting the discharge of the same contaminant is violated, the excess emission fee shall consist of the fee for violation which will result in the payment of the greatest sum. For the purposes of this subdivision, opacity rules and particulate mass emissions shall not be considered rules limiting the discharge of the same contaminant.

B. Excess Visible Emission Fee

Each applicant or petitioner for a variance from Regulation 6 or Health and Safety Code Section 41701 shall pay to the Clerk or Deputy Clerk of the Hearing Board, in addition to the filing fees required in Schedule A and the excess emission fees required in (A) above (if any), an emission fee based on the difference between the percent opacity allowed by Regulation 6 and the percent opacity of the emissions allowed from the source or sources operating under the variance, in accordance with the schedule set forth in Table II.

In the event that an applicant or petitioner is exempt from the provisions of Regulation 6, the applicant or petitioner shall pay a fee calculated as described herein above, but such fee shall be calculated based upon the difference between the opacity allowed under the variance and the opacity allowed under the provisions of Health and Safety Code Section 41701, in accordance with the schedule set forth in Table II.

C. Applicability

The provisions of subdivision (A) shall apply to all variances that generate excess emissions.

D. Fee Determination

- (1) The excess emission fees shall be calculated by the petitioner based upon the requested number of days of operation under variance multiplied by the expected excess emissions as set forth in subdivisions (A) and (B) above. The calculations and proposed fees shall be set forth in the petition.
- (2) The Hearing Board may adjust the excess emission fee required by subdivisions (A) and (B) of this rule based on evidence regarding emissions presented at the time of the hearing.

E. Small Businesses

- (1) A small business shall be assessed twenty percent (20%) of the fees required by subdivisions (A) and (B), whichever is applicable. "Small business" is defined in the Fee Regulation.
- (2) Request for exception as a small business shall be made by the petitioner under penalty of perjury on a declaration form provided by the Executive Officer which shall be submitted to the Clerk or Deputy Clerk of the Hearing Board at the time of filing a petition for variance.

F. Group, Class and Product Variance Fees

Each petitioner included in a petition for a group, class or product variance shall pay the filing fee specified in Schedule A, and the excess emission fees specified in subdivisions (A) and (B), whichever is applicable.

G. Adjustment of Fees

If after the term of a variance for which emission fees have been paid, petitioner can establish, to the satisfaction of the Executive Officer/APCO, that emissions were actually less than those upon which the fee was based, a pro rata refund shall be made.

H. Fee Payment/Variance Invalidation

- (1) Excess emission fees required by subdivisions (A) and (B), based on an estimate provided during the variance Hearing, are due and payable within fifteen (15) days of the granting of the variance. The petitioner shall be notified in writing of any adjustment to the amount of excess emission fees due, following District staff's verification of the estimated emissions. Fee payments to be made as a result of an adjustment are due and payable within fifteen (15) days of notification of the amount due.
- (2) Failure to pay the excess emission fees required by subdivisions (A) and (B) within fifteen (15) days of notification that a fee is due shall automatically invalidate the variance. Such notification may be given by personal service or by deposit, postpaid, in the United States mail and shall be due fifteen (15) days from the date of personal service or mailing. For the purpose of this rule, the fee payment shall be considered to be received by the District if it is postmarked by the United States Postal Service on or before the expiration date stated on the billing notice. If the expiration date falls on a Saturday, Sunday, or a state holiday, the fee payment may be postmarked on the next business day following the Saturday, Sunday, or the state holiday with the same effect as if it had been postmarked on the expiration date.

**TABLE I
SCHEDULE OF EXCESS EMISSIONS FEES**

Air Contaminants Organic gases, except methane and those containing sulfur Carbon Monoxide Oxides of nitrogen (expressed as nitrogen dioxide) Gaseous sulfur compounds (expressed as sulfur dioxide) Particulate matter	All at \$ 3.41 <u>3.72</u> Per Pound
Toxic Air Contaminants Asbestos Benzene Cadmium Carbon tetrachloride Chlorinated dioxins and dibenzofurans (15 species) Ethylene dibromide Ethylene dichloride Ethylene oxide Formaldehyde Hexavalent chromium Methylene chloride Nickel Perchloroethylene 1,3-Butadiene Inorganic arsenic Beryllium Polynuclear aromatic hydrocarbons (PAH) Vinyl chloride Lead 1,4-Dioxane Trichloroethylene	All at \$ 16.94 <u>18.46</u> Per Pound

**TABLE II
SCHEDULE OF EXCESS VISIBLE EMISSION FEE**

For each source with opacity emissions in excess of twenty percent (20%), but less than forty percent (40%) (where the source is in violation of Regulation 6 and California Health and Safety Code Section 41701), the fee is calculated as follows:

$$\text{Fee} = (\text{Opacity}^* \text{ equivalent} - 20) \times \text{number of days allowed in variance} \times \$\underline{3.794.13}$$

For each source with opacity emissions in excess of forty percent (40%) (where the source is in violation of Regulation 6 and California Health and Safety Code Section 41701), the fee is calculated as follows:

$$\text{Fee} = (\text{Opacity}^* \text{ equivalent} - 40) \times \text{number of days allowed by variance} \times \$\underline{3.794.13}$$

* Where "Opacity" equals maximum opacity of emissions in percent (not decimal equivalent) allowed by the variance. Where the emissions are darker than the degree of darkness equivalent to the allowed Ringelmann number, the percentage equivalent of the excess degree of darkness shall be used as "opacity."

(Adopted 6/7/00; Amended 5/1/02; 5/21/03; 6/2/04; 6/15/05; 6/7/06; 5/2/07; 5/21/08; 5/20/09; 6/16/10; 5/4/11; 6/6/12; 6/19/13; 6/4/14)

**SCHEDULE B
COMBUSTION OF FUEL**
(Adopted June 18, 1980)

For each source that burns fuel, which is not a flare and not exempted by Regulation 2, Rule 1, the fee shall be computed based on the maximum gross combustion capacity (expressed as higher heating value, HHV) of the source.

1. INITIAL FEE: \$~~57,746~~1.75 per MM BTU/HOUR
 - a. The minimum fee per source is: \$~~308~~330
 - b. The maximum fee per source is: \$~~107,663~~115.199

2. RISK SCREENING FEE (RSF) is only applicable for new and modified sources of toxic air contaminants (TACs) for which a health risk screening analysis is required under Regulation 2-5-401.
 - a. RSF for first TAC source in application: \$~~444~~452 plus \$~~57,746~~1.75 per MM BTU/hr
 - b. Minimum RSF for first TAC source: \$~~749~~782
 - c. RSF for each additional TAC source: \$~~57,746~~1.75 per MM BTU/hr *
 - d. Minimum RSF per additional TAC source: \$~~308~~330 *
 - e. Maximum RSF per source is: \$~~107,663~~115.199
 - * RSF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1

3. PERMIT TO OPERATE FEE: \$~~28,843~~0.86 per MM BTU/HOUR
 - a. The minimum fee per source is: \$~~219~~234
 - b. The maximum fee per source is: \$~~53,834~~57.599

4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

5. ROUNDING: Fees for each source will be rounded to the nearest dollar. The fee for sources will be rounded up to the nearest dollar for 51 cents and above, and amounts 50 cents and lower will be rounded down to the nearest dollar.

6. Applicants for an authority to construct and permit to operate a project, which burns municipal waste or refuse-derived fuel, shall pay in addition to all required fees, an additional fee to cover the costs incurred by the State Department of Health Services, and/or a qualified contractor designated by the State Department of Health Services, in reviewing a risk assessment as required under H&S Code Section 42315. The fee shall be transmitted by the District to the Department of Health Services and/or the qualified contractor upon completion of the review and submission of comments in writing to the District.

7. A surcharge equal to 100% of all required initial and permit to operate fees shall be charged for sources permitted to burn one or more of the following fuels: coke, coal, wood, tires, black liquor, and municipal solid waste.

NOTE: MM BTU is million BTU of higher heat value
One MM BTU/HR = 1.06 gigajoules/HR

(Amended 6/5/85; 6/4/86; 3/4/87; 6/6/90; 7/3/91; 6/15/94; 10/8/97; 7/1/98; 7/1/98; 5/19/99; 6/7/00; 6/6/01, 5/1/02; 5/21/03; 6/2/04; 6/15/05; 6/7/06; 5/2/07; 5/21/08; 5/20/09; 6/16/10; 5/4/11; 6/6/12; 6/19/13; 6/4/14)

SCHEDULE C
STATIONARY CONTAINERS FOR THE STORAGE OF ORGANIC LIQUIDS
(Adopted June 18, 1980)

For each stationary container of organic liquids which is not exempted from permits by Regulation 2 and which is not part of a gasoline dispensing facility, the fee shall be computed based on the container volume, as follows:

1. INITIAL FEE: 0.~~476.181~~ cents per gallon
 - a. The minimum fee per source is: ~~\$195200~~
 - b. The maximum fee per source is: ~~\$26,56727,258~~

2. RISK SCREENING FEE (RSF) is only applicable for new and modified sources of toxic air contaminants (TACs) for which a health risk screening analysis is required under Regulation 2-5-401.
 - a. RSF for first TAC source in application: ~~\$444452~~ plus 0.~~476.181~~ cents per gallon
 - b. Minimum RSF for first TAC source: ~~\$636652~~
 - c. RSF for each additional TAC source: 0.~~476.181~~ cents per gallon *
 - d. Minimum RSF per additional TAC source: ~~\$195200~~ *
 - e. Maximum RSF per source is: ~~\$26,56727,258~~

* RSF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1

3. PERMIT TO OPERATE FEE: 0.~~089.091~~ cents per gallon
 - a. The minimum fee per source is: ~~\$440144~~
 - b. The maximum fee per source is: ~~\$13,28313,628~~

4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

5. ROUNDING: Fees for each source will be rounded to the nearest dollar. The fee for sources will be rounded up to the nearest dollar for 51 cents and above, and amounts 50 cents and lower will be rounded down to the nearest dollar.

(Amended 2/20/85; 6/5/85; 6/4/86; 7/3/91; 6/15/94; 7/1/98; 5/19/99; 6/7/00; 6/6/01; 5/1/02; 5/21/03; 6/2/04; 6/15/05; 6/7/06; 5/2/07; 5/20/09; 6/16/10; 6/6/12; 6/19/13; 6/4/14)

**SCHEDULE D
GASOLINE TRANSFER AT GASOLINE DISPENSING FACILITIES,
BULK PLANTS AND TERMINALS**

(Adopted June 18, 1980)

A. All gasoline dispensing facilities shall pay the following fees:

1. INITIAL FEE: \$~~243.26~~260.29 per single product nozzle (spn)
\$~~243.26~~260.29 per product for each multi-product nozzle (mpn)
2. PERMIT TO OPERATE FEE: \$~~93.18~~99.70 per single product nozzle (spn)
\$~~93.18~~99.70 per product for each multi-product nozzle (mpn)
3. Initial fees and permit to operate fees for hardware modifications at a currently permitted gasoline dispensing facility shall be consolidated into a single fee calculated according to the following formula:

$$\$336.42359.97 \times \left\{ \left[(mpn_{\text{proposed}})(\text{products per nozzle}) + spn_{\text{proposed}} \right] - \left[(mpn_{\text{existing}})(\text{products per nozzle}) + spn_{\text{existing}} \right] \right\}$$

mpn = multi-product nozzles
spn = single product nozzles

The above formula includes a toxic surcharge.

If the above formula yields zero or negative results, no initial fees or permit to operate fees shall be charged.

For the purposes of calculating the above fees, a fuel blended from two or more different grades shall be considered a separate product.

Other modifications to facilities' equipment, including but not limited to tank addition/replacement/conversion, vapor recovery piping replacement, moving or extending pump islands, will not be subject to initial fees or permit to operate fees.

4. RISK SCREENING FEE (RSF) of \$~~441~~452 per application is only applicable to projects for which a health risk screening analysis is required under Regulation 2-5-401 [including increases in permitted throughput for which a health risk screening analysis is required.]
5. Nozzles used exclusively for the delivery of diesel fuel or other fuels exempt from permits shall pay no fee. Multi-product nozzles used to deliver both exempt and non-exempt fuels shall pay fees for the non-exempt products only.

B. All bulk plants, terminals or other facilities using loading racks to transfer gasoline or gasohol into trucks, railcars or ships shall pay the following fees:

1. INITIAL FEE: \$~~3,195~~3,419 per single product loading arm
\$~~3,195~~3,419 per product for multi-product arms
2. RISK SCREENING FEE (RSF) is only applicable for new and modified sources of toxic air contaminants (TACs) for which a health risk screening analysis is required under Regulation 2-5-401.
 - a. RSF for first TAC source in application: \$~~3,636~~3,871
 - b. RSF for each additional TAC source: \$~~3,195~~3,419 *

* RSF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1
3. PERMIT TO OPERATE FEE: \$~~890~~952 per single product loading arm

\$~~890~~952 per product for multi-product arms

4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.
- C. Fees in (A) above are in lieu of tank fees. Fees in (B) above are in addition to tank fees.
- D. Fees for each source will be rounded to the nearest dollar. The fee for sources will be rounded up to the nearest dollar for 51 cents and above, and amounts 50 cents and lower will be rounded down to the nearest dollar.

(Amended 2/20/85; 6/5/85; 6/4/86; 7/3/91; 6/15/94; 10/8/97; 7/1/98; 5/19/99; 6/7/00; 6/6/01; 5/1/02; 5/21/03; 6/2/04; 6/15/05; 6/7/06; 5/2/07; 5/21/08; 5/20/09; 6/16/10; 5/4/11; 6/6/12; 6/19/13; 6/4/14)

SCHEDULE E
SOLVENT EVAPORATING SOURCES
(Adopted June 18, 1980)

For each solvent evaporating source, as defined in Section 3-210 except for dry cleaners, the fee shall be computed based on the net amount of organic solvent processed through the sources on an annual basis (or anticipated to be processed, for new sources) including solvent used for the cleaning of the sources.

1. INITIAL FEE:
 - a. The minimum fee per source is: \$566617
 - b. If usage is not more than 1,000 gallons/year: \$566617
 - c. If usage is more than 1,000 gallons/year: \$1,1381,240 per 1,000 gallons
 - d. The maximum fee per source is: \$45,24249,314

2. RISK SCREENING FEE (RSF) is only applicable for new and modified sources of toxic air contaminants (TACs) for which a health risk screening analysis is required under Regulation 2-5-401.
 - a. RSF for first TAC source in application: \$444452 plus initial fee
 - b. Minimum RSF for first TAC source: \$1,0071,069
 - c. RSF for each additional TAC source: equal to initial fee *
 - d. Minimum RSF per additional TAC source: \$566617 *
 - e. Maximum RSF per source is: \$45,24249,314

* RSF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1

3. PERMIT TO OPERATE FEE:
 - a. The minimum fee per source is: \$408445
 - b. If usage is not more than 1,000 gallons/year: \$408445
 - c. If usage is more than 1,000 gallons/year: \$566617 per 1,000 gallons
 - d. The maximum fee per source is: \$22,61924,655

4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

5. Fees for each source will be rounded to the nearest dollar. The fee for sources will be rounded up to the nearest dollar for 51 cents and above, and amounts 50 cents and lower will be rounded down to the nearest dollar.

(Amended 5/19/82; 10/17/84; 6/5/85; 6/4/86; 10/8/87; 7/3/91; 6/15/94; 7/1/98; 5/19/99; 6/7/00; 6/6/01, 5/1/02, 5/21/03; 6/2/04; 6/15/05; 6/7/06; 5/2/07; 5/21/08; 5/20/09; 6/16/10; 5/4/11; 6/6/12; 6/19/13; 6/4/14)

SCHEDULE F
MISCELLANEOUS SOURCES
(Adopted June 18, 1980)

For each source not governed by Schedules B, C, D, E, H or I, (except for those sources in the special classification lists, G-1 - G-5) the fees are:

1. INITIAL FEE: \$476514
2. RISK SCREENING FEE (RSF) is only applicable for new and modified sources of toxic air contaminants (TACs) for which a health risk screening analysis is required under Regulation 2-5-401.
 - a. RSF for first TAC source in application: \$917966
 - b. RSF for each additional TAC source: \$476514 *
 - * RSF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1
3. PERMIT TO OPERATE FEE: \$346374
4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1. List of special classifications requiring graduated fees is shown in Schedules G-1, G-2, G-3, G-4, and G-5.

G-1 FEES FOR SCHEDULE G-1. For each source in a G-1 classification, fees are:

1. INITIAL FEE: \$3,0753,352
2. RISK SCREENING FEE (RSF) is only applicable for new and modified sources of toxic air contaminants (TACs) for which a health risk screening analysis is required under Regulation 2-5-401.
 - a. RSF for first TAC source in application: \$3,5163,804
 - b. RSF for each additional TAC source: \$3,0753,352 *
 - * RSF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1
3. PERMIT TO OPERATE FEE: \$1,5351,673
4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

G-2 FEES FOR SCHEDULE G-2. For each source in a G-2 classification, fees are:

1. INITIAL FEE: \$4,0604,425
2. RISK SCREENING FEE (RSF) is only applicable for new and modified sources of toxic air contaminants (TACs) for which a health risk screening analysis is required under Regulation 2-5-401.
 - a. RSF for first TAC source in application: \$4,5014,877
 - b. RSF for each additional TAC source: \$4,0604,425 *
 - * RSF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1
3. PERMIT TO OPERATE FEE: \$2,0282,211
4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate

that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

G-3 FEES FOR SCHEDULE G-3. For each source in a G-3 classification, fees are:

1. INITIAL FEE: [\\$25,67827,732](#)
2. RISK SCREENING FEE (RSF) is only applicable for new and modified sources of toxic air contaminants (TACs) for which a health risk screening analysis is required under Regulation 2-5-401.
 - a. RSF for first TAC source in application: [\\$26,11928,184](#)
 - b. RSF for each additional TAC source: [\\$25,67827,732](#) *
 - * RSF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1
3. PERMIT TO OPERATE FEE: [\\$12,83713,864](#)
4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

G-4 FEES FOR SCHEDULE G-4. For each source in a G-4 classification, fees are:

1. INITIAL FEE: [\\$53,67858,509](#)
2. RISK SCREENING FEE (RSF) is only applicable for new and modified sources of toxic air contaminants (TACs) for which a health risk screening analysis is required under Regulation 2-5-401.
 - a. RSF for first TAC source in application: [\\$54,11958,961](#)
 - b. RSF for each additional TAC source: [\\$53,67858,509](#) *
 - * RSF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1
3. PERMIT TO OPERATE FEE: [\\$26,83829,253](#)
4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

G-5 FEES FOR SCHEDULE G-5. For each source in a G-5 classification, fees are:

1. INITIAL FEE: [\\$49,33450,617](#)
2. RISK SCREENING FEE (RSF) is only applicable for new and modified sources of toxic air contaminants (TACs) for which a health risk screening analysis is required under Regulation 2-5-401.
 - a. RSF for first TAC source in application: [\\$49,77551,069](#)
 - b. RSF for each additional TAC source: [\\$49,33450,617](#) *
 - * RSF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1
3. PERMIT TO OPERATE FEE: [\\$24,66725,308](#)
4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

(Amended 5/19/82; 6/5/85; 6/4/86; 6/6/90; 7/3/91; 6/15/94; 10/8/97; 7/1/98; 5/19/99; 6/7/00; 6/6/01; 5/1/02; 5/21/03; 6/2/04; 6/15/05; 6/7/06; 5/2/07; 5/21/08; 5/20/09; 6/16/10; 5/4/11; 6/6/12; 6/19/13; 6/4/14)

SCHEDULE G-1
(Adopted June 18, 1980)

Equipment or Process Description	Materials Processed or Produced
Asphalt Roofing Manufacturing – Asphalt Dipping	Asphalt Roofing or Related Materials
Calcining Kilns, excluding those processing cement, lime, or coke (see G-4 for cement, lime, or coke Calcining Kilns)	Any Materials except cement, lime, or coke
Chemical Manufacturing, Inorganic – Processing Units with a Capacity of 1000 Gallons/Hour or more	Any Inorganic Materials
Chemical Manufacturing, Inorganic – Processing Units with a Capacity of 5 Tons/Hour or more	Any Inorganic Materials
Chemical Manufacturing, Inorganic – Reactors with a Capacity of 1000 Gallons or more	Any Inorganic Materials
Chemical Manufacturing, Organic – Latex Dipping	Any latex materials
Chemical Manufacturing, Organic – Processing Units with a Capacity of 1000 Gallons/Hour or more	Any Organic Materials
Chemical Manufacturing, Organic – Processing Units with a Capacity of 5 Tons/Hour or more	Any Organic Materials
Chemical Manufacturing, Organic – Reactors with a Capacity of 1000 Gallons or more	Any Organic Materials
Compost Operations – Windrows, Static Piles, Aerated Static Piles, In-Vessel, or similar methods	Any waste materials such as yard waste, food waste, agricultural waste, mixed green waste, bio-solids, animal manures, etc.
Crushers	Any minerals or mineral products such as rock, aggregate, cement, concrete, or glass; waste products such as building or road construction debris; and any wood, wood waste, green waste; or similar materials
Electroplating Equipment	Hexavalent Decorative Chrome with permitted capacity greater than

Equipment or Process Description	Materials Processed or Produced
	500,000 amp-hours per year or Hard Chrome
Foil Manufacturing – Any Converting or Rolling Lines	Any Metal or Alloy Foils
Galvanizing Equipment	Any
Glass Manufacturing – Batching Processes including storage and weigh hoppers or bins, conveyors, and elevators	Any Dry Materials
Glass Manufacturing – Mixers	Any Dry Materials
Glass Manufacturing – Molten Glass Holding Tanks	Any molten glass
Grinders	Any minerals or mineral products such as rock, aggregate, cement, concrete, or glass; waste products such as building or road construction debris; and any wood, wood waste, green waste; or similar materials
Incinerators – Crematory	Human and/or animal remains
Incinerators – Flares	Any waste gases
Incinerators – Other (see G-2 for hazardous or municipal solid waste incinerators, see G-3 for medical or infectious waste incinerators)	Any Materials except hazardous wastes, municipal solid waste, medical or infectious waste
Incinerators – Pathological Waste (see G-3 for medical or infectious waste incinerators)	Pathological waste only
Loading and/or Unloading Operations – Bulk Plants and Bulk Terminals, excluding those loading gasoline or gasohol (see Schedule D for Bulk Plants and Terminals loading gasoline or gasohol)	Any Organic Materials except gasoline or gasohol
Petroleum Refining – Alkylation Units	Any Hydrocarbons
Petroleum Refining – Asphalt Oxidizers	Any Hydrocarbons
Petroleum Refining – Benzene Saturation Units/Plants	Any Hydrocarbons
Petroleum Refining – Catalytic Reforming Units	Any Hydrocarbons
Petroleum Refining – Chemical Treating Units including alkane, naphthenic acid, and naptha merox treating, or similar	Any Hydrocarbons

Equipment or Process Description	Materials Processed or Produced
processes	
Petroleum Refining – Converting Units including Dimersol Plants, Hydrocarbon Splitters, or similar processes	Any Hydrocarbons
Petroleum Refining – Distillation Units, excluding crude oil units with capacity > 1000 barrels/hour (see G-3 for > 1000 barrels/hour crude distillation units)	Any Hydrocarbons
Petroleum Refining – Hydrogen Manufacturing	Hydrogen or Any Hydrocarbons
Petroleum Refining – Hydrotreating or Hydrofining	Any Hydrocarbons
Petroleum Refining – Isomerization	Any Hydrocarbons
Petroleum Refining – MTBE Process Units/Plants	Any Hydrocarbons
Petroleum Refining – Sludge Converter	Any Petroleum Waste Materials
Petroleum Refining – Solvent Extraction	Any Hydrocarbons
Petroleum Refining – Sour Water Stripping	Any Petroleum Process or Waste Water
Petroleum Refining – Storage (enclosed)	Petroleum Coke or Coke Products
Petroleum Refining – Waste Gas Flares (not subject to Regulation 12, Rule 11)	Any Petroleum Refining Gases
Petroleum Refining – Miscellaneous Other Process Units	Any Hydrocarbons
Remediation Operations, Groundwater – Strippers	Contaminated Groundwater
Remediation Operations, Soil – Any Equipment	Contaminated Soil
Spray Dryers	Any Materials
Sterilization Equipment	Ethylene Oxide
Wastewater Treatment, Industrial – Oil-Water Separators, excluding oil-water separators at petroleum refineries (see G-2 for Petroleum Refining - Oil-Water Separators)	Wastewater from any industrial facilities except petroleum refineries
Wastewater Treatment, Industrial – Strippers including air strippers, nitrogen strippers, dissolved air flotation units, or similar equipment and excluding strippers at petroleum refineries (see G-2 for Petroleum Refining – Strippers)	Wastewater from any industrial facilities except petroleum refineries
Wastewater Treatment, Industrial - Storage Ponds, excluding storage ponds at petroleum refineries (see G-2 for	Wastewater from any industrial facilities except petroleum

Equipment or Process Description	Materials Processed or Produced
Petroleum Refining – Storage Ponds)	refineries
Wastewater Treatment, Municipal – Preliminary Treatment	Municipal Wastewater
Wastewater Treatment, Municipal – Primary Treatment	Municipal Wastewater
Wastewater Treatment, Municipal – Digesters	Municipal Wastewater
Wastewater Treatment, Municipal – Sludge Handling Processes, excluding sludge incinerators (see G-2 for sludge incinerators)	Sewage Sludge

(Amended 6/4/86; 6/6/90; 5/19/99; 6/7/00; 6/2/04; 6/15/05)

SCHEDULE G-2
(Adopted June 6, 1990)

Equipment or Process Description	Materials Processed or Produced
Asphalt Roofing Manufacturing – Asphalt Blowing	Asphalt Roofing or Related Materials
Asphaltic Concrete Manufacturing – Aggregate Dryers	Any Dry Materials
Asphaltic Concrete Manufacturing – Batch Mixers	Any Asphaltic Concrete Products
Asphaltic Concrete Manufacturing – Drum Mixers	Any Asphaltic Concrete Products
Asphaltic Concrete Manufacturing – Other Mixers and/or Dryers	Any Dry Materials or Asphaltic Concrete Products
Concrete or Cement Batching Operations – Mixers	Any cement, concrete, or stone products or similar materials
Furnaces – Electric	Any Mineral or Mineral Product
Furnaces – Electric Induction	Any Mineral or Mineral Product
Furnaces – Glass Manufacturing	Soda Lime only
Furnaces – Reverberatory	Any Ores, Minerals, Metals, Alloys, or Related Materials
Incinerators – Hazardous Waste including any unit required to have a RCRA permit	Any Liquid or Solid Hazardous Wastes
Incinerators – Solid Waste, excluding units burning human/animal remains or pathological waste exclusively (see G-1 for Crematory and Pathological Waste Incinerators)	Any Solid Waste including Sewage Sludge (except human/animal remains or pathological waste)
Metal Rolling Lines, excluding foil rolling lines (see G-1 for Foil Rolling Lines)	Any Metals or Alloys
Petroleum Refining – Stockpiles (open)	Petroleum Coke or coke products only
Petroleum Refining, Wastewater Treatment – Oil-Water Separators	Wastewater from petroleum refineries only
Petroleum Refining, Wastewater Treatment – Strippers including air strippers, nitrogen strippers, dissolved air flotation units, or similar equipment	Wastewater from petroleum refineries only
Petroleum Refining, Wastewater Treatment – Storage Ponds	Wastewater from petroleum refineries only
Pickling Lines or Tanks	Any Metals or Alloys
Sulfate Pulping Operations – All Units	Any
Sulfite Pulping Operations – All Units	Any

(Amended June 7, 2000)

SCHEDULE G-3
(Adopted June 18, 1980)

Equipment or Process Description	Materials Processed or Produced
Furnaces – Electric Arc	Any Metals or Alloys
Furnaces – Electric Induction	Any Metals or Alloys
Incinerators – Medical Waste, excluding units burning pathological waste exclusively (see G-1 for Pathological Waste Incinerators)	Any Medical or Infectious Wastes
Loading and/or Unloading Operations – Marine Berths	Any Organic Materials
Petroleum Refining – Cracking Units including hydrocrackers and excluding thermal or fluid catalytic crackers (see G-4 for Thermal Crackers and Catalytic Crackers)	Any Hydrocarbons
Petroleum Refining – Distillation Units (crude oils) including any unit with a capacity greater than 1000 barrels/hour (see G-1 for other distillation units)	Any Petroleum Crude Oils
Phosphoric Acid Manufacturing – All Units (by any process)	Phosphoric Acid

(Amended 5/19/82; Amended and renumbered 6/6/90; Amended 6/7/00; 6/15/05; 5/2/07)

SCHEDULE G-4
(Adopted June 6, 1990)

Equipment or Process Description	Materials Processed or Produced
Acid Regeneration Units	Sulfuric or Hydrochloric Acid only
Annealing Lines (continuous only)	Metals and Alloys
Calcining Kilns (see G-1 for Calcining Kilns processing other materials)	Cement, Lime, or Coke only
Fluidized Bed Combustors	Solid Fuels only
Nitric Acid Manufacturing – Any Ammonia Oxidation Processes	Ammonia or Ammonia Compounds
Petroleum Refining - Coking Units including fluid cokers, delayed cokers, flexicokers, and coke kilns	Petroleum Coke and Coke Products
Petroleum Refining - Cracking Units including fluid catalytic crackers and thermal crackers and excluding hydrocrackers (see G-3 for Hydrocracking Units)	Any Hydrocarbons
Petroleum Refining - Sulfur Removal including any Claus process or any other process requiring caustic reactants	Any Petroleum Refining Gas
Sulfuric Acid Manufacturing – Any Chamber or Contact Process	Any Solid, Liquid or Gaseous Fuels Containing Sulfur

(Amended June 7, 2000)

SCHEDULE G-5

Equipment or Process Description	Materials Processed or Produced
Petroleum Refinery Flares (subject to Regulation 12, Rule 11)	Any Petroleum Vent Gas (as defined in section 12-11-210 and section 12-12-213)

(Adopted May 2, 2007)

SCHEDULE H
SEMICONDUCTOR AND RELATED OPERATIONS
(Adopted May 19, 1982)

All of the equipment within a semiconductor fabrication area will be grouped together and considered one source. The fee shall be as indicated:

1. INITIAL FEE:

- a. The minimum fee per source is: \$494538
- b. The maximum fee per source is: \$39,52743,084

The initial fee shall include the fees for each type of operation listed below, which is performed at the fabrication area:

c. SOLVENT CLEANING OPERATIONS, such as usage of:

Solvent Sinks (as defined in Regulation 8-30-214);
Solvent Spray Stations (as defined in Regulation 8-30-221);
Solvent Vapor Stations (as defined in Regulation 8-30-222); and
Wipe Cleaning Operation (as defined in Regulation 8-30-225).

The fee is based on the gross throughput of organic solvent processed through the solvent cleaning operations on an annual basis (or anticipated to be processed, for new sources):

- i. If gross throughput is not more than 3,000 gallons/year: \$494538
- ii. If gross throughput is more than 3,000 gallons/year: \$334364 per 1,000 gallon

d. COATING OPERATIONS, such as application of:

Photoresist (as defined in Regulation 8-30-215); other wafer coating;
Solvent-Based Photoresist Developer (as defined in Regulation 8-30-219); and other miscellaneous solvent usage.

The fee is based on the gross throughput of organic solvent processed through the coating operations on an annual basis (or anticipated to be processed, for new sources):

- i. If gross throughput is not more than 1,000 gallons/year: \$494538
- ii. If gross throughput is more than 1,000 gallons/year: \$9931,082 per 1,000 gallon

2. RISK SCREENING FEE (RSF) is only applicable for new and modified sources of toxic air contaminants (TACs) for which a health risk screening analysis is required under Regulation 2-5-401.

- a. RSF for first TAC source in application: \$441452 plus initial fee
- b. Minimum RSF for first TAC source: \$935990
- c. RSF for each additional TAC source: equal to initial fee *
- d. Minimum RSF per additional TAC source: \$494538 *
- e. Maximum RSF per source is: \$39,52743,084

* RSF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1

3. PERMIT TO OPERATE FEE:

- a. The minimum fee per source is: \$358390

- b. The maximum fee per source is: \$19,76421,539
- The permit to operate fee shall include the fees for each type of operation listed below, which is performed at the fabrication area:
- c. SOLVENT CLEANING OPERATIONS, such as usage of:
- Solvent Sinks (as defined in Regulation 8-30-214);
 Solvent Spray Stations (as defined in Regulation 8-30-221);
 Solvent Vapor Stations (as defined in Regulation 8-30-222); and
 Wipe Cleaning Operation (as defined in Regulation 8-30-225).
- The fee is based on the gross throughput of organic solvent processed through the solvent cleaning operations on an annual basis (or anticipated to be processed, for new sources):
- i. If gross throughput is not more than 3,000 gal/year: \$358390
 ii. If gross throughput is more than 3,000 gallons/year: \$168183 per 1,000 gallon
- d. COATING OPERATIONS, such as application of:
- Photoresist (as defined in Regulation 8-30-215); other wafer coating;
 Solvent-Based Photoresist Developer (as defined in Regulation 8-30-219); and other miscellaneous solvent usage.
- The fee is based on the gross throughput of organic solvent processed through the coating operations on an annual basis (or anticipated to be processed, for new sources):
- i. If gross throughput is not more than 1,000 gal/year: \$358390
 ii. If gross throughput is more than 1,000 gallons/year: \$494538 per 1,000 gallon
4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.
5. The fee for each source will be rounded to the whole dollar. Fees for sources will be rounded up to the nearest dollar for 51 cents and above, and amounts 50 cents and lower will be rounded down to the nearest dollar.
- (Amended 1/9/85; 6/5/85; 6/4/86; 7/3/91; 6/15/94; 10/8/97; 7/1/98; 5/19/99; 10/20/99; 6/7/00; 6/6/01; 5/1/02; 5/21/03; 6/2/04; 6/15/05; 6/7/06; 5/2/07; 5/21/08; 5/20/09; 6/16/10; 5/4/11; 6/6/12; 6/19/13; 6/4/14)*

**SCHEDULE I
DRY CLEANERS**
(Adopted July 6, 1983)

For dry cleaners, the fee shall be computed based on each cleaning machine, except that machines with more than one drum shall be charged based on each drum, regardless of the type or quantity of solvent, as follows:

1. INITIAL FEE FOR A DRY CLEANING MACHINE (per drum):
 - a. If the washing or drying capacity is no more than 100 pounds: \$479513
 - b. If the washing or drying capacity exceeds 100 pounds: \$479513 plus
For that portion of the capacity exceeding 100 pounds: \$44.3415.34 per pound

2. RISK SCREENING FEE (RSF) is only applicable for new and modified sources of toxic air contaminants (TACs) for which a health risk screening analysis is required under Regulation 2-5-401.
 - a. RSF for first TAC source in application: \$444452 plus initial fee
 - b. Minimum RSF for first TAC source: \$920965
 - c. RSF for each additional TAC source: equal to initial fee *
 - d. Minimum RSF per additional TAC source: \$479513 *

* RSF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1

3. PERMIT TO OPERATE FEE FOR A DRY CLEANING MACHINE (per drum):
 - a. If the washing or drying capacity is no more than 100 pounds: \$349373
 - b. If the washing or drying capacity exceeds 100 pounds: \$349373 plus
For that portion of the capacity exceeding 100 pounds: \$7.297.70 per pound

4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

5. Fees for each source will be rounded to the nearest dollar. The fee for sources will be rounded up to the nearest dollar for 51 cents and above, and amounts 50 cents and lower will be rounded down to the nearest dollar.

(Amended 10/17/84; 6/5/85; 6/4/86; 7/3/91; 6/15/94; 10/8/97; 7/1/98; 5/19/99; 6/7/00; 6/6/01; 5/1/02; 5/21/03; 6/02/04; 6/15/05; 6/7/06; 5/2/07; 5/21/08; 5/20/09; 6/16/10; 5/4/11; 6/6/12; 6/19/13; 6/4/14)

SCHEDULE K
SOLID WASTE DISPOSAL SITES
(Adopted July 15, 1987)

1. INITIAL FEE:

- | | | |
|----|--|---------------------|
| a. | Landfill (Decomposition Process) | <u>\$3,3903,695</u> |
| b. | Active Landfill (Waste and Cover Material Dumping Process) | <u>\$1,6951,848</u> |
| c. | Active Landfill (Excavating, Bulldozing, and Compacting Processes) | <u>\$1,6951,848</u> |

2. RISK SCREENING FEE (RSF) is only applicable for new and modified sources of toxic air contaminants (TACs) for which a health risk screening analysis is required under Regulation 2-5-401.

- | | | |
|----|--|----------------------------------|
| a. | RSF for first TAC source in application: | <u>\$444452</u> plus initial fee |
| b. | RSF for each additional TAC source: | equal to initial fee * |

* RSF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1

3. PERMIT TO OPERATE FEE:

- | | | |
|----|--|---------------------|
| a. | Landfill (Decomposition Process) | <u>\$1,6951,848</u> |
| b. | Active Landfill (Waste and Cover Material Dumping Process) | <u>\$847923</u> |
| c. | Active Landfill (Excavating, Bulldozing, and Compacting Processes) | <u>\$847923</u> |

4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

5. Evaluation of Reports and Questionnaires:

- | | | |
|----|---|---------------------|
| a. | Evaluation of Solid Waste Air Assessment Test Report as required by Health & Safety Code Section 41805.5(g) | <u>\$1,8692,037</u> |
| b. | Evaluation of Inactive Site Questionnaire as required by Health & Safety Code Section 41805.5(b) | <u>\$9371,021</u> |
| c. | Evaluation of Solid Waste Air Assessment Test Report in conjunction with evaluation of Inactive Site Questionnaire as required by Health & Safety Code Section 41805.5(b) | <u>\$9371,021</u> |
| d. | Evaluation of Initial or Amended Design Capacity Reports as required by Regulation 8, Rule 34, Section 405 | <u>\$688750</u> |
| e. | Evaluation of Initial or Periodic NMOC Emission Rate Reports as required by Regulation 8, Rule 34, Sections 406 or 407 | <u>\$1,9742,148</u> |
| f. | Evaluation of Closure Report as required by Regulation 8, Rule 34, Section 409 | <u>\$688750</u> |
| g. | Evaluation of Annual Report as required by Regulation 8, Rule 34, Section 411 | <u>\$1,7251,880</u> |

6. Fees for each source will be rounded off to the nearest dollar. The fee for sources will be rounded up or down to the nearest dollar.

7. For the purposes of this fee schedule, landfill shall be considered active, if it has accepted solid waste for disposal at any time during the previous 12 months or has plans to accept solid waste for disposal during the next 12 months.

(Amended 7/3/91; 6/15/94; 10/8/97; 7/1/98; 5/19/99; 10/6/99; 6/7/00; 6/6/01; 5/1/02; 5/21/03; 6/2/04; 6/15/05; 6/7/06; 5/2/07; 5/21/08; 5/20/09; 6/16/10; 5/4/11; 6/6/12; 6/19/13; 6/4/14)

**SCHEDULE L
ASBESTOS OPERATIONS**

(Adopted July 6, 1988)

1. Asbestos Operations conducted at single family dwellings are subject to the following fees:
 - a. OPERATION FEE: \$169181 for amounts 100 to 500 square feet or linear feet.
\$624664 for amounts 501 square feet or linear feet to 1000 square feet or linear feet.
\$904967 for amounts 1001 square feet or liner feet to 2000 square feet or linear feet.
\$1,2421,329 for amounts greater than 2000 square feet or linear feet.
 - b. Cancellation: \$8288 of above amounts non-refundable for notification processing.
2. Asbestos Operations, other than those conducted at single family dwellings, are subject to the following fees:
 - a. OPERATION FEE: \$479513 for amounts 100 to 159 square feet or 100 to 259 linear feet or 35 cubic feet
\$690738 for amounts 160 square feet or 260 linear feet to 500 square feet or linear feet or greater than 35 cubic feet.
\$1,0041,074 for amounts 501 square feet or linear feet to 1000 square feet or linear feet.
\$1,4841,585 for amounts 1001 square feet or liner feet to 2500 square feet or linear feet.
\$2,1142,259 for amounts 2501 square feet or linear feet to 5000 square feet or linear feet.
\$2,8983,101 for amounts 5001 square feet or linear feet to 10000 square feet or linear feet.
\$3,6863,944 for amounts greater than 10000 square feet or linear feet.
 - b. Cancellation: \$227243 of above amounts non-refundable for notification processing.
3. Demolitions (including zero asbestos demolitions) conducted at a single-family dwelling are subject to the following fee:
 - a. OPERATION FEE: \$8288
 - b. Cancellation: \$8288 (100% of fee) non-refundable, for notification processing.
4. Demolitions (including zero asbestos demolitions) other than those conducted at a single family dwelling are subject to the following fee:
 - a. OPERATION FEE: \$340364
 - b. Cancellation: \$227243 of above amount non-refundable for notification processing.
5. Asbestos operations with less than 10 days prior notice (excluding emergencies) are subject to the following additional fee:
 - a. OPERATION FEE: \$566606
6. Asbestos demolition operations for the purpose of fire training are exempt from fees.
7. Floor mastic removal using mechanical buffers and solvent is subject to the following fee:
 - a. OPERATION FEE: \$340364
 - b. Cancellation: \$227243 of above amount non-refundable for notification processing.

(Amended 9/5/90; 1/5/94; 8/20/97; 10/7/98; 7/19/00; 8/1/01; 6/5/02; 7/2/03; 6/2/04; 6/6/07; 5/21/08; 5/20/09; 6/16/10; 6/15/11; 6/6/12; 6/19/13; 6/4/14)

SCHEDULE M
MAJOR STATIONARY SOURCE FEES
(Adopted June 6, 1990)

For each major stationary source emitting 50 tons per year or more of Organic Compounds, Sulfur Oxides, Nitrogen Oxides, and/or PM₁₀, the fee shall be based on the following:

	1.	Organic Compounds	\$ 107.93 <u>110.74</u> per ton
	2.	Sulfur Oxides	\$ 107.93 <u>110.74</u> per ton
	3.	Nitrogen Oxides	\$ 107.93 <u>110.74</u> per ton
	4.	PM ₁₀	\$ 107.93 <u>110.74</u> per ton

Emissions calculated by the APCO shall be based on the data reported for the most recent 12-month period prior to billing. In calculating the fee amount, emissions of Organic Compounds, Sulfur Oxides, Nitrogen Oxides, or PM₁₀, if occurring in an amount less than 50 tons per year, shall not be counted.

*(Amended 7/3/91; 6/15/94; 7/1/98; 5/9/99; 6/7/00; 6/6/01, 5/1/02, 5/21/03; 6/2/04; 6/15/05;
6/7/06; 5/2/07; 5/21/08; 5/20/09; 6/16/10; 6/4/14)*

SCHEDULE N
TOXIC INVENTORY FEES
(Adopted October 21, 1992)

For each stationary source emitting substances covered by California Health and Safety Code Section 44300 *et seq.*, the Air Toxics "Hot Spots" Information and Assessment Act of 1987, which have trigger levels listed in Table 2-5-1, a fee based on the weighted emissions of the facility shall be assessed based on the following formulas:

1. A fee of \$5 for each gasoline product dispensing nozzle in the facility, if the facility is a Gasoline Dispensing Facility; or
2. A fee of \$8486 if the facility has emissions in the current Toxic Emissions Inventory which are greater than or equal to 50 weighted pounds per year and less than 1000 weighted pounds per year; or
3. A fee of \$8486 + $S_L \times (w_i - 1000)$ if the facility has emissions in the current Toxic Emissions Inventory which are greater than or equal to 1000 weighted pounds per year;

where the following relationships hold:

w_i = facility weighted emissions for facility j; where the weighted emission for the facility shall be calculated as a sum of the individual emissions of the facility multiplied by either the inhalation cancer potency factor (CPF, in kilogram-day/milligram) for the substance times 28.6 if the emission is a carcinogen, or by the reciprocal of the inhalation chronic reference exposure level (REL_c) for the substance (in cubic meters/microgram) if the emission is not a carcinogen [use CPF and REL as listed in Table 2-5-1]:

$$w_j = \text{Facility Weighted Emission} = \sum_{i=1}^n E_i * Q_i \text{ where}$$

n = number of toxic substances emitted by facility
 E_j = amount of substance i emitted by facility in lbs/year
 Q_j = 28.6 * CPF, if i is a carcinogen; or
 Q_j = $[REL]^{-1}$, if i is not a carcinogen

F_T = Total amount of fees to be collected by the District to cover District and State of California AB 2588 costs as most recently adopted by the Board of Directors of the California Environmental Protection Agency, Air Resources Board, and set out in the most recently published "Amendments to the Air Toxics "Hot Spots" Fee Regulation," published by that agency.

N_L = Number of facilities with emissions in current District Toxic Emissions Inventory greater than 1000 weighted pounds per year.

N_S = Number of facilities with emissions in current District Toxic Emissions Inventory greater than 50 weighted pounds per year and less than 1000 weighted pounds per year.

N_{NOZ} = Number of gasoline-product-dispensing nozzles in currently permitted Gasoline Dispensing Facilities.

S_L = Surcharge per pound of weighted emissions for each pound in excess of 1000 weighted pounds per year, where S_L is given by the following formula:

$$S_L = \frac{F_T - (82 \times N_S) - (82 \times N_L) - (5 \times N_{NOZ})}{\sum_{j=1}^{N_L} (w_j - 1000)}$$

(Amended 12/15/93; 6/15/05; 5/2/07; 6/16/10; 5/4/11; 6/4/14)

SCHEDULE P
MAJOR FACILITY REVIEW FEES
(Adopted November 3, 1993)

1. MFR / SYNTHETIC MINOR ANNUAL FEES

Each facility, which is required to undergo major facility review in accordance with the requirements of Regulation 2, Rule 6, shall pay annual fees (1a and 1b below) for each source holding a District Permit to Operate. These fees shall be in addition to and shall be paid in conjunction with the annual renewal fees paid by the facility. However, these MFR permit fees shall not be included in the basis to calculate Alternative Emission Control Plan (bubble) or toxic air contaminant surcharges. If a major facility applies for and obtains a synthetic minor operating permit, the requirement to pay the fees in 1a and 1b shall terminate as of the date the APCO issues the synthetic minor operating permit.

- a. MFR SOURCE FEE \$591644 per source
- b. MFR EMISSIONS FEE..... \$23,2825.38 per ton of regulated air pollutants emitted

Each MFR facility and each synthetic minor facility shall pay an annual monitoring fee (1c below) for each pollutant measured by a District-approved continuous emission monitor or a District-approved parametric emission monitoring system.

- c. MFR/SYNTHETIC MINOR MONITORING FEE \$5,9136,445 per monitor per pollutant

2. SYNTHETIC MINOR APPLICATION FEES

Each facility that applies for a synthetic minor operating permit or a revision to a synthetic minor operating permit shall pay application fees according to 2a and either 2b (for each source holding a District Permit to Operate) or 2c (for each source affected by the revision). If a major facility applies for a synthetic minor operating permit prior to the date on which it would become subject to the annual major facility review fee described above, the facility shall pay, in addition to the application fee, the equivalent of one year of annual fees for each source holding a District Permit to Operate.

- a. SYNTHETIC MINOR FILING FEE \$823897 per application
- b. SYNTHETIC MINOR INITIAL PERMIT FEE \$578630 per source
- c. SYNTHETIC MINOR REVISION FEE..... \$578630 per source modified

3. MFR APPLICATION FEES

Each facility that applies for or is required to undergo: an initial MFR permit, an amendment to an MFR permit, a minor or significant revision to an MFR permit, a reopening of an MFR permit or a renewal of an MFR permit shall pay, with the application and in addition to any other fees required by this regulation, the MFR filing fee and any applicable fees listed in 3b-h below. The fees in 3b and 3g apply to each source in the initial or renewal permit, while the fees in 3d-f apply to each source affected by the revision or reopening.

- a. MFR FILING FEE \$823897 per application
- b. MFR INITIAL PERMIT FEE \$797869 per source
- c. MFR ADMINISTRATIVE AMENDMENT FEE \$233254 per application
- d. MFR MINOR REVISION FEE \$1,1701,275 per source modified
- e. MFR SIGNIFICANT REVISION FEE \$2,1812,377 per source modified
- f. MFR REOPENING FEE \$715779 per source modified
- g. MFR RENEWAL FEE \$347378 per source

Each facility that requests a permit shield or a revision to a permit shield under the provisions of Regulation 2, Rule 6 shall pay the following fee for each source (or group of sources, if the

requirements for these sources are grouped together in a single table in the MFR permit) that is covered by the requested shield. This fee shall be paid in addition to any other applicable fees.

h. MFR PERMIT SHIELD FEE ~~\$1,231,342~~ per shielded source or group of sources

4. MFR PUBLIC NOTICE FEES

Each facility that is required to undergo a public notice related to any permit action pursuant to Regulation 2-6 shall pay the following fee upon receipt of a District invoice.

MFR PUBLIC NOTICE FEE Cost of Publication

5. MFR PUBLIC HEARING FEES

If a public hearing is required for any MFR permit action, the facility shall pay the following fees upon receipt of a District invoice.

a. MFR PUBLIC HEARING FEE Cost of Public Hearing not to exceed \$10,968

b. NOTICE OF PUBLIC HEARING FEE Cost of distributing Notice of Public Hearing

6. POTENTIAL TO EMIT DEMONSTRATION FEE

Each facility that makes a potential to emit demonstration under Regulation 2-6-312 in order to avoid the requirement for an MFR permit shall pay the following fee:

a. PTE DEMONSTRATION FEE ~~\$141,154~~ per source, not to exceed ~~\$13,833,15.078~~

(Amended 6/15/94; 10/8/97; 7/1/98; 5/19/99; 6/7/00; 6/6/01; 5/1/02, 5/21/03; 6/2/04; 6/15/05; 6/7/06; 5/2/07; 5/21/08; 5/20/09; 6/16/10; 5/4/11; 6/6/12; 6/19/13; 6/4/14)

SCHEDULE Q
EXCAVATION OF CONTAMINATED SOIL AND
REMOVAL OF UNDERGROUND STORAGE TANKS
(Adopted January 5, 1994)

1. Persons excavating contaminated soil or removing underground storage tanks subject to the provisions of Regulation 8, Rule 40, Section 401, 402, 403 or 405 are subject to the following fee:

- a. OPERATION FEE: \$~~160~~164

(Amended 7/19/00; 8/1/01; 6/5/02; 7/2/03; 6/2/04; 6/6/07; 5/21/08; 5/20/09; 6/16/10; 6/15/11; 6/6/12; 6/4/14)

**SCHEDULE R
EQUIPMENT REGISTRATION FEES**

1. Persons operating commercial cooking equipment who are required to register equipment as required by District rules are subject to the following fees:
 - a. Conveyorized Charbroiler REGISTRATION FEE: \$~~500~~545 per facility
 - b. Conveyorized Charbroiler ANNUAL RENEWAL FEE: \$~~440~~153 per facility
 - c. Under-fired Charbroiler REGISTRATION FEE: \$~~500~~545 per facility
 - d. Under-fired Charbroiler ANNUAL RENEWAL FEE: \$~~440~~153 per facility

2. Persons operating non-halogenated dry cleaning equipment who are required to register equipment as required by District rules are subject to the following fees:
 - a. Dry Cleaning Machine REGISTRATION FEE: \$~~250~~272
 - b. Dry Cleaning Machine ANNUAL RENEWAL FEE: \$~~473~~189

3. Persons operating diesel engines who are required to register equipment as required by District or State rules are subject to the following fees:
 - a. Diesel Engine REGISTRATION FEE: \$~~468~~183
 - b. Diesel Engine ANNUAL RENEWAL FEE: \$~~444~~121
 - c. Diesel Engine ALTERNATIVE COMPLIANCE PLAN FEE (for each plan submitted under District Regulation 11-17-402): \$~~468~~183

4. Persons operating boilers, steam generators and process heaters who are required to register equipment by District Regulation 9-7-404 are subject to the following fees:
 - a. ~~Each facility operating a boiler, steam generator or process heater subject to Regulation 9-7-404~~
REGISTRATION FEE \$~~590~~100 per ~~device~~facility
 - b. ~~Each boiler, steam generator or process heater subject to Regulation 9-7-404, after the first REGISTRATION FEE~~ \$70 per device
 - b. ANNUAL RENEWAL FEE: \$~~778~~4 per device

5. Persons owning or operating graphic arts operations who are required to register equipment by District Regulation 8-20-408 are subject to the following fees:
 - a. REGISTRATION FEE: \$~~300~~327
 - b. ANNUAL RENEWAL FEE: \$~~487~~204

6. Persons owning or operating mobile refinishing operations who are required to register by District Regulation 8-45-4 are subject to the following fees:
 - a. REGISTRATION FEE \$~~440~~153
 - b. ANNUAL RENEWAL FEE \$~~839~~0
(Adopted 7/6/07; Amended 12/5/07; 5/21/08; 7/30/08; 11/19/08; 12/3/08; 5/20/09; 6/16/10; 6/15/11; 6/6/12; 6/19/13; 6/4/14)

**SCHEDULE S
NATURALLY OCCURRING ASBESTOS OPERATIONS**

1. ASBESTOS DUST MITIGATION PLAN PROCESSING FEE:

Any person submitting an Asbestos Dust Mitigation Plan (ADMP) for review of a Naturally Occurring Asbestos (NOA) project shall pay the following fee (including NOA Discovery Notifications which would trigger an ADMP review): \$413450

2. AIR MONITORING PROCESSING FEE:

NOA projects requiring an Air Monitoring component as part of the ADMP approval are subject to the following fee in addition to the ADMP fee: \$3,6714,001

3. INSPECTION FEE:

The owner of any property for which an ADMP is required shall pay fees to cover the costs incurred by the District after July 1, 2012 in conducting inspections to determine compliance with the ADMP on an ongoing basis. Inspection fees shall be invoiced by the District on a quarterly basis, and at the conclusion of dust generating activities covered under the ADMP, based on the actual time spent in conducting such inspections, and the following time and materials rate: \$407117 per hour

(Adopted 6/6/07; Amended 5/21/08; 5/20/09; 6/16/10; 6/15/11; 6/6/12; 6/19/13; 6/4/14)

**SCHEDULE T
GREENHOUSE GAS FEES**

For each permitted facility emitting greenhouse gases, the fee shall be based on the following:

- 1. Carbon Dioxide Equivalent (CDE) Emissions \$0.09 per metric ton[±]

Emissions calculated by the APCO shall be based on the data reported for the most recent 12-month period prior to billing. The annual emissions of each greenhouse gas (GHG) listed below shall be determined by the APCO for each permitted (i.e., non-exempt) source. For each emitted GHG, the CDE emissions shall be determined by multiplying the annual GHG emissions by the applicable Global Warming Potential (GWP) value. The GHG fee for each facility shall be based on the sum of the CDE emissions for all GHGs emitted by the facility, except that no fee shall be assessed for emissions of biogenic carbon dioxide.

Direct Global Warming Potential Relative to Carbon Dioxide^{±*}

GHG	GWP ^{±*}
Carbon Dioxide	1
Methane	21
Nitrous Oxide	310
HCFC-22	1,500
HCFC-123	90
HCFC-124	470
HCFC-142b	1,800
HFC-23	11,700
HFC-32	650
HFC-125	2,800
HFC-134a	1,300
HFC-143a	3,800
HFC-152a	140
HFC-227ea	2,900
HFC-236fa	6,300
HFC-43-10-mee	1,300
PFC-14	6,500
PFC-116	9,200
PFC-218	7,000
PFC-318	8,700
PFC-3-1-10	7,000
PFC-5-1-14	7,400
Sulfur Hexafluoride	23,900

~~* Fee rate to be phased in per Board of Directors Resolution No. 2014-04:~~

~~Effective July 1, 2014 \$0.07 per metric ton~~
~~Effective July 1, 2015 \$0.09 per metric ton~~

[±] Source: Intergovernmental Panel on Climate Change (Second Assessment Report: Climate Change 1995).

^{±*} GWPs compare the integrated radiative forcing over a specified period (i.e., 100 years) from a unit mass pulse emission to compare the potential climate change associated with emissions of different GHGs.

(Adopted 5/21/08; Amended 5/20/09; 6/16/10; 6/4/14)

**SCHEDULE U
INDIRECT SOURCE REVIEW FEES**

The applicant for any project deemed an indirect source pursuant to District rules shall be subject to the following fees:

1. APPLICATION FILING FEE

When an applicant files an Air Quality Impact Assessment as required by District rules, the applicant shall pay a non-refundable Application Filing Fee as follows:

- a. Residential project: \$574586
- b. Non-residential or mixed use project: \$853875

2. APPLICATION EVALUATION FEE

Every applicant who files an Air Quality Impact Assessment as required by District rules shall pay an evaluation fee for the review of an air quality analysis and the determination of Offsite Emission Reduction Fees necessary for off-site emission reductions. The Application Evaluation fee will be calculated using the actual staff hours expended and the prevailing weighted labor rate. The Application Filing fee, which assumes eight hours of staff time for residential projects and twelve hours of staff time for non-residential and mixed use projects, shall be credited towards the actual Application Evaluation Fee.

3. OFFSITE EMISSION REDUCTION FEE

(To be determined)

(Adopted 5/20/09; Amended 6/16/10; 6/4/14)

**SCHEDULE V
OPEN BURNING**

1. Any prior notification required by Regulation 5, Section 406 is subject to the following fee:

- a. OPERATION FEE: \$400109
- b. The operation fee paid as part of providing notification to the District prior to burning will be determined for each property, as defined in Regulation 5, Section 217, and will be valid for one year from the fee payment date when a given fire is allowed, as specified in Regulation 5, Section 401 for the following fires:

Regulation 5 Section – Fire	Burn Period
401.1 - Disease and Pest	January 1 – December 31
401.2 - Crop Replacement ¹	October 1 – April 30
401.3 - Orchard Pruning and Attrition ²	November 1 – April 30
401.4 - Double Cropping Stubble	June 1 – August 31
401.6 - Hazardous Material ¹	January 1 – December 31
401.7 - Fire Training	January 1 – December 31
401.8 - Flood Debris	October 1 – May 31
401.9 - Irrigation Ditches	January 1 – December 31
401.10 - Flood Control	January 1 – December 31
401.11 - Range Management ¹	July 1 – April 30
401.12 - Forest Management ¹	November 1 – April 30
401.14 - Contraband	January 1 – December 31

¹ Any Forest Management fire, Range Management fire, Hazardous Material fire not related to Public Resources Code 4291, or any Crop Replacement fire for the purpose of establishing an agricultural crop on previously uncultivated land, that is expected to exceed 10 acres in size or burn piled vegetation cleared or generated from more than 10 acres is defined in Regulation 5, Section 213 as a type of prescribed burning and, as such, is subject to the prescribed burning operation fee in Section 3 below.

² Upon the determination of the APCO that heavy winter rainfall has prevented this type of burning, the burn period may be extended to no later than June 30.

- c. Any person who provided notification required under Regulation 5, Section 406, who seeks to burn an amount of material greater than the amount listed in that initial notification, shall provide a subsequent notification to the District under Regulation 5, Section 406 and shall pay an additional open burning operation fee prior to burning.

2. Any Marsh Management fire conducted pursuant to Regulation 5, Section 401.13 is subject to the following fee, which will be determined for each property by the proposed acreage to be burned:

- a. OPERATION FEE: \$357389 for 50 acres or less
\$485529 for more than 50 acres but less than or equal to 150 acres
\$642667 for more than 150 acres

- b. The operation fee paid for a Marsh Management fire will be valid for a Fall or Spring burning period, as specified in Regulation 5, Subsection 401.13. Any burning subsequent to either of these time periods shall be subject to an additional open burning operation fee.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Carole Groom and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 8, 2015

Re: Transboundary (International) Ozone Transport

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

The Air District for many years has developed and implemented aggressive programs to reduce ozone levels in the Bay Area. These programs have resulted in significant emissions reductions and health benefits for Bay Area residents. Complex computer modeling and data analysis provide essential technical foundations for these programs. These technical elements include detailed emissions inventories and modeling of ozone formation and transport within and between California air basins.

DISCUSSION

The recent economic growth in Asia has resulted in increased air pollution in the region. Federal agencies such as the US EPA, NOAA, and NASA are concerned that pollutants transported from Asia would have impacts on air quality in the United States. These agencies have been evaluating these impacts using global scale computer models. District staff has refined these large-scale estimates using regional air quality models. Staff estimated the impacts of Asian ozone transport at specific Bay Area air monitoring locations and will provide a briefing to the Board of Directors.

|

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Saffet Tanrikulu

Reviewed by: Henry Hilken

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Carole Groom and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: March 24, 2015

Re: Air Resources Board Climate Protection Program

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

In 2006, the California State Legislature passed Assembly Bill 32 (AB 32), the Global Warming Solutions Act of 2006. This Act requires the State of California to reduce greenhouse gas (GHG) emissions to 1990 levels by 2020 and to maintain and continue reductions after 2020. AB 32 and calls upon the Air Resources Board (ARB) to develop a strategy for achieving that goal. In response, ARB adopted the AB 32 Scoping Plan in 2008 and updated the Scoping Plan in 2014. The Scoping Plan Update reports that California is on track to meet the state's 2020 GHG target and it is anticipated that these reductions will continue beyond 2020.

California is implementing a broad portfolio of programs to meet the AB 32 goals including energy efficiency, renewable energy, cleaner vehicle programs, and low-carbon fuel requirements. A cornerstone of the Scoping Plan's Strategy to meet the 2020 target is the Cap and Trade program. This program sets a declining cap on emissions from major stationary sources of GHGs in California, including electric power plants, refineries and other large industrial facilities, as well as emissions from the use of natural gas and transportation fuel. Together, these sources are responsible for approximately 85% of all GHG emissions in California. Under the Cap and Trade program, regulated entities are issued a limited number of allowances, representing approximately 90% of the entity's overall GHG emissions level. The percentage of free allowances allocated to each business under the cap declines over time requiring them to either reduce their emissions or to buy allowances at auction or from other entities.

Edie Chang, Air Resources Board Deputy Executive Officer provided an overview of ARB's climate protection activities at the Air District's March 19, 2015 Climate Protection Committee meeting.

DISCUSSION

Most large stationary sources of GHG emissions in the Bay Area are subject to the Cap and Trade regulation. Air District staff believes that Air District climate protection activities should complement, and be coordinated with, statewide programs. In addition, proceeds from the Cap and Trade allowance auctions are being used to fund a variety of GHG reduction programs being implemented by different state agencies. Funding and financing opportunities available through these programs are relevant to many regional and local efforts to reduce GHG emissions in the Bay Area.

Richard Corey, Air Resources Board Executive Officer, will provide the Board of Directors with an overview and update on the ARB's climate protection activities, including the statewide Cap and Trade program.

BUDGET CONSIDERATION / FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Abby Young
Reviewed by: Henry Hilken

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Carole Groom and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/Air Pollution Control Officer

Date: March 30, 2015

Re: Report of the Advisory Council's 2014 Activities

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

The Advisory Council will present a report on their investigations in 2014 of the Bay Area's Energy Future, including trends in fossil fuel demand and production and opportunities to support clean energy options, as called for in the 10-point Climate Action Work Program.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Saffet Tanrikulu
Reviewed by: Jean Roggenkamp

Attachment: Report of Advisory Council's 2014 Activities

**REPORT ON ADVISORY COUNCIL ACTIVITIES IN FEBRUARY-APRIL 2014:
THE PATH FORWARD FOR THE ENERGY SECTOR TOWARD CALIFORNIA'S 2050
GREENHOUSE GAS GOALS**

EXECUTIVE SUMMARY

This report summarizes ongoing activities of the Advisory Council during February-April 2014, consolidating presentations received, and subsequent discussion and consideration by Council members during this period. It is the intent of the Council to continue study of this topic throughout 2014. As more information is received and evaluated by the Council, conclusions and recommendations are expected to evolve, and will be documented in future reports.

The following presentations were made at the February 13, 2014 Advisory Council meeting:

1. *Roadmaps for Transitioning California and the Other 49 States to Wind, Water and Solar Power for All Purposes* by Dr. Mark Jacobson, Professor of Civil and Environmental Engineering and Director of the Atmosphere/Energy Program at Stanford University.
2. *California's Transition to a Low Carbon Economy: Infrastructure, Regulation, and Local Action* by Dr. Jim Williams, Chief Scientist at Energy + Environmental Economics, and until recently, an associate professor of international environmental policy at the Monterey Institute of International Studies.

A video recording of these presentations and the Council's discussion can be reviewed at baaqmd.granicus.com/MediaPlayer.php?publish_id=081f9418-e64b-1031-927d-78be5054b89b

Based on these presentations, the Council has identified several key emerging issues. Primary among these is the need for further investigation and definition of the most appropriate role for the District, both in its own activities and working in collaboration with other agencies also involved in the future of energy use and production in the Bay Area.

From its activities in February-April 2014, the Advisory Council has developed the following preliminary draft recommendations for further consideration during the year:

1. Planning: The District should join together with other state, regional, and local agencies in a collaborative regional effort to plan for, facilitate, and coordinate energy-related response actions to assist in achieving the Bay Area's share of California's target of 80 percent reductions in GHG emissions by 2050.
2. Coordination: The District should encourage and support legislative and other efforts if needed to provide responsible planning agencies, including the District, with additional statutory and regulatory authorities and resources to coordinate and implement Bay Area energy-related response actions.

AGENDA: 15 - ATTACHMENT

3. Grants: The District should further incorporate into its grant programs, as appropriate within its mission and statutory authorities, criteria that further incentivize electrification, clean energy and energy efficiency.
4. Education: The District should adopt an aggressive public education campaign that stresses the economic, health, and resiliency co-benefits of a shift to a low-carbon economy.

BACKGROUND

Professor Mark Jacobson

1. Jacobson has developed a 50-state roadmap for transforming the U.S. from dependence on fossil fuels to 100% renewable energy by 2050. Each state has the opportunity to transition to renewable wind, water, and solar (WWS) power for all purposes.¹
2. A comprehensive approach to future energy sector planning would consider more than carbon reduction. A 100% WWS strategy would consider all aspects of climate change and also minimize negative externalities associated with air pollution, public health impacts, and resource availability. According to Jacobson, the benefits of such a transition in California would be thousands fewer air pollution deaths per year, tens of billions of dollars in reduced global climate costs, tens of thousands of new jobs, and reduced future energy costs.
3. Given the scale and complexity of this transformation, action needs to begin. Reasons for needing this transition include the impacts of climate change, the health effects of air pollution (which Jacobson stated kills 2.5 to 4 million people worldwide each year based on estimates of the World Health Organization), and the risk that rising fossil fuel prices lead to economic, social, and political instability.
4. While often considered to be cleaner than current fossil fuel energy technologies, some non-WWS energy technologies may themselves present significant adverse climate, environmental, and/or health effects, as compared to WWS sources. According to Jacobson, these “not recommended” fuel sources include natural gas, “clean coal” with carbon capture, nuclear, soy/algae biodiesel, and ethanol (corn, cellulosic, sugarcane).
5. Jacobson illustrated the land use impacts of a 100% WWS scenario for California. In this example scenario, existing WWS sources would be retained, with improved efficiency. New WWS sources to replace existing non-WWS sources would be a mix of 35% from wind, 55% from solar, and 10% from other sources (geothermal, hydro,² tidal, wave). The footprint of the total energy supply portfolio in this scenario would be less than 1% of the state’s land area (or ~2.7% including the open space between wind turbines). This scenario would require tens of thousands of new on- and offshore wind turbines, millions of residential roof photovoltaic (PV) systems, several thousand large-scale solar plants, and a number of geothermal, hydro, tidal, and wave plants and devices.
6. While the intermittent nature of renewables is sometimes cited as a barrier to high levels of renewable electricity integration, Jacobson stated that over 99.8% of California’s energy needs can be supplied from WWS (without over-sizing) using real-time demand-response or energy storage to match power generation to daily and time-of-day demand.

¹ “All purposes” as used here refers to electricity, transportation, building heating and cooling, and industry. For more details and the illustrative plans developed by Professor Jacobson and his collaborators for California and other states, see www.thesolutionsproject.org.

² The scenarios assume that existing large hydro supplies would remain in place.

7. According to Jacobson, WWS energy technologies are in many cases cost-competitive with conventional sources today when life-cycle costs are considered. Including a conservative estimate of fossil fuels' negative externalities would make WWS sources even more cost effective. By 2020-2030, WWS sources will be less expensive than conventional supplies, even without accounting for externalities.
8. Jacobson also spoke about using excess electricity to generate hydrogen as an energy storage mechanism. Energy storage is a key element in the use of renewable power.

Dr. Jim Williams

1. California's climate goals include the AB 32 requirement to reduce statewide GHGs to 1990 levels by 2020, along with the goal of reducing GHGs to 80% below 1990 levels by 2050 (Executive Order S-3-05).
2. Beyond 2020, Williams believes the California policy approach is likely to follow a similar framework to AB 32, but a transformation of the energy system is required to meet the 2050 goal. Williams identified three primary strategies related to energy:
 - a. Reduce energy use through efficiency (in buildings and vehicles) and smart growth. Examples include the retrofit of the majority of existing homes over the next 20 years and achieving "zero net energy" in all new homes beginning in 2020.
 - b. Decarbonize both electricity and transportation fuels. The state's loading order³ may need to be modified to integrate greater concentrations of renewables. However, Williams stated that some low carbon electricity resources will still be needed to maintain grid reliability.
 - c. Electrification of transportation, building heating/cooling and industrial processes. Over the next 20 years, examples include the replacement of 70% of gasoline and diesel light-duty vehicles with EVs or PHEVs, as well as the replacement of 75% of existing gas water heaters with electric heat pump water heaters.
3. The scale of up-front investment needed statewide by 2050 is quite large,⁴ but variability in fossil fuel costs also presents a cost risk for inaction. Decarbonization and electrification will shift the energy economy to be dominated by fixed (capital) costs rather than variable (fuel) costs. In addition, there will be co-benefits (climate, health, etc.) that come with this shift.
4. The extent of the transformation requires solutions to a variety of technical and planning challenges. In addition, achieving these goals will require better coordination across state and regional agencies and sectors that have typically operated in silos, as well as the establishment of clear GHG mandates to guide the actions of each agency.

³ The loading order defines the priority that utilities must assign to different types of electric supply, with efficiency and demand response coming first, followed by renewables and then other supplies.

⁴ There is a large uncertainty in both technology costs and fuel costs, but the net cost increase could be on the order of ~\$500 billion by 2050. The cost estimates presented did not provide a value for the co-benefits (reduced externalities) of shifting away from polluting fuels.

5. Of particular note for the District, as transportation is electrified, emissions from the transportation sector (regulated by the State) will shift more and more toward stationary sources (regulated by the District).
6. Williams argued that public support and politics are bigger obstacles than technical abilities in reducing our GHG emissions for the future.

KEY EMERGING ISSUES

1. Further definition of the Bay Area's role. Further investigation is needed to identify, evaluate, and prioritize policies and measures that the District and other regional agencies can implement to support and advance attainment of the District's 2050 GHG reduction goals. Policies and measures need to be developed that are effective, efficient, and feasible, and they need to be coordinated across agencies, accounting for each agency's mission and authorities.
2. Further evaluation of the District's role. To achieve 2050 GHG reduction goals, a fundamental transition in energy sources and usage will need to be made across California and thus the Bay Area. This transition affects a number of areas that are within the District's ability to regulate, as well as other areas that are outside the District's current authority. Further evaluation of the District's evolving role is needed, including its authority and capacity to regulate and/or permit stationary sources that emit GHGs (with a long-range goal of reducing use of carbon fuels and their impacts on climate, air quality, and public health), influence indirect GHG emissions associated with energy consumed within the District, continue to educate the public, and coordinate with other agencies or expand its role in areas that the District has not traditionally pursued, including:
 - a. Energy efficiency (e.g., codes, financing, retrofits)
 - b. Energy use (e.g., choice of supply, rates, reliability)
 - c. Energy generation (e.g., distributed energy, on-site renewable, CCS)
 - d. Sources of energy use and emissions in buildings (e.g., water heaters, furnaces)
 - e. Planning (e.g., zoning, density, infill)
 - f. Transit (e.g., mode shifting, biking, walkable cities)
 - g. Vehicles and goods movement (e.g., infrastructure, consumer choices, technology development)
 - h. Non-energy/non-CO₂ GHGs (e.g., methane, HFCs, SF₆)
 - i. Waste (e.g., waste management, landfill gases)
 - j. Agriculture (e.g., animal feedlots, agricultural tillage, forestry)
 - k. Tailpipe emissions from vehicles
 - l. Upstream/life-cycle impacts (e.g., emissions over life cycle, not just in the District)
 - m. Water (e.g., use, pumping, efficiency)
 - n. Climate change adaptation
 - o. Carbon sequestration
 - p. Parks and public lands
3. Decarbonization of energy used in the District. For the Bay Area to achieve long-term climate goals in the energy sector, a fundamental transition must be made to lower per capita GHG

AGENDA: 15 - ATTACHMENT

emissions. Although it will require cooperation and coordination with the California Public Utilities Commission (CPUC) and California Energy Commission (CEC), further investigation is needed in the District to develop and deploy major improvements in energy efficiency in all sectors, including transportation. Attainment of the District's 2050 GHG reduction goals will require more than just energy efficiency. Energy supply will need to be decarbonized, and energy demand will need to be supplied through low and no-carbon resources. How this will be done -- what policy choices, regulatory approaches, technology developments, and implementation measures will be needed -- is a major and critically important emerging issue. Further investigation is needed to identify, develop, and deploy measures to reduce the carbon intensity of energy (imported and produced within the Bay Area) used in residential, commercial, and industrial applications, as well as in the transportation sector.

4. Resiliency. Further investigation is needed to better understand how the shift to low-carbon energy supply and demand might help insulate California from the worst impacts of climate change, including drought, reduced snow pack, sea level rise, heat waves, and energy price volatility.
5. Grid reliability. Further investigation is needed to identify means by which grid reliability and back-up power generation can be ensured while also transitioning from fossil fuels to low carbon energy sources. Zero (or minimum) emission energy source dispatching strategies and tools for implementing those strategies need to be developed, demonstrated, and deployed.
6. Financing availability. Further investigation is needed to identify, evaluate, and demonstrate the availability and feasibility of mechanisms necessary to finance the measures required to achieve the District's 2050 GHG reduction goals, including additional innovative financing measures that provide benefits for all interested stakeholders.

RECOMMENDATIONS

Based on information presented at the February 13, 2014 meeting of the Advisory Council, as well as member input, the Advisory Council offers the following preliminary draft recommendations for further discussion and consideration throughout 2014. It is the intent of the Council to revisit these recommendations throughout the year, modifying them if appropriate as additional information and input is received.

1. Planning. We recommend that the District join together with other state, regional, and local agencies in a collaborative regional effort to plan for, facilitate, and coordinate energy-related response actions to assist in achieving the Bay Area's share of California's target of 80 percent reductions in GHG emissions by 2050.
 - a. Coordinated multi-agency planning will assist in further defining agency roles and authorities, helping to identify and prioritize cross- and intragency energy supply response options, based on a combination of climate, air quality, public health, water, economic, and other factors.
 - b. Planning should consider the following core principles:

AGENDA: 15 - ATTACHMENT

- i. Greater electrification of energy use across all sectors, including transportation, will be necessary.
 - ii. Lower-carbon energy sources should be further encouraged where electrification is not feasible.
 - iii. Greater decarbonization of electricity supply will need to occur, resulting in an increasing shift from reliance on fossil fuels to renewable sources.
 - iv. Diversification of energy sources, biological resources, and economic investments is expected to be necessary and lead to strength, sustainability, and stability in each area.
 - v. All key externalities (e.g., climate, air quality, health, water) should be considered, not just dollar cost.
 - c. The District should further integrate its share of high-priority energy supply response actions into:
 - i. District air quality and climate planning efforts, including the District's multi-pollutant planning approach.
 - ii. The District's regulatory, permitting, and other programs.
 - iii. The District's CEQA guidelines.
2. Coordination. We recommend that the District encourage and support legislative and other efforts if needed to provide responsible planning agencies, including the District, with additional statutory and regulatory authorities and resources to coordinate and implement Bay Area energy-related response actions.
3. Grants. We recommend that the District, as appropriate within its mission and statutory authorities, consider incorporation into its grant programs criteria, and if necessary seek authority and funding, to further incentivize:
 - a. Development of infrastructure to support electrification (e.g., EV charging stations, solar PV, electrical heating and cooling), including enhancement of incentives for residents and building owners.
 - b. Clean-energy backup emergency power systems, rather than diesel/gasoline generators, at both individual building and community levels.
 - c. Promotion of energy efficiency measures in buildings, appliances, and processes, considering building performance, potential unintended adverse health consequences, and measures to minimize such consequences.
4. Education. We recommend that the District consider:
 - a. Integration into its public education programs further recognition of energy choices and their public health, air quality, and climate benefits.
 - b. Development of outreach strategies that further stress economic, health, and resiliency co-benefits of a shift to a low-carbon economy, and that use bottom-line metrics that best appeal to issues about which people care most (e.g., personal and family health and cost).

5. Operations. We recommend that the District consider as appropriate further steps to reduce the carbon footprint of its operations and facilities.

GLOSSARY

Carbon intensity – The average emission rate of grams of carbon dioxide released per unit of energy produced.

CCS (Carbon Capture and Sequestration) – The process of trapping carbon dioxide at its emission source, transporting it to a usually underground storage location, and isolating it there.

Cellulosic ethanol – Ethanol produced from biomass of various kinds, including waste from urban, agricultural, and forestry sources.

Clean coal with carbon capture – see CCS, above.

Decarbonization – The declining average fossil carbon footprint of primary energy over time.

Electrification – To supply (a region, community, building, etc.) with electric power.

Energy source dispatching strategies – Strategies for controlling energy flows to “the grid” from numerous energy sources (such as a combination of wind, water and solar) to balance the temporally-variable availability of each source with the total overall energy demand.

EV – Electric Vehicle

Externalities – External effects, often unforeseen or unintended, accompanying a process or activity.

GHG (Greenhouse Gases) – A gas in an atmosphere that absorbs and emits radiation within the thermal infrared range. This process is the fundamental cause of the greenhouse effect. The primary greenhouse gases in the Earth's atmosphere are water vapor, carbon dioxide, methane, nitrous oxide, and ozone. Other greenhouse gases include hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulfur hexafluoride (SF₆).

HFC (Hydrofluorocarbon) – A suggested replacement for the chlorofluorocarbon (CFC) coolant gas used in chillers and air conditioners.

Low-carbon – Minimal output of greenhouse gas (GHG) emissions.

PHEV (Plug-in Hybrid Electric Vehicle) – A hybrid vehicle which utilizes rechargeable batteries, or another energy storage device, that can be restored to full charge by connecting a plug to an external electric power source (usually a normal electric wall socket).

PV (Photovoltaic) – Producing electric current or voltage caused by electromagnetic radiation, especially visible light from the sun.

SF₆ (Sulfur hexafluoride) – An inorganic, colorless, odorless, non-flammable, extremely potent greenhouse gas which is an excellent electrical insulator.

AGENDA: 15 - ATTACHMENT

Soy/algae biodiesel – Biodiesel refers to a vegetable oil- or animal fat-based diesel fuel consisting of long-chain alkyl (methyl, ethyl, or propyl) esters. Biodiesel is typically made by chemically reacting lipids (e.g., vegetable oil, animal fat) with an alcohol producing fatty acid esters. Biodiesel is meant to be used in standard diesel engines and is thus distinct from the vegetable and waste oils used to fuel converted diesel engines. Biodiesel can be used alone, or blended with petrodiesel in any proportions. Biodiesel can also be used as a low carbon alternative to heating oil. A variety of oils can be used to produce biodiesel. These include algae, which can be grown using waste materials such as sewage and without displacing land currently used for food production.

Zero-carbon – Zero output of greenhouse gas (GHG) emissions.

**REPORT ON THE ADVISORY COUNCIL ACTIVITIES IN MAY-JULY 2014:
CALIFORNIA'S ENERGY FUTURE AND THE MOVE TOWARDS THE 2050
GREENHOUSE GAS GOALS**

EXECUTIVE SUMMARY

This report summarizes the ongoing activities of the Advisory Council during May-July 2014, consolidating presentations received, and subsequent discussion and consideration by Council members during this period. This report is also informed by, and should be reviewed in tandem with, the Advisory Council's report on the February 2014 presentations.

The following presentations were made at the May 14, 2014 Advisory Council meeting:

1. *California's Energy Future* by Jane C.S. Long, Ph.D., Contributing Scientist at the Environmental Defense Fund, Former Principal Associate Director at Large and Director of Energy and Environment at the Lawrence Livermore National Laboratory. Dr. Long is co-chair of California's Energy Future Committee, which prepared the California Council on Science and Technology's *California's Energy Future- The View to 2050*.
2. *Reducing GHG Emissions through Energy and Innovation* by Emilio Camacho, Esq., Advisor to the California Energy Commissioner Hochschild and former Attorney with the Office of the Legislative Counsel.

A video recording of these presentations and the Council's discussion can be viewed at: http://baaqmd.granicus.com/MediaPlayer.php?publish_id=fa6bcfc1-2db6-1032-aaea-c81612194a28.

Dr. Long and Mr. Camacho concurred with earlier presenters who emphasized that an immediate multi-pronged strategy is required to reduce greenhouse gas (GHG) emissions to sustainable levels. Dr. Long suggested that California can reduce GHG emissions to about 60% of 1990 levels by 2050 if existing technology is used without regard to cost, and emerging technology is deployed at an 'unprecedented rate.' However, achieving the 80% reduction goal is unlikely without significant new technology innovation and deployment, such as grid-scale energy storage or climate engineering. Furthermore, there currently is no regional GHG action plan that could help advance these goals on a regional level in the Bay Area.

The recommendations to the Air District contained in this report: (1) emphasize the necessity for immediate action through all possible means; (2) promote regional coordination towards the shared goal of reduced GHG emissions; (3) seek to identify and close regulatory gaps; and (4) make progress in reducing GHG emissions through grant incentives and piloting of emerging technologies.

BACKGROUND

Professor Jane C.S. Long

1. Dr. Long explained the importance of stabilizing GHG emissions by highlighting the “bathtub effect,” which is used to describe the addition of GHGs to the atmosphere at a higher rate than they decay or are absorbed, much like a bathtub with an open faucet and a partially clogged drain. But, even after equilibrium is achieved, atmospheric carbon dioxide (CO₂) concentrations will remain high because CO₂ remains in the atmosphere for centuries after it is emitted. Further, CO₂ in the ocean will come out of solution and enter the atmosphere even as atmospheric concentrations of CO₂ decrease.
2. Regional strategies are effective in meeting the State’s long-term goal of reducing GHG emissions to 80% of 1990 levels. This is because the regional scale is large enough to achieve a meaningful impact, yet small enough to allow political consensus on a meaningful action plan. However, there does not appear to be an appropriate regulatory agency with authority in the San Francisco Bay Area to develop and implement all necessary actions that could be identified in a regional strategy.
3. Dr. Long identified three rules to follow to ensure that regional GHG action plans add up to achieve an effective solution:
 - a. When accounting for GHG emissions, identify and quantify every emission source once and do not double-count emissions. For example, do not count GHG emissions from individual building electricity use and the power supplier’s energy use.
 - b. Action plans should reflect feasible technologies rather than unproven concepts that may never materialize.
 - c. Ensure action plans do not result in “Leakage.” Leakage is a term that denotes the increase in GHG emissions elsewhere as a direct result of one action plan’s reduction measures. For example, action plans that limit growth as a strategy to reduce local GHG emissions could result in increased emissions outside of that plan’s boundaries.
4. Achieving the State’s GHG reduction goal requires a four-part action plan that includes all of the following: (1) energy efficiency, particularly for end uses that cannot be easily electrified; (2) electrification of all feasible fossil fuel-based end uses; (3) decarbonization of the electricity supply; and (4) conversion to low-carbon combustion fuels (e.g., biofuels) for end uses that cannot easily be electrified (e.g., freight transportation, shipping, and air travel).
5. Dr. Long described several strategies to lower GHG emissions from energy use, for which she outlined advantages, disadvantages, and/or unknowns:

AGENDA: 15 - ATTACHMENT

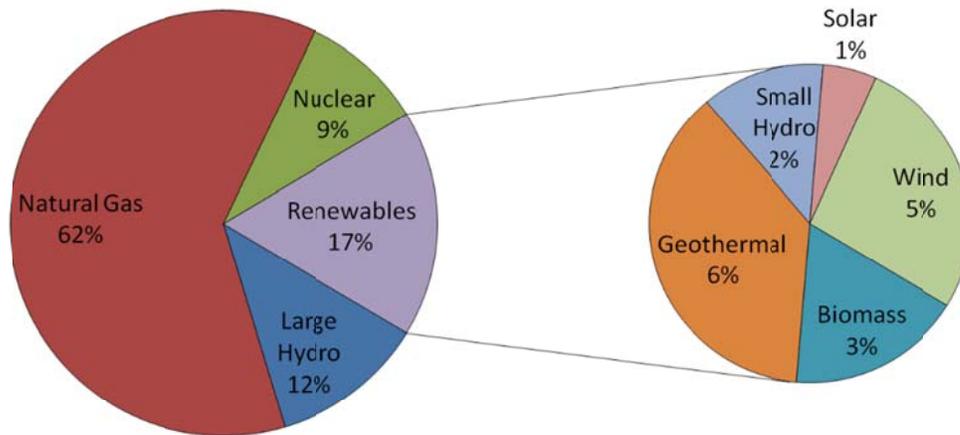
- a. Biomass/biofuels (e.g., woody energy crops, animal waste, municipal wastewater) were discussed as a potential energy source for decarbonizing fuels for end uses that cannot be converted to electricity. Other externalities need to be considered when formulating policy, including health effects of airborne pollutants, effects to food systems, availability of biomass resources to meet energy needs, etc. Long stated that it is unlikely that there would be enough available biomass to provide adequate load balancing for intermittent renewable energy supplies. The Advisory Council also points out that a lifecycle analysis of GHGs from biofuels should also be considered when formulating policy.
 - b. According to Dr. Long, nuclear electricity is a safe form of electricity, the cost estimate is similar to either fossil fuel with Carbon Capture and Storage (CCS) or renewables, and there are no technical barriers to the technology; however, construction of new facilities is currently illegal in California until waste storage issues are resolved, and public acceptance is low.⁵
 - c. Carbon Capture, Utilization, and Storage (CCUS) was identified as a technology to trap CO₂ produced during combustion and store it in old oil reservoirs. Long suggested that Carbon Capture and Storage (CCS) could be an important bridge strategy to reduce emissions while we develop zero-emissions generation and load balancing capabilities. The viability of CCS is enhanced by the economic value of captured CO₂ for enhanced oil recovery.
 - d. Industrial Ecology is a potential strategy for reducing GHG emissions. Industrial ecology refers to a systems-based approach to managing industrial material flows so that one industry's waste can be repurposed as a resource for another industry's inputs.
 - e. Wind and solar energy are largely intermittent and cannot currently be stored cost-effectively on a large scale; low capacity factors for wind and solar (30-40%) present tremendous load balancing challenges, requiring 3 times as much capacity to be built to meet needs, unless two-thirds of energy needs are provided by other sources. Energy storage for "load balancing" reduces intermittence and may be best suited for small-scale load balancing strategies, e.g., industrial users, as current storage technology is still largely experimental and not available for the entire grid.
6. GHG reduction strategies are in conflict with utility business considerations because low-cost natural gas is pushing alternative energy sources out of the market.

Emilio Camacho, JD

⁵ Cal.Pub.Res.Code § 25524.1, as cited by the National Council of State Legislatures (<http://www.ncsl.org/research/environment-and-natural-resources/states-restrictions-on-new-nuclear-power-facility.aspx>).

1. California is a leader in renewable energy deployment. California is home to the world's largest solar, wind, and geothermal projects. As shown in Figure 1, below, Renewable Portfolio Standard- eligible renewable energy sources account for approximately 17% (excluding large-scale hydroelectric) of all in-State electricity generated in 2012.

Figure 1. California In-State Electricity Generation in 2012⁶



Sources: California Energy Commission, QFER and SB 1305 Reporting Requirements. In-state generation is reported generation from units 1 MW and larger.

2. Reducing GHGs in the energy sector is a goal of the California Energy Commission (CEC). Camacho highlighted multiple areas in which the CEC is providing leadership. The CEC sets energy efficiency standards for buildings and appliances; it permits new power plants greater than 50 MW, including large-scale photovoltaic (PV), solar thermal, wind, and geothermal power; it funds research and development of emerging technologies related to energy efficiency, renewable energy, energy storage, and load balancing (e.g., smart grid and demand response technologies).
3. Reducing GHGs in the energy sector requires altering consumer behavior, increasing the efficiency of energy production, electrification of end uses, encouraging renewable energy sources, developing and increasing energy storage options, use of biofuels, research and development, integration of resources and new technologies and through grid alternatives (e.g., microgrids or smart grids). The way to achieve this is through policy change.
4. Integration of new technology offers opportunities for reducing GHG emissions. For example, microgrids are modern, small-scale versions of the centralized electricity system. Microgrids generate, distribute, and regulate the flow of electricity to consumers, but do so locally and can be used to integrate renewable energy into the electricity system at the community level.

⁶ California Energy Commission defines Large Hydro as greater than 30 MW capacity (<http://www.energy.ca.gov/hydroelectric/>). While Hydro is a zero-emissions energy source, it is excluded as an eligible technology for meeting the State's Renewable Portfolio Standard targets.

KEY EMERGING ISSUES

1. The “bathtub effect” highlights the necessity to immediately implement all viable energy efficiency measures and low-GHG energy sources. It is essential to reduce emissions as much and as quickly as possible to achieve equilibrium. Success in attaining the 2050 GHG reduction goal hinges on quickly deciding on and implementing systems that eliminate emissions in the most cost-effective manner. Current research⁷ indicates that California can reduce GHG emissions to about 60% of 1990 levels by 2050 if existing technology is used without regard to cost, and emerging technology is deployed at an ‘unprecedented rate.’ However, achieving the 80% reduction goal is unlikely without significant new technology innovation and deployment, such as grid-scale energy storage or climate engineering.
2. Dr. Long parts ways with Dr. Jacobson on the feasibility of relying solely on “WWS” – a combination of wind, hydropower (water), and solar – to meet our energy needs. Dr. Jacobson argued that virtually 100% of California’s electricity needs can be met through WWS without over-sizing the capacity of the generation system. This finding enabled Dr. Jacobson to recommend for a multi-pollutant analysis approach and against transitional energy sources such as nuclear and CCUS that may produce significant negative externalities. Dr. Long, on the other hand, argued that the low load factors for wind and solar (30-40%) present tremendous load balancing challenges that cannot be met with a WWS-only strategy. The current load balancing strategy using gas turbines would produce emissions that far exceed 2050 targets. Currently available energy storage technologies may be cost-prohibitive. Dr. Long argues that the current technologies for load balancing a WWS-only generation system require investments in infrastructure that would then sit idle much of the time. Relying on wind, water, and solar sources also raises questions about how fast a replacement energy supply system could be built.
3. In contrast to Jacobson’s WWS-only approach, the load balancing challenge leads Dr. Long to argue for an “all of the above” approach that gives serious consideration to all viable low-GHG energy sources including using natural gas with CCUS, biomass, nuclear, and renewable energy. Biofuels and energy efficiency are particularly important as a strategy for end uses such as transportation that cannot economically be electrified. When paired with biofuels, CCUS offers the advantage of being GHG-negative. Although nuclear energy may be politically infeasible, Dr. Long argues that proven nuclear waste storage technologies are already available. Storage and related safety issues might also become less of a concern with Generation IV⁸ reactors under development.

⁷ *California’s Energy Future- The View to 2050*. California Council on Science and Technology. May 2011. This document is available online at: <http://www.ccest.us/publications/2011/CEF%20index.php>. Accessed June 17, 2014.

⁸ Generation IV refers to the development of innovative nuclear systems (reactors and fuel cycles) likely to reach technical maturity by 2030. Under the Generation IV International Forum (GIF), six nuclear systems were selected with the aim of making considerable improvements in economic competitiveness, safety, uranium resource economy and in reducing long-life radioactive waste.

4. Mr. Camacho's presentation highlights the CEC's leadership role in energy efficiency, decarbonization of the energy supply, and load balancing. Mr. Camacho identified electric vehicles and California's High Speed Rail as efforts to electrify transportation, but did not discuss the issue of electrifying fossil fuel-based end uses in homes (e.g., gas furnaces, water heaters, and clothes dryers).

RECOMMENDATIONS

The Advisory Council recommends the following updates and additions to the recommendations in the report covering the February 2014 presentations:

6. Research. Experts disagree about the potential for 100% renewable electricity – wind, water and solar – to supply all energy end-uses within the region or state, due to their intermittent nature, the number of new facilities that would be required to meet loads, and the need for load-balancing and storage. Therefore, we recommend that the District investigate the feasibility of meeting the region's energy needs through wind, water, and solar, considering load balancing and grid reliability constraints.
7. Planning. Given the growing accumulation of GHG emissions into the atmosphere, it is urgent to significantly reduce GHGs by mid-century or sooner. We recommend that the District, through regulations, permitting, guidelines, and other planning approaches, support decarbonization of energy supplies, energy efficiency, and electrification of energy use across all sectors while considering life-cycle impacts. For those end uses where fossil fuel substitutes are not feasible or reasonably cost-effective, lower-carbon energy sources (such as biofuels) should be encouraged, ideally paired with other strategies for reducing the GHG impacts of energy use, such as reducing vehicle miles traveled, optimizing and enforcing speed limits, natural gas with CCUS, and more. The District should adhere to its multi-pollutant approach that seeks to reduce GHG emissions while also limiting health impacts and other negative effects from airborne pollutants. The District should work with State, local, and other entities of regional government to develop a long-term strategic plan including regional GHG reduction goals and a roadmap for meeting them by 2050.
8. Control of Small Sources. We recommend that the District explore ways to reduce GHG emissions from small stationary sources of CO₂, such as backup generators, furnaces, water heaters, and boilers. Emissions from these fossil-fuel-based end uses are unlikely to be decarbonized on a large scale unless rules, requirements, incentives, or other policy mechanisms dictate a steady reduction in CO₂ emissions from these sources.
9. Regional Coordination. Because of the efficacy of climate action planning at the regional scale, we recommend that the District use the full extent of its statutory and regulatory authorities and resources to coordinate and implement Bay Area energy-related response actions, and to execute its long-term strategic plan. We recommend that the District

collaborate with other government agencies to identify barriers that prevent effective and meaningful regional action, including identifying additional authority or powers that may be needed. To ensure successful implementation of the District’s long-term GHG plan, we recommend the District solicit support from partners (e.g., Planning Departments, Offices of Sustainability, energy and water utilities, and other local government officials) and support local government climate action planning that incorporates a multi-pollutant approach.

10. Grants. The District has grant funding that is currently restricted to reducing emissions from mobile sources that are outside of its regulatory control. The District should attempt to identify new funding sources to expand its grant program to stationary sources in light of its goal to significantly reduce regional GHGs. Following that, the District should prioritize the following within its grant programs:

- a. Development of infrastructure to support electrification (e.g., electric vehicle charging stations, solar PVs, heat pumps, solar hot water), including enhancement of incentives for residents and building owners.
- b. Clean-energy backup emergency power systems at both individual building and community levels.
- c. Promotion of energy efficiency measures in buildings, appliances, and processes, including measures to enhance indoor air quality while improving building performance.
- d. Efficiencies beyond VMT reductions through ‘smarter’, high-performance vehicles and technologies that optimize operations, particularly industrial and farming operations.

11. Emerging technologies. We recommend that the District research the feasibility of emerging technologies and partnerships that could accelerate efforts toward GHG reduction, and which the Bay Area could pilot and eventually implement, such as: industrial ecology, use of biofuel resources such as landfill gas and agricultural waste, municipal solid waste gasification, utilization of CO₂ from CCUS, local climate engineering, ‘smart grid’/ ‘microgrid’ technologies and zero-emission load-balancing strategies to better accommodate renewable energy sources.

GLOSSARY

Bathtub effect –The bathtub effect is an analogy used to describe GHGs being added to the atmosphere at a much higher rate than they are decaying or being absorbed, much like a partially full bathtub with an open faucet and a partially clogged drain.

Biofuel – A biofuel is a fuel that contains energy from geologically recent carbon fixation. These fuels are produced from living organisms. These fuels are made by a biomass conversion (biomass refers to recently living organisms, most often referring to plants or plant-derived materials). This biomass conversion can result in fuel in solid, liquid, or gas form.

AGENDA: 15 - ATTACHMENT

Carbon fixation – The conversion of inorganic carbon (carbon dioxide) to organic compounds by living organisms.

CCS – (Carbon Capture and Storage or sometimes Carbon Capture and Sequestration) – The process of trapping carbon dioxide, transporting it to a usually underground storage location, and isolating it there.

CCUS – (Carbon Capture, Utilization, and Storage) combines CCS with CO₂ utilization strategies such as enhanced oil recovery.

CEC – California Energy Commission

Climate Engineering – also referred to as “geoengineering,” is the deliberate and large-scale intervention in the Earth’s climatic system with the aim of reducing global warming. Climate engineering has two categories of technologies- carbon dioxide removal and solar radiation management. Carbon dioxide removal addresses a cause of climate change by removing one of the greenhouse gases from the atmosphere. Solar radiation management attempts to offset effects of greenhouse gases by causing the Earth to absorb less solar radiation.

CO₂ – Carbon dioxide

Decarbonization – The declining average fossil carbon footprint of primary energy over time.

District – Bay Area Air Quality Management District

GHG – (Greenhouse Gases) – A gas in the atmosphere that absorbs and emits radiation within the thermal infrared range. This process is the fundamental cause of the greenhouse effect. The primary greenhouse gases in the Earth's atmosphere are water vapor, carbon dioxide, methane, nitrous oxide, and ozone. Other greenhouse gases include hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulfur hexafluoride (SF₆). Black carbon, or soot, is not an actual greenhouse gas, as it is a solid, and warms the atmosphere differently to a gas. However, it may be responsible for as much as 25 percent of observed global warming.⁹

Generation IV nuclear reactors – Generation IV refers to the development of innovative nuclear systems (reactors and fuel cycles) likely to reach technical maturity by 2030. Under the Generation IV International Forum (GIF), six nuclear systems were selected with the aim of making considerable improvements in economic competitiveness, safety, uranium resource economy and in reducing long-life radioactive waste.

Industrial Ecology – Industrial ecology refers to a systems-based approach to managing industrial material flows so that one industry’s waste can be repurposed as a resource for another industry’s inputs.

⁹ See <http://oceana.org/en/our-work/climate-energy/climate-change/learn-act/greenhouse-gases>.

AGENDA: 15 - ATTACHMENT

Leakage – Leakage is a term that denotes the increase in GHG emissions elsewhere as a direct result of one action plan’s reduction measures.

Load balancing – Load balancing refers to the use of various techniques by electrical power stations to store excess electrical power during low demand periods for release as demand rises.

Low-carbon – Minimal output of greenhouse gas emissions.

Microgrid – A modern small-scale version of the centralized electricity system.

PV – (Photovoltaic) – Producing electric current or voltage caused by electromagnetic radiation, especially visible light from the sun.

Renewables Portfolio Standard – California’s Renewables Portfolio Standard requires the state’s utilities and other electricity providers to increase the amount of renewable energy they procure until 33 percent of their retail sales are served with renewable energy by the end of 2020. Facilities eligible under the RPS must meet certain requirements and be one of the following technologies: biomass, solar thermal, photovoltaic, wind, geothermal, fuel cells using renewable fuels, small hydroelectric generation (less than 30 MW), digester gas, municipal solid waste conversion, landfill gas, ocean wave, ocean thermal, or tidal current.

Solar thermal –The use of solar energy to produce heat.

VMT– Vehicle miles travelled

WWS – Wind, Water, Solar

REPORT ON ADVISORY COUNCIL ACTIVITIES IN SEPTEMBER-NOVEMBER 2014: ENERGY AND CLIMATE OPPORTUNITIES FOR THE BAY AREA

EXECUTIVE SUMMARY

This report summarizes ongoing activities of the Advisory Council during September-November 2014, consolidating presentations received, and subsequent discussion and consideration by Council members during this period. It is the intent of the Council to continue study of this topic during the early portion of 2015. As more information is received and evaluated by the Council, conclusions and recommendations are expected to evolve and will be documented in future reports.

The following presentation was made at the September 10, 2014 Advisory Council meeting:

Energy and Climate Opportunities for the Bay Area by Daniel M. Kammen, Ph.D., Class of 1935 Distinguished Professor of Energy, Energy and Resources Group and Goldman School of Public Policy, and Founding Director of the Renewable and Appropriate Energy Laboratory, University of California, Berkeley

A video recording of these presentations and the Council's discussion can be reviewed at http://baaqmd.granicus.com/MediaPlayer.php?publish_id=2b960489-3929-11e4-bf9a-00219b9a9d7d

Building on the foundation of AB 32 and on the numerous policies implemented in California to meet its climate and clean energy goals, Dr. Kammen presented his "SWITCH" model, which analyzes the adequacy of energy generation, transmission, and storage systems to satisfy load requirements by allowing for the possibility of a variety of energy sources (including solar, wind, water, nuclear, geothermal, and fossil), as well as for energy conservation.

The model suggests that multiple pathways exist to achieve greenhouse gas (GHG) emissions reduction goals, while simultaneously ensuring grid reliability, so long as carbon pricing is integrated into the decision-making process. Each of these pathways is projected to be economically comparable to, or cheaper than, the business as usual strategy.

Some recommendations contained in this report are for the Air District to: (1) consider carbon analysis and accounting during decision making for major projects submitted as part of the permitting process; (2) provide education about the cost-effectiveness of shifting to a low-carbon energy future; (3) conduct future energy and climate change work in a manner consistent with principles of promoting equity and advancing both environmental and economic opportunities in disadvantaged communities; and (4) promote user-friendly tools to assist individuals, businesses, and local governments to reduce their carbon footprint.

BACKGROUND

Energy policy in CA

1. CA remains in a leadership position on climate change mitigation and clean energy development. Not only did the State adopt AB 32 in 2006, a bill that sets an aggregate climate pollution target for the year 2020, it has also adopted a series of integrated and complementary policies to address climate change and promote clean energy development across the economy. This “interlocking set of policies” guarantees that, even if one program fails, the others can remain intact and aim toward the same ambitious performance target.
2. While California’s climate program sets ambitious targets, California represents only 2% of worldwide greenhouse gas (GHG) emissions. For maximum effectiveness in the effort to limit climate change, statewide efforts must work within and promote international actions to combat climate change. Moving forward, California's global leadership position on climate change policy will be as important, if not more so, than its effectiveness at reducing in-state emissions.

Dr. Kammen’s SWITCH Model

3. The SWITCH model, developed by Dr. Kammen and collaborators, is a high-resolution energy-capacity-planning model based on a representation of the electric grid within the Western Electricity Coordinating Council (WECC) region. (Other regions in the world have also been modeled using SWITCH, yielding nearly identical results.) As described by Dr. Kammen, SWITCH explicitly models energy sources, sinks, storage, and transmission within the WECC region. Further, it accounts for changes within the WECC that are the result of policies that impact carbon prices and renewable portfolio standards. Other policies may also have impacts, but are not accounted for in the model, and the model does not take into account health costs, non-carbon environmental benefits, or other externalities, nor does it model electric-pricing demand response (since data in this area are sparse). Minimizing system costs to deliver power on an hourly basis and maintaining capacity reserve margins are explicit model constraints, and the model is run across a wide variety of seasons and times of day.

Model results and conclusions

4. The SWITCH model output allows Dr. Kammen to assert that many pathways exist to achieve AB 32 GHG reduction goals, while ensuring reliability of the electric grid. However, Dr. Kammen and SWITCH find that embedding a carbon price into relevant decision-making processes must also be implemented for this result to be reached.
5. Each pathway for AB 32 compliance is projected to have a lower cost than the business as usual (BAU) strategy. These findings are projected to hold even when SWITCH is run on a wide variety of days, including the least windy, hottest days in summer.

6. According to Dr. Kammen and the SWITCH model results, constraints on technology are not projected to be a limiting factor in meeting the goals embedded within AB 32 and other clean energy policies. Instead, policy and market forces will likely prevail, enabling investments in technological improvements that will cut emissions and deliver clean energy solutions.

For example, large-scale renewables have historically proven difficult to bring on-line without substantial new transmission capacity and sufficient backup power while new transmission lines and large-scale energy generation facilities have proven challenging to site. Recent policy developments that enhance the permitting process for siting renewable energy sources and transmission capacity have been promising, but further long-term policy support will still be needed “to ensure coordinated investment in research and development and infrastructure, and efficient deployment of enabling technologies such as storage, demand response, flexible transmission, and active controls.”¹⁰

Furthermore, according Dr. Kammen’s SWITCH model, a carbon price point of approximately \$40 per ton is forecast for 2030 to create an economic incentive to decarbonize economies across the planet. At present, the California carbon price is about \$12/ton, and it is \$20/ton in China.

7. In all iterations of SWITCH, the “duck curve” problem, which utility companies use to illustrate concerns about mismatched renewable generation and demand (i.e., time-of-day availability of solar energy), is not projected to be problematic. Other energy sources in the near term, and a better distribution of energy assets (including improved energy storage) in the long term provide solutions to this so-called problem.

Climate change mitigation and social equity

8. According to Dr. Kammen, if climate change efforts proceed without regard to equity, issues of environmental and social injustice will remain, and are likely to be exacerbated. For example, without a focus on equity, energy efficiency programs may leave homeowners who cannot afford efficiency upgrades with higher energy bills as compared to homeowners who can afford the upgrades. Similarly, low-income renters may become priced out of upgraded, energy efficient housing in transit-rich, mixed use, low-carbon intensive urban cores and be forced into higher-carbon intensive and transit-deficient suburbs. For these and similar reasons, when working on climate issues, it is crucial that consideration of environmental and social justice be at the forefront.

Reconciling with other speakers

9. Four previous speakers have presented to the Advisory Council in 2014 on the topic of the Bay Area’s Energy Future (i.e., Dr. Mark Jacobson of Stanford University, Dr. Jim Williams of Energy + Environmental Economics, Dr. Jane Long of Lawrence Livermore

¹⁰ Mileva A, JH Nelson, J Johnston, and DM Kammen. “SunShot Solar Power Reduces Costs and Uncertainty in Future Low-Carbon Electricity Systems.” *Environ Sci Technol*, **2013**, 47, 9053-9060.

National Lab, and Emilio Camacho, Esq., Advisor to California Energy Commissioner Hochschild). While each speaker presented a somewhat different approach to achieving AB 32's 2050 GHG reduction goal, all four concurred that three essential areas exist for action: (1) continued focus on energy efficiency, (2) electrification of end-uses, and (3) decarbonization of the energy supply.

10. Drs. Long and Jacobson differed on their assessment of the feasibility of relying solely on wind, hydropower, and solar (WWS) to meet California's energy future needs. Dr. Jacobson argued that virtually 100% of energy needs could be met through WWS without over-sizing the capacity of the generation system, while Dr. Long argued that the low load factors for wind and solar (30-40%) present tremendous load balancing challenges that cannot be met with a WWS-only strategy. Instead, according to Dr. Long, California will need to rely on an "all of the above" approach.
11. According to Dr. Kammen, an approach intermediate between Drs. Long and Jacobson may be needed, though his view of long-term (i.e., 2050) climate goals aligns more closely with Dr. Jacobson.
 - a. Dr. Kammen expressed that, while Dr. Long's vision seems to be that the future will largely resemble the present, he is much more optimistic that the future of storage technologies and other technological innovations will radically transform energy possibilities.
 - b. At the same time, Dr. Kammen noted issues with Dr. Jacobson's approach of re-starting our entire energy system from scratch, and he feels that significant expansion of existing energy infrastructure is needed for the energy future.
 - c. The models employed by Drs. Jacobson and Kammen also differed, with the former matching supply with demand and the latter adding an economic component that accounts for costs of necessary developments in infrastructure.
12. Dr. Williams stressed the importance of the electrification of all end-uses. Dr. Kammen agreed that electrification is extremely important, but he went further to identify lifecycle analysis of carbon intensity as the key methodology to guide decisions about whether and when to electrify any given end use.

KEY EMERGING ISSUES RELEVANT TO THE BAY AREA

The key emerging issues identified below represent a synthesis of the information contained in the presentations given to the Advisory Council in the 2014 by speakers, as well as an analysis of these presentations by the Advisory Council.

1. Business objectives that meet and even go beyond the AB 32 goal can be cost-effective, i.e., they can make or save money for utilities and many other types of businesses. Storage, grid infrastructure, and developing renewable energy sources all represent opportunities, albeit challenging, for utility companies to generate revenue. Further, investment in fossil fuels may, in the long-term, be a poor economic choice given increasing carbon prices, and divestiture from fossil fuels may represent a financially prudent decision.
2. Equity and environmental justice are important considerations associated with climate change mitigation because the adverse effects of climate change will disproportionately affect

AGENDA: 15 - ATTACHMENT

disadvantaged communities. Policies put into place to mitigate climate change must not exacerbate existing equity issues. Strong public policy will be needed to balance the need for considerations of equity in all projects with the simultaneous requirement that all projects be profitable.

3. An urgent need exists to improve upon existing, and to develop new technologies, for storing cleanly-produced energy. Through laws, such as AB 2514, the California Public Utilities Commission (CPUC) has endorsed a target of having at least an additional 2% of California's 2020 energy mix provided by storage during peak demand times and when renewable sources like WWS are low.
 - a. Several energy storage technologies and designs currently exist, including compressed air, batteries, hydrogen, and pumped hydroelectric.
 - b. Energy storage elements are optimal when co-located with renewable energy generation elements, especially in those areas most in need of storage support. A so-called "locational feed-in tariff" would create a price signal from utilities to incentive placement of renewable generation and storage in locations most in need of energy.
4. When observed on a carbon intensity basis, metropolitan cities exhibit a carbon emissions doughnut pattern, with lower-emission urban cores and higher emission suburbs. Some of this is due to commute patterns, but it is also due to larger homes and greater reliance on vehicles to procure and transport goods and services (versus dense, "complete" neighborhoods, that are mixed-use, walkable, bikable, and transit-rich). Taking this pattern into account in environmental permitting and investment planning in suburban areas can alleviate some of these concerns, as can improvements in walking and cycling infrastructure and innovations in the mass transit of both people and goods. Further, the large square footage of homes and open land in suburban areas provides important opportunities for energy generation, such as the installation of solar panels.
5. Individuals and local jurisdictions (urban and suburban) can be empowered to make the best choices that benefit the environment and save money through user-friendly tools like CoolCalifornia.org, developed to assess and provide tips on how to reduce the carbon footprint of individuals, businesses, and jurisdictions.
6. A need exists to better understand demand response among Bay Area residents. The CPUC defines demand response as "end-use electric customers reducing their electricity usage in a given time period, or shifting that usage to another time period, in response to a price signal, a financial incentive, an environmental condition or a reliability signal."

RECOMMENDATIONS

1. The Air District should make carbon analysis and accounting a business requirement for all institutions and activities above a certain threshold (to be defined) as part of the initial permitting and renewal processes.
 - a. Do not charge businesses for their carbon emissions (yet), but require this accounting for all permits issued.
 - b. The analysis should take into account lifecycle emissions and address the full carbon exposure from direct and indirect business activities.

AGENDA: 15 - ATTACHMENT

- c. Pay particular attention to the permitting of back-up diesel engines and generators, including requiring analyses of both the proposed and alternative fuels and systems.
2. The Air District should work with utilities to ensure a mutual exchange to understand future energy strategies, as well as their respective costs and benefits. The Air District should also work with utilities to promote public outreach and understanding. In particular, emphasize the message that “green” energy strategies are actually cost-effective and can save both utilities and consumers money.
3. The Air District should examine its own internal investments, including holdings in employee retirement accounts, and consider full divestiture from fossil-fuel holdings. Externally, the Air District should educate businesses in the region about fossil-fuel divestment and potential long-term cost-savings.
4. The Air District should develop mechanisms, both internally and externally, to incentivize projects that promote environmental, public health, and economic advancement, especially in areas most heavily burdened by air pollution or in areas projected to be most affected by the adverse effects of climate change. Examples that might meet these three criteria and could be further investigated by Air District staff are to:
 - a. Provide permitting incentives for projects that can demonstrate positive results in a lifecycle carbon analysis, especially if they also serve disadvantaged communities (e.g., such projects should go to front of the line for review).
 - b. Expedite the permitting of clean energy projects in the Bay Area for those projects demonstrating that issues of equity have been considered in siting decisions.
 - c. Encourage local governments to facilitate use of creative and collaborative partnerships with businesses towards sustainable goals and shared resources. For example, encourage local governments to facilitate arrangements in which excess heat produced by one site, such a fuel cell combined heat and power installation, is used for heating needs by a second, geographically close site, such as a dry cleaning facility.
 - d. Promote the advancement of innovative technologies and business models to reduce GHG pollution, while improving citizen mobility. For example, work with car-sharing companies to develop sliding scale rates for electric vehicle (EV) car-share rental, or work with public and/or private entities to develop fuel-cell public transportation projects (buses or ferries) that reduce vehicle miles travelled (VMT) and employ mass transit in disadvantaged communities using low-carbon, clean energy.
 - e. Working with commercial lending and advocacy organizations to improve the purchase of EVs through traditional home mortgage tools.
5. The Air District should promote CoolCalifornia.org for individual, business, and local government use.
 - a. This assessment tool could be provided as a mechanism for projects and their alternatives.

- b. Work with Association of Bay Area Governments (ABAG) to use this tool for assessing alternative Sustainable Communities Strategies in future planning iterations.
6. There remains disagreement among experts about several issues relating to full reliance on renewable energy sources. To better understand the Bay Area's energy future, we recommend that the Air District staff and Advisory Council gain a better understanding of the air quality and climate change mitigation issues related to energy storage potential, grid infrastructure, and the so-called "duck curve" problem.
7. Support CPUC work on the following:
 - a. Developing incentives to subsidize programs that finance the deployment of electricity storage systems
 - b. Providing incentives for utility companies to identify locations where the grid system is currently (and is projected to be) in the most need of support and energy storage, and then co-locate renewable energy generation facilities in those locations.
 - c. Mandating that utilities establish net metering at all residences and businesses (i.e., every electricity meter should function in a two-way communication pathway between consumers and utilities).

GLOSSARY

Air District – Bay Area Air Quality Management District

BAU – Business as usual

Carbon pricing – A method of reducing GHG emissions by charging those who emit carbon dioxide (CO₂) for their emissions. That charge, called a carbon price, is the amount that must be paid for the right to emit one ton of CO₂ into the atmosphere. Carbon pricing usually takes the form of a carbon tax or a requirement to purchase permits to emit (also called "allowances"). Because such permits are privately tradable and emissions are limited by the total number of available permits (the cap), this system is known as cap-and-trade.

Combined heat and power – The use of a single fuel source to simultaneously generate electricity and useful heat, also known as "cogeneration."

CPUC – California Public Utilities Commission

Decarbonization – The declining average fossil carbon footprint from primary energy over time.

Demand response – End-use electric customers reducing their electricity usage in a given time period, or shifting that usage to another time period, in response to a price signal, a financial incentive, an environmental condition, or a reliability signal

Divestment – The reduction of some kind of asset by an individual or business for financial, ethical, or political objectives.

AGENDA: 15 - ATTACHMENT

Duck curve – A graph that utility companies use to illustrate concerns about mismatched renewable generation and demand (i.e., lack of availability of solar energy during high use early evening hours).

Electrification – To supply (a region, community, building, etc.) with electric power.

Environmental justice – The idea that all people, regardless of race, color, national origin, or income, are able to enjoy equally high levels of environmental protection. Environmental justice communities are commonly identified as those where residents: are predominantly minorities or low-income; have been excluded from the environmental policy setting or decision-making process; are subject to a disproportionate impact from one or more environmental hazards; and/or experience disparate implementation of environmental regulations, requirements, practices and activities in their communities. Environmental justice efforts attempt to address the inequities of environmental protection in these communities.

EV – Electric Vehicle

Externalities – External effects, often unforeseen or unintended, accompanying a process or activity.

Flexible transmission – A system composed of static equipment used for the transmission of electrical energy. Flexible transmission is meant to increase the reliability of energy grids and reduce power delivery costs. These systems improve transmission quality and efficiency of power transmission by supplying reactive power to the grid.

GHG (Greenhouse Gases) – A gas in the atmosphere that absorbs and emits radiation within the solar or thermal infrared range. This process is the fundamental cause of the greenhouse effect. The primary greenhouse gases in the Earth's atmosphere are water vapor, carbon dioxide, methane, nitrous oxide, and ozone. Other greenhouse gases include hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulfur hexafluoride (SF₆). Black carbon, or soot, is not an actual greenhouse gas, as it is a solid, and warms the atmosphere differently to a gas. However, it may be responsible for as much as 25 percent of observed global warming.¹¹

Lifecycle analysis - A technique to assess environmental impacts associated with all stages of a product's life, from-cradle-to-grave (i.e., from raw material extraction, through materials processing, manufacture, distribution, use, repair and maintenance, and disposal or recycling).

Load - The amount of electric power delivered or required over a given period at a constant rate.

Load balancing – The use of various techniques by electrical power stations to store excess electrical power during low demand periods for release as demand rises.

Locational feed-in tariff – A policy designed to accelerate investment in location-specific energy storage projects and in distributed energy resource projects that feed energy into the grid. Prices

¹¹ See <http://oceana.org/en/our-work/climate-energy/climate-change/learn-act/greenhouse-gases>

AGENDA: 15 - ATTACHMENT

offered by utilities for these resources differ by location to maximize benefit to the grid, by placing such resources at energy bottlenecks and in sensitive areas.

Net metering – A service to an electric consumer under which electric energy generated by that electric consumer from an eligible on-site generating facility and delivered to the local distribution facilities may be used to offset electric energy provided by the electric utility to the electric consumer during the applicable billing period.

VMT – Vehicle miles travelled

WECC (Western Electricity Coordinating Council) – The WECC region encompasses the states of Washington, Oregon, California, Idaho, Nevada, Utah, Arizona, Colorado, Wyoming, portions of Montana, South Dakota, New Mexico, and Texas in the United States, the Provinces of British Columbia and Alberta in Canada, and a portion of CFE's system in Baja California in Mexico.

WWS – Wind, water, solar

**REPORT ON ADVISORY COUNCIL ACTIVITIES IN OCTOBER 2014:
THE INTEGRATED GRID: ENERGY STORAGE AND SMART GRID
TECHNOLOGIES AND THEIR RELATIONSHIP TO 2050 GHG GOALS**

EXECUTIVE SUMMARY

This report summarizes activities of the Advisory Council during October 2014, consolidating a presentation received, and subsequent discussion and consideration by Council members.

The following presentation was made at the October 8, 2014 Advisory Council meeting:

The Integrated Grid: Energy Storage and Smart Grid Technologies and their Relationship to 2050 GHG Goals

Haresh Kamath
Program Manager
EPRI, Electric Power Research Institute, Palo Alto, CA

A video recording of this presentation and the Council's discussion is available at: http://baaqmd.granicus.com/MediaPlayer.php?publish_id=ee8a8cdd-4f30-11e4-bf9a-00219b9a9d7d

EPRI states that its mission is to conduct research, development, and demonstration on key issues facing the electricity sector on behalf of their funding members, energy stakeholders, and society. EPRI also states that it does not advocate any particular position, but provides information about the effects of policy decision systems as they relate to the electric utility industry. EPRI receives funding from electric utilities, as well as from other sources.

Building on other presentations to the Council in 2014 that focused on energy conservation and renewable sources of energy, the October meeting focused on energy storage and integrated electric transmission systems, aka smart electric grids.

The value of this report is to provide clarity and the context of the prior speakers. This context will be reflected in a refinement of our synthesized recommendations.

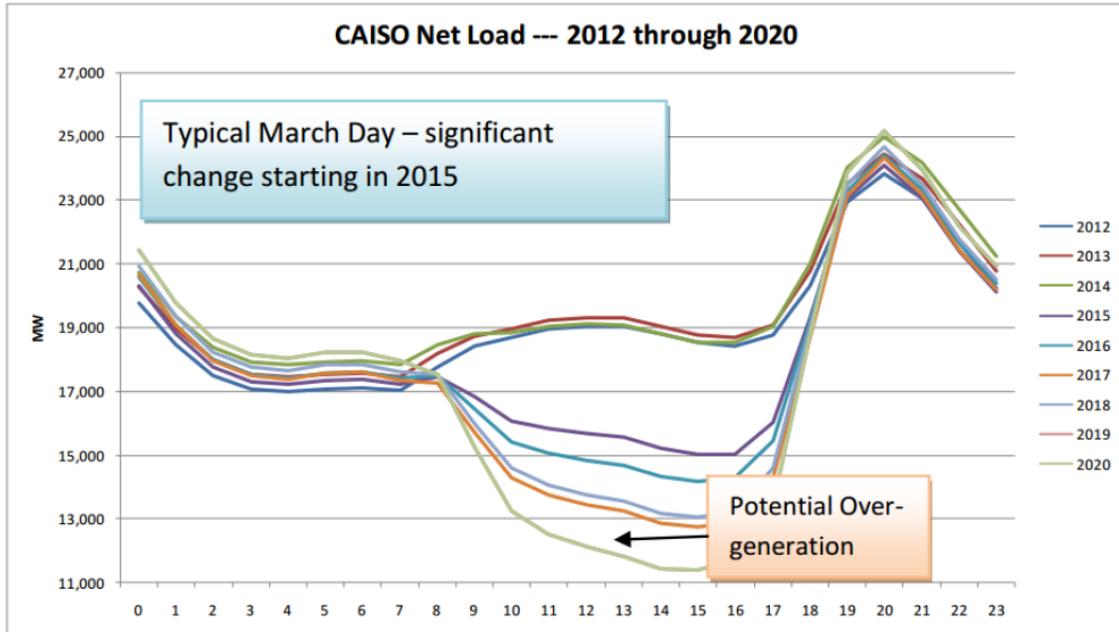
BACKGROUND FROM SPEAKER

Managing the Electric Energy Flow in CA

1. Energy storage is key, as we develop an electric system increasingly powered by renewable sources. Solar and wind power are unable to provide consistent levels of power, due to their inherent dependence on variable solar and wind patterns over hourly, daily, or monthly periods. Hydro power is also variable, depending on season and previous winter precipitation. Energy storage technologies, however, can help make these electricity forms available when power is needed.
2. What is often termed the “duck curve” (below), is a graph of net electric load (forecasted load after variable generation is accounted for) that shows the lack of alignment (as the difference) during a 10 year period between renewable energy supply and peak energy demand. Peak renewable generation occurs mid-afternoon, but net load ramps up in the

late afternoon and evening. Additional energy resources (typically fossil fuel generators) are brought on line as needed to match the load.

Bulk-System Operating Challenges



Source: CAISO

3. After a certain point, adding more renewables to the generation mix no longer reduces GHG emissions, unless demand can be shifted to daylight hours or if renewable energy can be stored for night-time hours.
4. The California Public Utilities Commission (CPUC) has set a statewide goal of adding storage capacity equivalent to 2% (1325 MW) of grid capacity by 2020; California already has 1.5% storage, Europe 5%, and Japan 10-15%.
5. More advanced solutions to bulk energy storage are projected to be two decades away. While research into advanced storage continues, storage implementation is likely to be dominated by present-day technologies at least for the next 10 years and is likely to be most effective at smaller scales.
6. Energy storage technologies:
 - a. Energy storage with advancements in lithium ion battery technology is being applied to the grid, but it is early in its development. Batteries, however, are likely to continue to be expensive, inefficient, and relatively short-lived.
 - b. Within the last four years, new electric vehicles (EVs) added to the US fleet represent 5 GWh of storage capacity. It is unknown what kind of system storage benefit these batteries could offer if they were properly networked together. Such an approach is theoretically possible, but would face significant technical, economic, and regulatory hurdles.
 - c. Pumped storage is relatively efficient and can scale to increase capacity. Pumped storage is a system of two reservoirs connected by a penstock and an electric generator. Water flows downhill through the generator during electrical demand. When excess electricity is available from renewable or nuclear power plants, water is pumped back up the mountain to be used later as needed. The addition of new pumped storage capacity has environmental issues related to the construction of new, or modification of existing, hydro electric facilities and potential

alteration of river flow. However, as the value of storage increases, developers may consider new sites previously considered economically unfeasible. PG&E has a large pumped storage, 1,200 megawatts, power plant (Helms Power Plant) east of Fresno. Pumped storage is the single largest storage technology currently in use by a wide margin.

- d. Compressed air has been explored as an energy storage mechanism, but has not been fully developed. Underground caverns in California, from depleted natural gas fields, are being considered as possible storage locations. Germany and Alabama each have 400 MW demonstrated energy storage from compressed air.
 - e. Energy can be stored by making hydrogen from excess renewable electricity, however, significant challenges exist (conversion efficiency of only 25%). Hydrogen is a huge opportunity for use for storage, but the technology is not ready now for commercial application.
 - f. Thermal (high heat) storage, combined with concentrated solar thermal generation and the use of flywheels, are other energy storage concepts that may emerge as viable.
7. Electricity demand response management and energy conservation may offset some electric storage capacity needs.

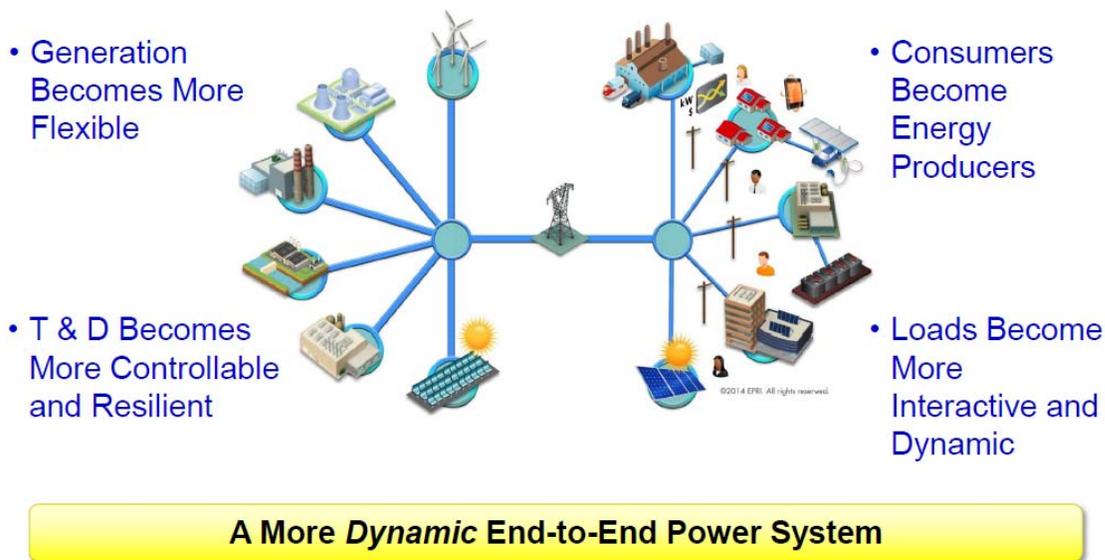
Integrated Transmission Systems/Smart Grids

1. High reliability, stable voltage, stable frequency (60 cycles), affordable, and safe access to electricity is critical today in our ever increasing digital world. Electric transmission and distribution systems play a critical role in the management of these attributes and are essential in connecting sources of electricity to end users. Historically, a small number of large remote power plants provided electricity to users throughout the state. With a move towards the production of electricity at many small sources (distributed generation), often operating intermittently when the sun shines or the wind blows, new challenges emerge that change how the grid operates (figure below).
2. Transmission and distribution grids are not currently designed to facilitate large "backward" electricity flows as will exist with future increased amounts of renewable sources of electricity.
3. The grid provides a number of essential services to all consumers (even those with their own distributed generation sources), including power reliability, start up power, voltage quality, and energy trading and transactions. An integrated grid would allow distributed generation to enhance grid operation for everyone by providing the additional services of resiliency, voltage support, emissions reductions, loss reduction, demand response, and distribution optimization.
4. Grid operators must balance the variability of renewable energy sources. For example, Germany's 2013 hourly solar and wind generation fluctuated from zero to 36 GW of electric capacity, and older, central generation plants (primarily coal) are being used to fill the voids. It is presently unknown precisely how variable is California's renewable energy portfolio. Natural gas power plants are currently the most common source of electricity to smooth out its renewable generation in California.
5. Demand response allows utilities to meet peak electrical demand by influencing or managing customer demand. For example, some customers willingly curtail electric usage (e.g., cut off air conditioners) during times of high demand. Perhaps charging of electrical vehicles will be controlled to occur after evening peak loads or during the day

(through workplace charging), if solar power is abundant enough to allow low-cost charging approaches.

6. Zero net energy homes, while producing at least as much energy as they consume on an annual basis, must still be connected to the grid to receive electricity when electric demand exceeds the home's ability to provide power (when the sun isn't shining). The grid must be designed to still handle peak power demands, even if less and less electricity comes from central generation on an annual basis as California moves closer to achievement of its zero net energy home-building goals.

The Future Power System – Integrated



Renewable Power and Distributed Power

1. Distributed generation refers to generation of electricity at localized sites. Distributed Energy Resources (DER) includes such things as home and business owned solar panels, fuel cells, back-up generators, storage facilities. Combined heat and power (CHP) allocates waste heat from distributed generation plants to space heating, water heating, and industrial processes requiring heat, thereby improving overall energy efficiency to 80-90%.
2. Solar photovoltaic (PV) costs have dropped dramatically to where they are cheaper than installation of conventional large fossil fueled power plants when normalized on a \$/kW of unit production capacity. This metric is a little deceptive, in that a fossil power plant can produce power 8760 hours each year, while solar and wind have more limited hours of operation. However, the energy for solar and wind power plants is free, while the energy for fossil fuel is costly and escalating with inflation. Operations and maintenance costs are associated with all power plants.

AGENDA: 15 - ATTACHMENT

3. Utility scale solar power plants produce more power than the aggregate sum of all domestic solar panels.
4. A renaissance of natural gas usage, with its low cost, is occurring with its abundance of supply. New combined cycle power plants are at least 50% efficient, compared to older conventional power plants with efficiencies of 30-40%, less transmission line loss.
5. For now, natural gas is the fuel of choice for power plants in California, and these plants fill the void when renewable power is not available.

KEY EMERGING ISSUES RELEVANT

7. As increasing amounts of distributed renewable resources come on line in response to statewide energy policies, improvements include:
 - robust integrated transmission systems and
 - expanded energy storage
8. Clean sources of electricity are desirable. However, the grid as a whole requires more supply options than WWS, unless large-scale storage and demand response options are available.
9. Economic and equity challenges exist in the transition to a renewable grid. As the usage of utility-generated electricity drops with the introduction of additional distributed renewable generation, the CPUC and the electric utilities need to modify electric rate structures to recover fixed infrastructure costs (stranded assets) while properly valuing distributed energy resources.
10. The future of the Bay Area's electricity system is integrally connected to the wider grid and to policies and decisions made at the statewide level. Although certain decisions (such as choices of electricity supply) may be more readily made at a local level, other improvements will require statewide coordination.
11. Integrated grids have changed over the last five years, and will experience seminal changes within the next 10 years. A more flexible grid will be needed, including energy storage and other technologies and operational improvements to enhance electric grid reliability and to allow for high levels of renewable energy sources.
12. Energy storage and demand response can work together to reduce the need for fossil fuel generation during periods when renewable power is unavailable. Energy storage may also be able to help provide a dual function in the form of cleaner backup generation in the case of grid outages or other emergencies.
13. Technologies being developed for energy storage can potentially be transferred to back-up generation applications.
14. A tradeoff exists between reliability and cost of electricity.

CONCLUSIONS

The value of this report has been to provide clarity and context of the prior speakers. This context will be reflected in a refinement of our synthesized recommendations.

1. Mr. Kamath's presentation provided important context for understanding and interpreting other energy-related information presented to the Advisory Council in 2014. All five speakers addressing the Advisory Council on the subject of the Bay Area's energy future concurred that a comprehensive energy-related response to the climate change threat necessitates (1) deep energy efficiency, (2) electrification of all possible fossil-fueled end

- uses, (3) decarbonization of the electricity supply, and (4) decarbonization of remaining fuel uses.
2. The topic on which the speakers differed was in their estimation of the feasibility of decarbonizing the electricity supply exclusively through Wind, Water (hydropower), and Solar (collectively WWS) or whether an “All of the Above” approach, which includes nuclear, clean coal, and other technologies, would be necessary. Mr. Kamath’s presentation echoed the view of Jane Long, which is that the intermittent nature of WWS generation poses significant challenges for balancing generation with load.
 3. In particular, Mr. Kamath pointed to the fact that current energy storage technologies are expensive or pose technical challenges deployment at the scale required for grid-scale load balancing. Considerable R&D is underway but cost-competitive, grid-scalable technologies may be a couple decades away. In the short-term, at least, these constraints imply that an “All of the Above” strategy would be the more prudent approach to getting aggressive reductions in our GHG emissions. Over the longer term, however, as more advanced and cost-effective energy storage solutions become available, a more narrowly-focused WWS generation mix may become feasible.
 4. The key take away from Mr. Kamath is that significant storage capacity or reserve generation capability (likely to be powered by fossil fuels though it could be nuclear or hydro) would be needed to support an electric grid powered entirely by renewable power (WWS). Load management is another option to help stabilize the grid, though it remains unclear what portion of load balancing could be achieved through load management and what portion requires storage capacity. When over-production from renewable sources occurs, storage capacity is needed for the excess energy. Currently, we have only 1.5% storage capacity with another 2% planned by 2020 in California.

GLOSSARY:

CAISO: California Independent System Operator.

Compressed Air Energy Storage (CAES): Excess power from renewable electricity is used to compress air, which is stored in underground reservoirs (depleted gas field or natural caverns). The compressed air is then withdrawn and used to drive power plant turbines when electricity is in demand.

Combined Cycle Power Plants: A thermodynamic cycle describing the design of a power plant. A combined cycle power plant combines a steam cycle power plant with a gas turbine power plant resulting in greater overall thermodynamic efficiency (waste heat is turned into useful energy (electricity)).

Demand Response: Changes in electric usage by end-use customers from their normal consumption patterns in response to changes in the price of electricity over time, or to incentive payments designed to induce lower electricity use at times of high wholesale market prices or when system reliability is jeopardized.¹²

¹² Federal Energy Regulatory Commission, <http://www.ferc.gov/industries/electric/indus-act/demand-response/dr-potential.asp>, accessed Oct. 24, 2014.

AGENDA: 15 - ATTACHMENT

Duck Curve: A graphic that utility companies use to illustrate concerns about mismatched renewable generation and demand (i.e., lack of availability of solar energy during high use early evening hours).

EPRI: Electric Power Research Institute, based in Palo Alto, CA.

EV: Electric Vehicles.

GWh: Gigawatt-hours, a unit of electricity power.

Integrated Grid and Smart Grid: An electric grid that collates many diverse and perhaps small sources of electricity into a functional grid capable of providing reliable, stable, cost effective, and safe electricity.

Load: The amount of electric power delivered or required over a given period at a constant rate.

Stranded Assets: Being able to capture the cost, through rate making, of power plants and transmission lines when utility power sales are reduced. The current configuration of the electric utility is designed to provide power 24/7, 365 days a year. This allows fixed cost assets to be spread out over the year. With increases in energy conservation and distributed generation, the utility must recover these same fixed costs, either through higher charges per unit of energy sold or through fixed charges that apply to all customers.

WWS: Wind, water, and solar power.

Zero Net Energy Homes: Homes designed to produce enough electricity to meet their annual needs. These homes provide any excess electricity to the grid, while the connection to the grid ensures that electricity is available 24/7.