



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

BOARD OF DIRECTORS
STATIONARY SOURCE AND CLIMATE IMPACTS COMMITTEE

COMMITTEE MEMBERS

JOHN BAUTERS – CO-CHAIR
TERESA BARRETT – VICE CHAIR
JOHN GIOIA
ERIN HANNIGAN
DAVINA HURT
MARK ROSS

KAREN MITCHOFF – CO-CHAIR
RICH CONSTANTINE
CAROLE GROOM
DAVID HAUBERT
TYRONE JUE

**THIS MEETING WILL BE CONDUCTED UNDER PROCEDURES IN ACCORDANCE
WITH GOVERNMENT CODE SECTION 54593**

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YOUR APPLICATION IS UP TO DATE**

**MONDAY
OCTOBER 18, 2021
9:00 A.M.**

AGENDA

1. CALL TO ORDER - ROLL CALL

PLEDGE OF ALLEGIANCE

PUBLIC MEETING PROCEDURE

The Committee Co-Chair shall call the meeting to order, and the Clerk of the Boards shall take roll of the Committee members.

This meeting will be webcast. To see the webcast, please visit www.baaqmd.gov/bodagendas at the time of the meeting. Closed captioning may contain errors and omissions and are not certified for their content or form.

***Public Comment on Agenda Items** The public may comment on each item on the agenda as the item is taken up. Members of the public who wish to speak on matters on the agenda for the meeting, will have three minutes each to address the Committee. No speaker who has already spoken on that item will be entitled to speak to that item again.*

Staff/Phone (415) 749-

CONSENT CALENDAR (ITEM 2)

2. APPROVAL OF THE MINUTES OF SEPTEMBER 27, 2021

Clerk of the Boards/5073

The Committee will consider approving the draft minutes of the Stationary Source and Climate Impacts Committee meeting of September 27, 2021.

END OF CONSENT CALENDAR

REGULAR AGENDA (ITEMS 3-4)

**3. DRAFT AMENDMENTS TO BUILDING APPLIANCE RULES – REGULATION 9,
RULES 4 AND 6**

J. Elwell/8732

jelwell@baaqmd.gov

Staff will update the Committee and receive feedback on draft rule amendments to Regulation 9, Rules 4 and 6 for NOx emissions from building appliances.

4. **RULE DEVELOPMENT PROCESS IMPROVEMENTS: SOURCE PRIORITIZATION** E. Yura/8421
eyura@baaqmd.gov

Staff will provide an overview of a proposed Prioritization Process for Air District source evaluations and rulemaking projects.

END OF REGULAR AGENDA

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

Members of the public who wish to speak on matters not on the agenda for the meeting, will have three minutes each to address the Committee.

6. **COMMITTEE MEMBER COMMENTS**

Any member of the Committee, 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)

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

Monday, November 15, 2021, at 9:00 a.m., via webcast pursuant to procedures in accordance with Government Code Section 54593.

8. **ADJOURNMENT**

The Committee meeting shall be adjourned by the Committee Co-Chair.

CONTACT:

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

(415) 749-4941
FAX: (415) 928-8560
BAAQMD homepage:
www.baaqmd.gov

- 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 Air District's offices at 375 Beale Street, Suite 600, San Francisco, CA 94105, at the time such writing is made available to all, or a majority of all, members of that body.

Accessibility and Non-Discrimination Policy

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

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

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

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

Questions regarding this Policy should be directed to the Air District's Non-Discrimination Coordinator, Terri Levels, at (415) 749-4667 or by email at tlevels@baaqmd.gov.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

375 BEALE STREET, SAN FRANCISCO, CA 94105

FOR QUESTIONS PLEASE CALL (415) 749-4941

EXECUTIVE OFFICE:

MONTHLY CALENDAR OF AIR DISTRICT MEETINGS

OCTOBER 2021

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Stationary Source and Climate Impacts Committee	Monday	18	9:00 a.m.	Webcast only pursuant to Government Code Section 54593
Board of Directors Special Meeting	Wednesday	20	9:00 a.m.	Webcast only pursuant to Government Code Section 54593
Board of Directors Administration Committee	Wednesday	20	11:00 a.m.	Webcast only pursuant to Government Code Section 54593
Board of Directors Legislative Committee - CANCELLED	Wednesday	20	1:00 p.m.	Webcast only pursuant to Government Code Section 54593
Advisory Council Meeting	Monday	25	8:30 a.m.	Webcast only pursuant to Government Code Section 54593
Board of Directors Mobile Source and Climate Impacts Committee	Thursday	28	9:30 a.m.	Webcast only pursuant to Government Code Section 54593

NOVEMBER 2021

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Meeting	Wednesday	3	9:30 a.m.	Webcast only pursuant to Government Code Section 54593
Board of Directors Community Equity, Health and Justice Committee	Thursday	4	9:30 a.m.	Webcast only pursuant to Government Code Section 54593
Advisory Council Meeting	Monday	8	8:30 a.m.	Webcast only pursuant to Government Code Section 54593
Board of Directors Stationary Source and Climate Impacts Committee	Monday	15	9:00 a.m.	Webcast only pursuant to Government Code Section 54593

NOVEMBER 2021

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Nominating Committee	Wednesday	17	8:30 a.m.	Webcast only pursuant to Government Code Section 54593
Board of Directors Special Meeting	Wednesday	17	9:00 a.m.	Webcast only pursuant to Government Code Section 54593
Board of Directors Administration Committee	Wednesday	17	11:00 a.m.	Webcast only pursuant to Government Code Section 54593
Board of Directors Legislative Committee - CANCELLED	Wednesday	17	1:00 p.m.	Webcast only pursuant to Government Code Section 54593
Board of Directors Mobile Source and Climate Impacts Committee – CANCELLED AND RESCHEDULED TO MONDAY, DECEMBER 6, 2021, AT 1:00PM	Thursday	25	9:30 a.m.	Webcast only pursuant to Government Code Section 54593

MV – 10/7/2021 – 5:24 P.M.

G/Board/Executive Office/Moncal

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairpersons John Bauters and Karen Mitchoff, and Members
of the Stationary Source and Climate Impacts Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: October 12, 2021

Re: Approval of the Minutes of September 27, 2021

RECOMMENDED ACTION

Approve the attached draft minutes of the Stationary Source and Climate Impacts Committee (Committee) meeting of September 27, 2021.

DISCUSSION

Attached for your review and approval are the draft minutes of the Stationary Source and Climate Impacts Committee meeting of September 27, 2021.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Marcy Hiratzka
Reviewed by: Vanessa Johnson

Attachment 2A: Draft Minutes of the Stationary Source and Climate Impacts Committee Meeting of September 27, 2021

AGENDA: 2A – ATTACHMENT

Draft Minutes – Stationary Source and Climate Impacts Committee Meeting of September 27, 2021

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

DRAFT MINUTES

Summary of Board of Directors
Stationary Source and Climate Impacts Committee Meeting
Monday, September 27, 2021

This meeting was conducted under procedures authorized by executive order N-29-20 issued by Governor Gavin Newsom. Members of the Committee participated by teleconference.

1. CALL TO ORDER – ROLL CALL

Stationary Source and Climate Impacts Committee (Committee) Co-Chairperson Karen Mitchoff called the meeting to order at 9:01 a.m.

Present: Committee Co-Chairperson Karen Mitchoff; Vice Chairperson Teresa Barrett; and Directors Rich Constantine, John Gioia, Carole Groom, Erin Hannigan, David Haubert, Davina Hurt, Tyrone Jue, and Mark Ross.

Absent: Committee Co-Chairperson John Bauters.

Also Present: None.

2. APPROVAL OF THE MINUTES OF JULY 19, 2021

Public Comments

No requests received.

Committee Comments

None.

Committee Action

Director Constantine made a motion, seconded by Director Gioia, to approve the Minutes of July 19, 2021; and the motion carried by the following vote of the Committee:

AYES: Barrett, Constantine, Gioia, Hannigan, Haubert, Hurt, Mitchoff, Ross.
NOES: None.
ABSTAIN: None.
ABSENT: Bauters, Groom, Jue.

3. DRAFT AMENDMENTS TO REGULATION 2: PERMITS, RULE 1: GENERAL REQUIREMENTS, AND REGULATION 2: PERMITS, RULE 5: NEW SOURCE REVIEW OF TOXIC AIR CONTAMINANTS

Jacob Finkle, Senior Air Quality Specialist, gave the staff presentation *Draft Amendments to Rules 2-1 and 2-5*, including: outcome; outline; requested action; background: exposure and vulnerability; August workshop comments; Rule 2-1 proposed amendments; Rule 2-5 proposed amendments and potentially impacted projects; tentative timeline; and feedback requested/prompt.

NOTED PRESENT: Director Groom was noted present at 9:05 a.m., and Director Jue was noted present at 9:12 a.m.

Public Comments

Public comments were given by Sarah Deslauriers, Bay Area Clean Water Agencies; Christine Wolfe, California Council for Environmental and Economic Balance; Karl Lany, Montrose Environmental Group; and Jed Holtzman, San Francisco resident.

Committee Comments

The Committee and staff discussed the areas that are considered “overburdened communities” according to CalEnviroScreen 4.0; whether there will be any changes to the permitting process that will affect gasoline dispensing facilities or engine projects outside overburdened communities; concern about delays in the proposed rulemaking timeline; why the proposed amendments for Regulation 2-5 does not include wastewater as an essential public service; how the Air District can improve/accelerate its turnaround time regarding routine permit requests, and how the Air District’s current permitting process compares with those of other air districts in California; which air pollutants are being monitored by the Air District from stationary sources; concern about the lack of recent data pertaining to Bay Area cancer risk historical trends; and how the Air District measures cancer risk, and how mobile and stationary source emissions contributions are distinguished from each other.

Committee Action

None; receive and file.

4. REVISED DRAFT REGULATION 13: CLIMATE POLLUTANTS, RULE 5: PETROLEUM REFINERY HYDROGEN PLANTS (RULE 13-5)

Victor Douglas, Rule Development Manager, gave the staff presentation *Revised Draft Regulation 13: Climate Pollutants, Rule 5: Petroleum Refinery Hydrogen Plants*, including: outcome; outline; requested action; background; rule development milestones; June 2021 revisions to draft rule; comment summary and outreach; evaluation of alternative compliance options; tentative timeline; and feedback requested/prompt.

Public Comments

Public comments were given by Jed Holtzman, San Francisco resident; Dr. Rosenblum, Palo Alto resident; and Jan Warren, Interfaith Climate Action Network of Contra Costa County.

Committee Comments

The Committee and staff discussed the fact that some hydrogen plants at refineries are not operated by the refinery, but by a third-party operator, and which party would be held accountable for implementation to the proposed amendments to Rule 13-5; concern that hydrogen plant flaring can be misinterpreted as dangerous and problematic to the public; and whether the Air District can anticipate additional amounts of flaring at Bay Area hydrogen plants as a result of the rule.

Committee Action

None; receive and file.

5. PUBLIC COMMENT ON NON-AGENDA MATTERS

No requests received.

6. COMMITTEE MEMBER COMMENTS

Director Ross discussed carbon capture air plant operations in Reykjavik, Iceland, where carbon dioxide directly is pulled from the air and deposited underground. He and staff discussed the feasibility of requiring Bay Area stationary sources of air pollutants to install this type of technology, and of a pilot project in partnership with the California Air Resources Board on imposing a tax on greenhouse gas emissions.

7. TIME AND PLACE OF NEXT MEETING

Monday, October 18, 2021, at 9:00 a.m., via webcast, pursuant to procedures in accordance with Government Code Section 54593.

8. ADJOURNMENT

The meeting adjourned at 10:23 a.m.

Marcy Hiratzka
Clerk of the Boards

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairpersons John Bauters and Karen Mitchoff, and Members
of the Stationary Source and Climate Impacts Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: October 12, 2021

Re: Draft Amendments to Building Appliance Rules – Regulation 9, Rules 4 and 6

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

Air District staff published draft amendments to Regulation 9, Rule 4: *Nitrogen Oxides from Fan Type Residential Central Furnaces* (“Rule 9-4”) and Regulation 9, Rule 6: *Nitrogen Oxides Emissions from Natural Gas-Fired Boilers and Water Heaters* (“Rule 9-6”) for public review and comment. Rule 9-4 currently applies to the natural gas-fired space-heating furnaces commonly found in single-family homes and Rule 9-6 applies to natural gas-fired water heaters commonly found in residential and commercial applications. These sources generate a substantial portion of nitrogen oxides emissions from sources in the Bay Area, and nitrogen oxides are a precursor to ozone and secondary particulate matter (PM) formation. The Air District’s 2017 Clean Air Plan identifies the importance of nitrogen oxide emission reductions from residential space heating appliances in measure SS30.

Draft amendments to Rules 9-4 and 9-6 would impact natural gas-fired space and water heating appliances. These include furnaces and water heaters used in single family homes, multifamily residences such as apartment buildings, and commercial spaces such as retail and office buildings. The Air District regulates these sources on a point-of-sale basis, requiring that equipment manufactured after the compliance date and installed within the geographical jurisdiction of the Air District meets the standards contained in the Rules. The draft amendments would apply to commercial as well as residential applications as well as non-central space heating configurations. Note that larger boilers used in industrial, institutional, and large commercial scenarios are generally subject to Regulation 9, Rule 7: *Nitrogen Oxides and Carbon Monoxide from Industrial, Institutional and Commercial Boilers, Steam Generators and Process Heaters* (“Rule 9-7”). Equipment subject to Rule 9-7 is not impacted by these draft rule amendments.

DISCUSSION

Rule 9-4 currently imposes a nitrogen oxide (NOx) emission limit of 40 nanograms of NOx per joule of useful heat produced by the furnace (40 ng/joule) on central furnaces with a maximum heat input rating of 175,000 British thermal units per hour (BTU/hour) and requires that furnaces subject to this rule be certified to comply with this limit by their manufacturer. Furnaces in this size range are used in most single-family homes, some multi-unit dwellings, and some small commercial spaces in the Bay Area, but Rule 9-4 currently applies only to residential furnaces.

The draft amendments include an “ultra-low” NOx emission limit of 14 ng/joule applicable on July 1, 2023. Ultra-low NOx technology is currently widely available, and these types of furnaces can generally be installed without making substantial upgrades. Draft amendments also expand the applicability of the rule to devices used in non-residential settings as well as devices that are not considered “fan-type central furnaces,” including wall furnaces, direct vent units and other natural gas-fired space heating units. Rule 9-6 currently sets NOx emission standards for small boilers and water heaters, with existing standards varying based on size and equipment application.

The draft amendments to Rules 9-4 and 9-6 also include the introduction of a zero-NOx emissions standard for natural gas-fired furnaces and water heaters as shown below.

Jan. 1, 2027	Rule 9-6	Water heaters and boilers below 75,000 BTU/hr
Jan. 1, 2029	Rule 9-4	All commercial and residential furnaces
Jan. 1, 2031	Rule 9-6	Water heaters and boilers between 75,000 and 2 million BTU/hr

Technologies do currently exist to comply with a zero-NOx standard, but they are limited in availability and can be expensive. District staff intends for the longer-term compliance dates to provide manufacturers, suppliers, and consumers with a sufficient planning horizon for the proliferation of zero-NOx appliances into the market while realizing emissions reductions and positive health outcomes as soon as practicable.

The draft rule amendments for both Rules 9-4 and 9-6 include the requirement that an interim report be brought to the Board of Directors by the Air Pollution Control Officer two years prior to the compliance date for the zero-NOx standard. Staff discussed guiding principles and factors that should be included in this analysis with stakeholders throughout the rule development process as well as specifically during the most recent stakeholder working group meeting that was attended by community and environmental advocates, equipment manufacturers, local, regional and state government representatives and other industry stakeholders. Staff will continue to consider these equity guiding principles throughout the remainder of the rule development process as well as throughout the time frame between rule adoption and the future effective date of the zero-NOx standard. Further, staff will report on the status of the following factors at the time of the interim report:

- Access to economic benefits, including robust market availability and affordability
- Ease of installation and coordination with local requirements
- Assurance that policy promotes affordable housing and anti-displacement outcomes
- Access to health and safety benefits, including resiliency during climate events

Air District staff hopes to gain additional input on these outcome conditions from the public workshop, board committee meeting, and additional public engagement prior to proposal of final rule amendments.

Air District staff developed draft amendments to Rules 9-4 and 9-6 to minimize emissions of NO_x and secondary PM formation from buildings in the Bay Area. Staff has provided draft amendments and workshop report for public review in hopes of receiving feedback to inform subsequent development in advance of proposing adoption of the rule amendments for the Air District Board of Directors consideration in the first quarter of 2022.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Jennifer Elwell
Reviewed by: Victor Douglas and Elizabeth Yura

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairpersons John Bauters and Karen Mitchoff, and Members
of the Stationary Source and Climate Impacts Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: October 12, 2021

Re: Rule Development Process Improvements: Source Prioritization

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

The Bay Area Air Quality Management District recognizes that changes need to be made to the rule development process to improve transparency with the Board of Directors (Board), advocates, and the regulated community. Changes also need to be made to ensure a more predictable and regular rule development schedule.

In response to these needed changes, staff proposed several strategic actions at the Stationary Source and Climate Impacts Committee Meeting on June 21, 2021. These actions included developing detailed white papers before initiating the rulemaking process and creating a more transparent process for prioritizing rulemaking efforts.

DISCUSSION

Since the June 2021 Stationary Source and Climate Impacts Committee Meeting, staff continued to develop the white paper concept, and further developed a framework for prioritizing potential source evaluations and rulemaking efforts. At this meeting, staff will further discuss the white paper process, and a proposed Source Prioritization Framework, which will both aid in increasing transparency and certainty within the source evaluation and rulemaking process.

White Paper Process

Substantial technical analysis should be conducted prior to beginning a rule development effort. Past Air District practice was to do this work in the development of the Clean Air Plan. But that model hasn't been sufficiently agile to adjust to changing conditions. This is especially true as the Bay Area leads in new, innovative regulatory approaches to address issues like climate and environmental justice. Staff is proposing to begin source or rule evaluations with a white paper that will front load the technical analysis needed to better indicate the best path forward for achieving emissions reductions from a specified source. It is expected that white papers would sometimes result in new or amended rule making projects or may instead point to different policy

interventions such as targeted incentives, policy development, new enforcement strategies, or partnership agreements. These white papers would be completed in an abbreviated timeframe (3-6 months), and the results shared with the public and the Board to receive direction on the proposed path forward and next few milestones. By front loading the technical analysis and sharing that information earlier in the source evaluation process, staff anticipates more certainty in the chosen path forward and therefore a better ability to meet near term deadlines. In addition, this will also reduce the long intervals between updates to the Board, which typically occur when waiting for various aspects of technical analyses to be completed.

Source Prioritization Framework

Previously, Air District staff relied on the Clean Air Plan to provide priorities for source evaluations and rulemaking. However, there is now a need for a more frequent and nimbler process that can incorporate community priorities, such as the measures included in Assembly Bill (AB) 617 Community Emission Reduction Plans (CERPs). To address this need, staff is developing the Source Prioritization Framework to prioritize the long list of sources and rules currently identified as needing further research and/or development. This framework was born out of the multi-divisional work being done for the AB 617 Richmond-North Richmond-San Pablo CERP, and began with a list of prioritization factors, shown below, that will guide the selection of priorities. For deciding which factors are “key”, or weighted more heavily throughout the process, staff is proposing to lead with health, and to also place importance on meeting legal mandates and previous commitments.

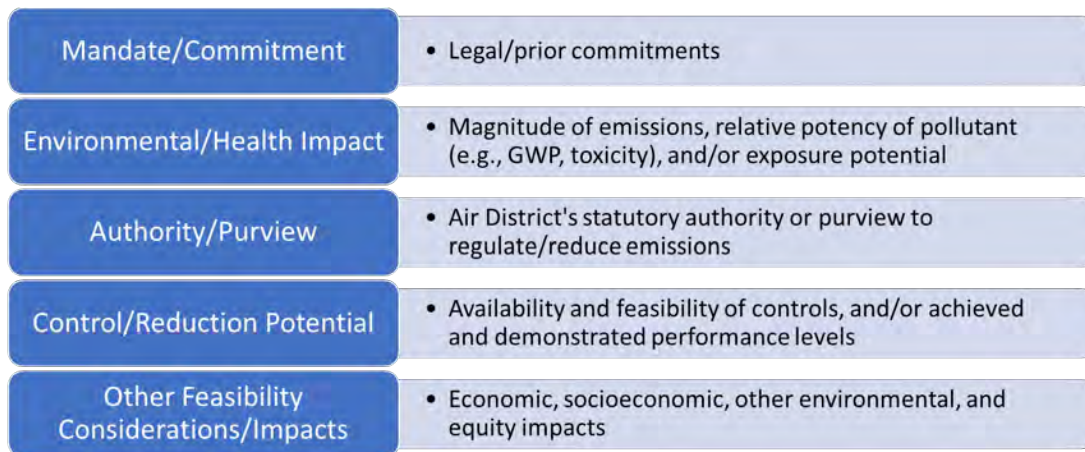


Figure 1. Proposed Prioritization Factors

Staff is expecting to discuss the Source Prioritization Framework with the Community, Equity, Health and Justice Committee later this year, and will then finalize the proposed Framework. Staff then expects to discuss the use of the Framework and the priorities that emerge in front of the Board early next year.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Elizabeth Yura
Reviewed by: Greg Nudd