



Policy for Socioeconomic Impact Analysis of Regulatory Actions

Stationary Source Committee

July 8, 2026

Leonid Bak

Economist

Regulatory Development Division



Recommended Action

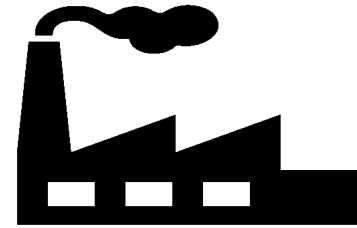
Recommend to the Board of Directors that the Board adopt the proposed policy on how the Air District will conduct socioeconomic impact analyses for Air District regulatory actions.

Purpose of the Policy

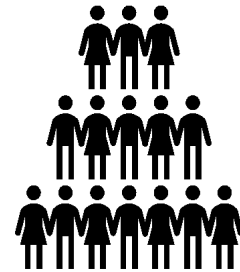
The Air District has conducted socioeconomic analyses for regulatory actions for decades, as required by law. Over time, as data availability, tools, and methodologies improved, analyses were conducted beyond the minimum statutory requirements. This policy sets standards and metrics to ensure greater predictability and consistency. It also documents standards of transparency, supporting better informed and equitable decision-making.

What is a Socioeconomic Analysis?

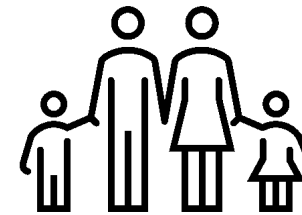
Socioeconomic analyses look at how proposed air quality rules affect businesses, jobs, and community well-being.



Business costs



Employment impacts



Public health, quality of life and environment

COSTS



BENEFITS

Socioeconomic Analysis evaluates industrial costs against public benefits, aiming to maintain **economic balance**, **ensure adequate health and environmental protection**, while **building public engagement and trust**

Key Policy Elements

Scope: Applies to all new and amended air quality regulations

Methodology: Standardized, transparent, and data-driven

Stakeholder Input: Early and ongoing engagement

Equity Considerations: Focus on vulnerable and impacted communities

Required Socioeconomic Analysis Contents

1. **Statutory Context and Need for Action** – a framing statement, why is this rule needed?
2. **Baseline** – what if we don't act?
3. **Directly Affected Businesses and Sectors** – aims to measure the breadth of the rule's impact
4. **Compliance Costs** - peer-reviewed methods and vetted models/databases
5. **Cost-Effectiveness Metrics** - \$/ton for pollutants
6. **Economic Impact Analysis (Regional Macroeconomic/Industry)** – measures economic impacts of costs of proposed regulation on area-wide economy and businesses. It covers the following elements:
 - a. macroeconomic modeling (e.g., IMPLAN/REMI) to estimate impacts on economic output and employment
 - b. assess impacts on small entities and consider compliance assistance
 - c. assess impacts on consumers

Enhanced Socioeconomic Analysis

When do we conduct it?

1. Cost is projected to be above \$10 million in direct annual costs
2. Facility is subject to significant additional rules in the past 10 years
3. Economic impacts direct to the general public or small business
4. Economic impacts spread over a large number of facility types
5. Proposed rule could significantly impact energy or housing costs

Additional Elements

Enhanced socioeconomic analyses will also include:

- Cumulative Air District regulatory costs
- Impacts on households, including significant household costs and affordability-impacts by income, race, ethnicity, and gender
- Relationship of costs to income and housing burden
- Differences across populations and communities
- Impacts on businesses, employees, and customers

Summary of Comments Received

Air District released socioeconomic policy outline for public comments in early April 2026. During the comment period, which closed 5/13/2026, the Air District received 6 comment letters from industry, the public, and environmental advocates.

The main policy issues addressed in comments differed along the following lines:

1. Cost vs. Benefit Framing

- Industry: prioritize **cost impacts and competitiveness**
- Environmental groups: emphasize **health, climate, and equity benefits**

2. Depth of Analysis vs. Rulemaking Speed

- Some commenters prefer **more detailed analysis**
- Other commenters warn of **delays and regulatory paralysis**

3. Baseline Assumptions

- Industry: include **existing regulatory burden**
- Environmental advocates: include **costs of pollution and fossil dependency**

Response to Public Comments

Thanks in part to public engagement and issues raised in comments, the Air District has sharpened definitions and clarified requirements for the following issues:

- 1. Cost vs. Benefit Framing:** socioeconomic impact analysis report will provide a clear explanation of how a proposed regulation will address the air quality or public health issue and the applicable legal requirements.
- 2. Depth of Analysis vs. Rulemaking Speed:** focus efforts on significant regulations by adding enhanced analysis. The enhanced analysis will include impacts on households, relationship of costs to income and housing burden, differences across populations and communities, and impacts on businesses, employees, and customers.
- 3. Baseline Assumptions** are defined as expected conditions in the absence of the proposed rule (“without rule” scenario). The baseline will compare proposed outcomes and reflect current economic and environmental conditions.

Recommended Action

Recommend to the Board of Directors that the Board adopt the proposed policy on how the Air District will conduct socioeconomic impact analyses for Air District regulatory actions.

Questions & Discussion

For more information:

Leonid Bak | Regulatory Development Division | lbak@baaqmd.gov



Update on Rule Development to Modernize the Air District's Refinery Fenceline Air Monitoring and Emissions Tracking Programs

Stationary Source Committee

July 8, 2026

Joe Lapka

Principal Air Quality Specialist

Meteorology & Measurement Division



Outline

Provide the Committee with an overview of rule development efforts currently underway to propose changes to the fenceline air monitoring, emissions inventory, and crude slate reporting requirements in Rule 12-15.

Outline

- Overview of Rule 12-15
- Potential Changes to Rule 12-15
- Rule Development Timeline & Opportunities for Stakeholder Engagement
- Overview of Public Comments on Rule Development Concept Paper
- Next Steps
- Questions

Abbreviations

- **CAP:** Criteria air pollutant
- **CTR Regulation:** California Air Resources Board (CARB) *Regulation for the Reporting of Criteria Air Pollutants and Toxic Air Contaminants*
- **GHG:** Greenhouse gas
- **TAC:** Toxic air contaminant

Air District Regulation 12, Rule 15

Adopted in 2016 to develop a more complete and accurate understanding of refinery emissions and the impacts of those emissions on surrounding communities by:

1. Requiring **real-time monitoring** of air pollutant concentrations at refinery fencelines
2. Quantifying air pollutant emissions from refinery-related sources through development of **emissions inventories**
3. Requiring **crude slate reports** to help track changes in a refinery's emissions

Motivation for Considering Changes to Rule 12-15

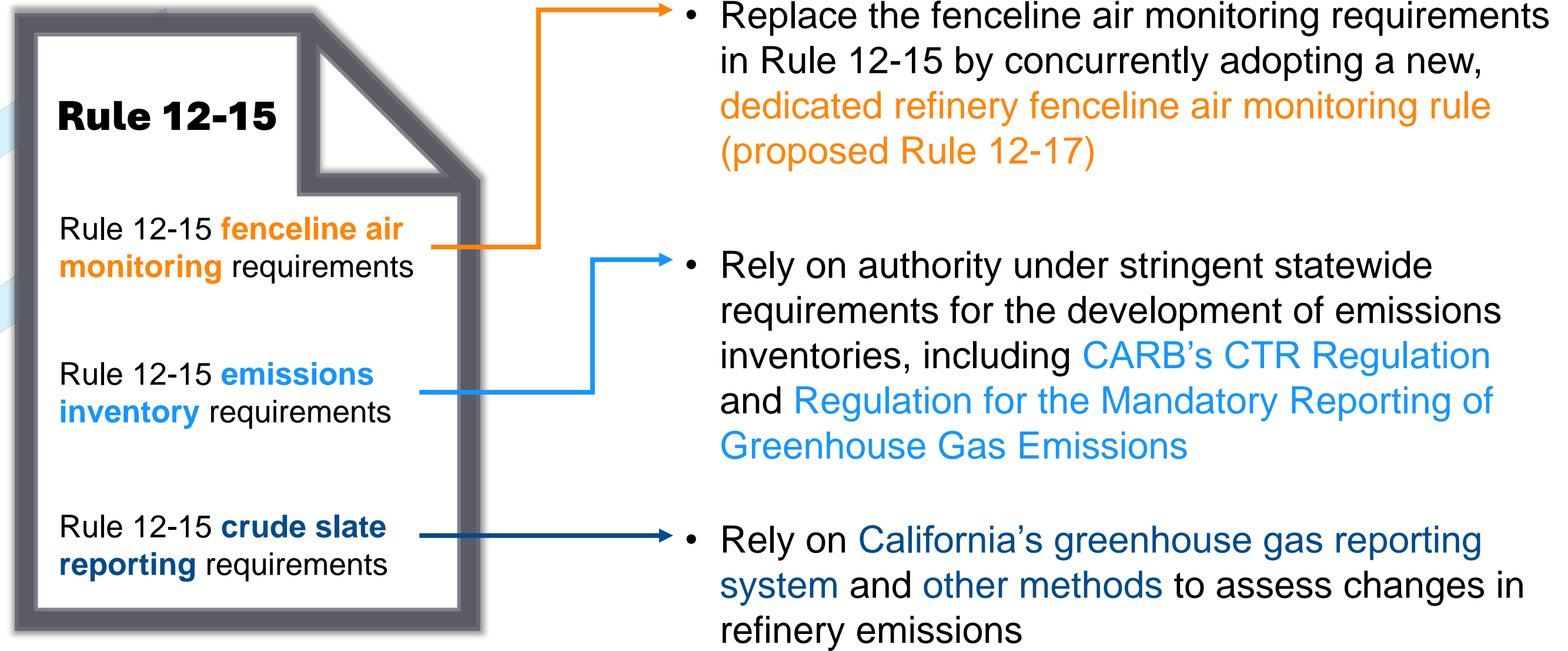
Fenceline Air Monitoring

Emissions Inventory Development

Crude Slate Reporting

- Gaps in the requirements of Rule 12-15 and the associated fenceline air monitoring guidelines limit the program's ability to achieve its core objectives
- CARB's subsequent CTR Regulation shares the same objective as the emissions inventory requirements in Rule 12-15 and significantly expands data reporting requirements
- After review of baseline crude slate data and subsequent emissions and GHG reporting, the Air District has determined that the publicly available GHG data provides as much useful information regarding emissions as the proprietary crude slate reports

Potential Rulemaking Actions to Replace Rule 12-15



Rule Development Timeline & Opportunities for Stakeholder Engagement

Early Engagement

Complete

- Issuance of a concept paper and public notice to seek written public comments on rule concepts
- Discussion of rule concepts and priorities with stakeholder groups

Draft Rule

Q3 - Q4
2026

- **Presentation to the Stationary Source Committee**
- Release of draft rule language and staff report for public review
- Public workshops and additional stakeholder meetings

Proposed Rule

Q1 2027

- Release of proposed rule and staff report for public review prior to consideration by the Board of Directors
- Public hearing when the proposed rule is considered by the Board of Directors

Concept Paper for Public Review and Comment

- Presented preliminary ideas for potential regulatory changes to encourage thoughtful feedback at an early stage of the rule development process
- Identified specific questions and issues of interest to the Air District but invited comments on any other issues the Air District should consider regarding:
 - the potential repeal of Rule 12-15
 - potential features of a new refinery fenceline air monitoring rule
 - implementation of the CTR Regulation and
 - the crude slate reporting requirement
- Received 10 comment letters from individuals, community/environmental organizations, and industry representatives

Themes In Public Comments About **Fenceline Air Monitoring** Rule Development

1. Applicability and scope of Rule 12-17
2. Purpose and objectives of the rule
3. Monitoring technology and technical feasibility
4. Pollutants to monitor
5. Monitoring design and coverage
6. Public notifications, thresholds for notification, and risk communication
7. Data transparency and public access
8. Root cause analysis and corrective actions
9. Audits, other program oversight, and enforcement
10. Rule Implementation Process and Timeline

Key Issues Raised In Public Comments About **Fenceline Air Monitoring** Rule Development

Scope and Applicability of Potential Rule 12-17

- Whether fenceline air monitoring requirements should expand beyond refineries themselves to other related facilities
- Whether support facilities inside refinery boundaries should be exempt

Root Cause Analyses and Mitigation Measures

- Support for mandatory root cause analyses and mitigation measures vs questions about their usefulness and their place in a monitoring rule

System Design, Monitoring Technology, and Technical Feasibility

- Technical considerations related to demonstrated commercially available monitoring methods, monitor reliability, detection limits, and weather interference

Summary of Public Comments Regarding **Emissions Inventory** Rule Development

1. General support among several commenters for reducing duplicative reporting requirements
2. Questions regarding the scope of the CTR Regulation and potential loss of local authority
3. Concern that repealing Rule 12-15 could reduce transparency, accountability, and procedural clarity without sufficient safeguards
4. Concerns regarding implementation of commitments in prior settlement agreements
5. Desire for a collaborative technical review process between facilities and staff
6. Questions regarding data quality and validation of data over time

Summary of Public Comments Regarding Potential **Crude Slate Reporting** Rule Development

1. Industry groups support the removal of crude slate reporting under Rule 12-15 to avoid duplicative requirements
2. Community and advocacy organizations recommend that the Air District require tracking and/or testing methods to verify reported biofuel feedstocks, given that their profiles differ from crude oil
3. Crude slates reporting informs the community of other upstream environmental risks in addition to understanding potential changes in emissions
4. Request for public analysis with recent TAC and CAP data to justify assertions that CTR emissions tracking will allow Air District to see/detect crude slate changes

Next Steps

Early Engagement

Complete

- Issuance of a concept paper and public notice to seek written public comments on rule concepts
- Discussion of rule concepts and priorities with stakeholder groups

Draft Rule

Q3 - Q4
2026

- Presentation to the Stationary Source Committee
- Release of draft rule language and staff report for public review
- Public workshops and additional stakeholder meetings

Proposed Rule

Q1 2027

- Release of proposed rule and staff report for public review prior to consideration by the Board of Directors
- Public hearing when the rule is considered by the Board of Directors

Questions & Discussion

For more information:

Joe Lapka | Principal Air Quality Specialist | jlapka@baaqmd.gov